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MFMA

Dummy Budget Guide

*Guideline on the format and content of
Schedule A of the
Municipal Budget and Reporting Regulations*

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1 Introduction

The main objective of the **Municipal Budget and Reporting Regulations** (which came into effect on 1 July 2009) is to formalise norms and standards to improve the credibility, sustainability, transparency, accuracy and reliability of municipal budgets.

Regulation 8 of the Municipal Budget and Reporting Regulations requires that a municipal budget must be in the format of **Schedule A**. This schedule in the regulations provides the main headings and a broad indication of the kind of information that should be presented under each heading.

The aim of the **MFMA Dummy Budget Guide** is to provide more detailed guidance on the format and content of a municipal budget compiled in accordance with Schedule A of the Municipal Budget and Reporting Regulations.

If Councils are provided succinct and understandable financial and non-financial information they are more likely to make informed decisions to promote effective financial management and service delivery. By ensuring that the allocation of financial resources is aligned to service delivery targets it will be clear what services are being promised when budgets are approved.

2 Why a ‘Dummy Budget’?

The idea of the ‘Dummy Budget Guide’ has its origins in requests from municipal officials for ‘an example’ of a good municipal budget to assist them in their work. In the past we would forward copies of some of the better budgets produced by municipalities to the officials. And by seeing what others have done they would be empowered – a good example of peer learning.

However, none of these ‘better budgets’ complied fully with Schedule A of the Municipal Budget and Reporting Regulations, or contained the range of information and explanations that National Treasury envisages municipal budgets should contain. National Treasury therefore decided to create a fictitious municipality called *Batho Pele City* and to produce a budget for this municipality that could serve as a template and a guide for municipal officials responsible for producing their real municipalities’ budget documents.

Note that *Batho Pele City* is not a perfect municipality. Like all municipalities it has its challenges. However, its political leaders and management are committed to *putting people first* when it comes to planning and budgeting for the municipality. They seek to improve and extend service delivery while ensuring financial sustainability, because they know that when a municipality gets into financial difficulties services will be negatively impacted, and people will suffer.

3 What does the ‘Dummy Budget Guide’ consist of?

This *Dummy Budget Guide* consists of the following three components:

1. The *MFMA Dummy Budget Guide* – the document you are now reading
2. The *Annual Budget of Batho Pele City* – the Annexure to the current document
3. The Schedule A1 for Batho Pele City – the ‘Excel’ budget format schedule

Note that the Annual Budget for Batho Pele City, and the associated Schedule A1, is for a parent municipality *without* municipal entities and external mechanisms.

4 Where can these documents be found?

All three components of the *Dummy Budget Guide* are available on National Treasury's MFMA website at:

<http://mfma.treasury.gov.za/Guidelines/Pages/default.aspx>

5 How to use the Dummy Budget Guide?

The aim of the *Dummy Budget Guide* is to provide more detailed guidance on the format and content of a municipal budget so as to ensure full compliance with both the letter and the spirit of Schedule A of the Municipal Budget and Reporting Regulations. The Dummy Budget is intended to be a template that municipal officials can use as a basis and guide for producing their own municipality's budget documents. Therefore National Treasury fully intends that officials will copy the format and be guided by the explanations, the tables, graphs and figures of the Dummy Budget. To facilitate this:

1. The *Annual Budget of Batho Pele City* is available as a separate 'Word' document so that municipal officials can literally use it as a template. To download it, go to the website address noted above.
2. The Schedule A1 for Batho Pele City is available for viewing. The workbook has been locked, so as to prevent it being used as a 'model' budget with misleading consequences. Municipalities need to set-up and complete their own Schedule A1 budgets based on the latest versions of the formats available on National Treasury's website at:

<http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx>

DISCLAIMER: The Annual Budget of Batho Pele City is a guide through which National Treasury has sought to illustrate good practice budgeting. Note that the principles and assumptions underpinning the budget reflected in the document are not intended to be prescriptive in any way.

6 Beware of the following...

Municipal officials that choose to use the *Annual Budget of Batho Pele City* as a template for producing their own municipal budget documents must ensure:

1. They insert the name of their municipality in all the relevant places;
2. They replace the main budget tables (Tables A1 to A10), the supporting tables, and any graphs and figures with their municipality's own tables, graphs and figures; and
3. All explanations and quoted figures relate to the municipality's own budget and circumstances.

All of this sounds obvious, but it is very embarrassing when it is not done.

Note that the *Annual Budget of Batho Pele City* is based on that fictitious municipality's specific circumstances, services delivery priorities and planning assumptions. These are different for every municipality – though there may similarities. Therefore officials may be guided by the contents of the *Annual Budget of Batho Pele City*, but when compiling their own budget documents, they must ensure that they base **ALL** their information and explanations on their own municipality's circumstances, service priorities, planning assumptions, cost drivers, revenue raising measures, policies and procedures.

Also note that municipalities that do have municipal entities, and do utilise external mechanisms must ensure that they comply with the relevant requirements of Schedule A of the Municipal Budget and Reporting Regulations – which includes producing consolidated budget tables and providing additional information on the entities and external mechanisms.

7 Important legislative sources and guidelines for municipal budgets

Officials responsible for preparing municipal budgets need to be thoroughly familiar with the following legislation and guidelines:

- Municipal Finance Management Act (No. 56 of 2003)
- Municipal Budget and Reporting Regulations (Government Gazette 32141)
- Budget Formats Guideline
- Annual Division of Revenue Act
- Municipal Structures Act (No. 117 of 1998), as amended
- Municipal Systems Act (No. 32 of 2000), as amended
- Municipal Property Rates Act (No. 6 of 2004), as amended
- Municipal Fiscal Powers and Functions Act (No. 12 of 2007)
- MFMA Circular 12: Definition of Vote in MFMA
- MFMA Circular 42: Funding a Municipal Budget
- MFMA Circular 48: Municipal Budget Circular for the 2009/10 MTREF
- MFMA Circular 51: Municipal Budget Circular for the 2010/11 MTREF
- MFMA Circular 54: Municipal Budget Circular for the 2011/12 MTREF
- MFMA Circular 55: Guidance to municipalities for the preparation of 2011/12
- Local Government Capital Asset Management Guideline

These documents are available on the National Treasury's website.

8 General guidance on formatting municipal budget documents

The formatting should complement the nature and purpose of the municipal budget document. It should be simple, neat and facilitate readability. It should not distract the reader or make the budget tables, for instance, difficult to read.

More specifically, officials responsible for the production of municipal budget documents are advised to take the following into consideration when formatting their budgets:

- *Use an A4 format* – this reduces the cost of printing, makes it easier for sections of the budget to be photocopied and makes storing successive years' budget documents neat;
- *Limit the use of photographs* – The budget information needs to speak for itself. Municipalities are also discouraged from including the photos of Mayors, MMC's for Finance, Municipal Managers or any other councillors or officials – because, once approved, the municipal budget is the property and responsibility of the whole council and the whole municipality. Its purpose is not to build individual's reputations.
- *Limit the use of background designs* – A simple design theme can enhance readability and the cross-referencing of information. However, overly elaborate designs, watermark designs and too much colour tends to distract the reader. It also makes it difficult to produce good quality photocopies and black and white prints of the budget.
- *Do not break the main budget tables across pages* – The main budget tables (Tables A1 to A10) are deliberately designed to fit onto an A4 sheet. Therefore municipalities are strongly encouraged to ensure that each table is presented on a single page in the budget document – so as to facilitate 'vertical' reading of the budget information. As a general principle budget tables should not 'break' across pages as it makes reading them difficult.
- *Keep graphs and figures simple* – If graphs and figures contain too much information they become difficult to read. Also try to ensure that they are formatted in a way that does not rely on colour for their interpretation, because this will be lost when making photocopies or black and white printouts.
- *The electronic version of the budget should be in PDF format*

There are two further reasons for keeping the formatting of municipal budget documents simple. Firstly, it reduces the cost of production and printing. The more colours in the design and the more photographs the more expensive it will be to print the document. Spending an excessive amount on producing and printing the municipal budget document is not a productive use of municipal funds – indeed it should be regarded as fruitless and wasteful expenditure.

Secondly, the electronic version of a simply-formatted document, with no photographs, is generally 'smaller' than one with lots of design features and photographs. This makes it easier and cheaper to disseminate the budget via the municipal website – by reducing the required bandwidth and making it easier for people to download. It also makes it easier to send electronic versions of the municipality's budget via email.

Municipalities are invited to consider the formatting of National Treasury's *Estimates of National Expenditure* as a good practice example.

9 How many budget documents to print?

The aim is to produce enough copies of the annual budget document for purposes of council oversight, municipal management, legislative reporting and public transparency. Therefore the

print-run should cover copies for councillors and senior municipal officials, copies that are required in terms of law to be submitted to the National Treasury, provincial treasury and other state institutions, copies for the local media and local businesses and copies to be placed in public places and disseminated to interested members of the public.

The aim should be to avoid having boxes of annual budgets in some small room or basement of the municipality because too many were printed. That is fruitless and wasteful expenditure.

When deciding on the size of the print-run it is important to review how many were printed in previous years, and whether that was too many or too few, and then to set the print run accordingly.

10 When should the annual budget be printed?

The printed version of a municipality's annual budget must be the *final annual budget as approved by the municipal council*.

This means that a municipality's budget remains a 'draft' until it is approved by the municipal council. This suggests that the budget should only be printed *after* it has been approved by the municipal council. However, this would mean that final, printed versions of the budget document would only be made available sometime after the council meeting that approves the budget – which is not ideal.

Municipalities are therefore advised to table a final draft version of the annual budget for council consideration before 1 June (in accordance with the MFMA). Get all the amendments council wishes to make and then produce and print a final annual budget document which can be tabled for approval by council on the municipality's budget day.

11 Public distribution of annual budgets and budget information

Municipalities need to make a concerted effort to ensure the public have access to the municipality's annual budget document, and are informed of key budget decisions – particularly those related to tax and tariff increases.

For this reason, section 75 of the MFMA requires the municipality to publish its annual budget and other budget related documents on the municipal website. The link to the municipal budget should be clearly visible on the 'home page' of the municipal website – and not hidden in some obscure place.

However, it is probably even more important (given the limited extent of internet access among poorer communities) for the municipality to make sufficient hard copies available to constituency committees, ratepayer associations and community organisations, as well as to place hard copies of the annual budget in key public spaces such as municipal buildings, libraries, schools, shopping centres and even taxi-ranks. It is proposed that municipalities consider building metal or wooden display stands to which the copies can be attached by means of a light chain.

12 Request for feedback and suggestions

This *Dummy Budget Guide* and the associated template budget documents for *Batho Pele City* are a work in progress. Over time National Treasury intends extending the range of template

documents to include adjustment budgets and monthly financial statements, as well possibly other documents.

We are also aware that there is scope to make incremental improvements to the *Annual Budget of Batho Pele City* – to improve the functionality of the template, but also to provide better guidance on budgeting issues that may arise.

All municipal practitioners – councillors and officials – are therefore invited to provide feedback and suggestions as to how this guide and the associated template documents can be improved.

Please send your comments to: Jan.Hattingh@treasury.gov.za

Annexure

EXAMPLE OF SCHEDULE A AN ANNUAL BUDGET AND SUPPORTING DOCUMENTATION OF A MUNICIPALITY

ANNUAL BUDGET OF
BATHO PELE CITY

2011/12 TO 2013/14
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

Copies of this document can be viewed:

- **In the foyers of all municipal buildings**
- **All public libraries within the municipality**
- **At www.treasury.gov.za**

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Abbreviations and Acronyms

AMR	Automated Meter Reading	ℓ	litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	City Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kl	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		

Part 1 – Annual Budget

1.1 Mayor’s Report

In his Budget Speech to Parliament on 17 February 2010, the Minister of Finance said: “We cannot expect to do the same old things and expect different results”. In the past three years, the world economy has gone through its deepest recession in over 70 years. Signals are that the recovery is still fragile and many commentators caution that current positive economic trends may be short-lived and that the world economy may yet experience a second recessionary wave. Batho Pele City was in no way immune to the harsh economic realities associated with the recession. Among the impacts are the serious cash flow challenges currently being experienced by the municipality due to among other things declining collection rates; historic expenditure patterns and a general lack of “doing business smarter”.

Management within local government has a significant role to play in strengthening the link between the citizen and government’s overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Batho Pele City. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the City’s financial plan is essential and critical to ensure that the City remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

And so on...

1.2 Council Resolutions

On 15 June 2011 the Council of Batho Pele City Local Municipality met in the Council Chambers of Batho Pele City Hall to consider the annual budget of the municipality for the financial year 2011/12. The Council approved and adopted the following resolutions:

1. The Council of Batho Pele City Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual budget of the municipality for the financial year 2011/12 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18 on page 24;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 26;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on page 28; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22 on page 30.

- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 23 on page 32;
 - 1.2.2. Budgeted Cash Flows as contained in Table 24 on page 34;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25 on page 34;
 - 1.2.4. Asset management as contained in Table 26 on page 36; and
 - 1.2.5. Basic service delivery measurement as contained in Table 27 on page 38.
2. The Council of Batho Pele City Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2010:
 - 2.1. the tariffs for property rates – as set out in Annexure A,
 - 2.2. the tariffs for electricity – as set out in Annexure B
 - 2.3. the tariffs for the supply of water – as set out in Annexure C
 - 2.4. the tariffs for sanitation services – as set out in Annexure E
 - 2.5. the tariffs for solid waste services – as set out in Annexure F
3. The Council of Batho Pele City Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2010 the tariffs for other services, as set out in Annexures G1 to G21 respectively.
4. To give proper effect to the municipality's annual budget, the Council of Batho Pele City Local Municipality approves:
 - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
 - 4.2. That the municipality be permitted to enter into long-term loans for the funding of the capital programmes in respect of the 2011/12 financial year limited to an amount of R1 billion per financial year of the MTREF in terms of Section 46 of the Municipal Finance Management Act.
 - 4.3. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above lending programme.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the City's financial plan is essential and critical to ensure that the City remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The City's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. This has resulted in savings to the municipality of nearly R150 million or 10 percent of the current financial year's adjusted

budget. Key areas where savings were realized were on telephone and internet usage, printing, workshops, overseas and national travel, accommodation, and catering.

The City has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the City has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 51 and 54 were used to guide the compilation of the 2011/12 MTREF.

The main challenges experienced during the compilation of the 2011/12 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Rand Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2011/12 MTREF process; and
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2011/12 MTREF:

- The 2010/11 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2011/12 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- An upper limit of R90 million was set for the following items and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to prioritise expenditures:
 - Special Projects;
 - Consultant Fees;
 - Furniture and office equipment;

- Special Events;
- Refreshments and entertainment;
- Ad-hoc travelling; and
- Subsistence, Travelling & Conference fees (national & international).

In view of the aforementioned, the following table is a consolidated overview of the proposed 2011/12 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2011/12 MTREF

R thousand	Adjustments Budget 2010/11	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Total Operating Revenue	13,111,426	15,138,618	17,097,734	19,366,281
Total Operating Expenditure	12,518,090	14,679,924	16,538,558	18,813,187
<i>(Surplus)/Deficit for the year</i>	593,337	458,694	559,176	553,095
Total Capital Expenditure	2,676,933	2,614,449	3,136,114	2,918,125

Total operating revenue has grown by 15.46 per cent or R2.027 billion for the 2011/12 financial year when compared to the 2010/11 Adjustments Budget. For the two outer years, operational revenue will increase by 12.94 and 13.26 per cent respectively, equating to a total revenue growth of R6.2 billion over the MTREF when compared to the 2010/11 financial year.

Total operating expenditure for the 2011/12 financial year has been appropriated at R14.6 billion and translates into a budgeted surplus of R458 million. When compared to the 2010/11 Adjustments Budget, operational expenditure has grown by 17.2 per cent in the 2011/12 budget and by 12.6 and 13.7 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years steadily increases to R559 million and then stabilise at R553 million. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R2.6 billion for 2011/12 is 2.3 per cent less when compared to the 2010/11 Adjustment Budget. The reduction is due to various projects being finalised in the previous financial year as well as affordability constraints in the light of current economic circumstances. The capital programme increases to R3.1 billion in the 2012/13 financial year and then evens out in 2013/12 to R2.9 billion. A substantial portion of the capital budget will be funded from borrowing over MTREF with anticipated borrowings of R1.0 billion in each of the financial years of the MTREF. Borrowing will contribute 63.6, 49.5 and 58.3 per cent of capital expenditure in each of the MTREF years, when government grants and transfers are excluded. The balance will be funded from internally generated funds. Note that the City has reached its prudential borrowing limits and so there is very little scope to substantially increase these borrowing levels over the medium-term. The repayment of capital and interest (debt services costs) has substantially increased over the past five years as a result of the aggressive capital infrastructure programme implemented over the past three years. Consequently, the capital budget remains relatively flat over the medium-term.

1.4 Operating Revenue Framework

For Batho Pele City to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the City and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the City.

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

Table 2 Summary of revenue classified by main revenue source

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue &		
	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
Revenue By Source									
Property rates	1,719,224	2,185,065	2,299,624	2,915,731	2,789,465	2,789,465	3,021,875	3,369,390	3,756,870
Property rates - penalties & collection charges	32,665	43,701	57,491	67,120	62,136	62,136	66,481	70,757	78,894
Service charges - electricity revenue	2,674,390	2,926,493	3,466,607	4,930,000	4,920,000	4,920,000	6,010,000	7,061,750	8,297,556
Service charges - water revenue	1,036,701	1,232,886	1,325,321	1,475,000	1,485,000	1,485,000	1,618,400	1,820,700	2,048,287
Service charges - sanitation revenue	249,567	303,406	337,753	354,780	354,780	354,780	392,543	433,760	479,305
Service charges - refuse revenue	266,124	283,925	335,096	401,815	402,359	402,359	447,780	524,021	613,487
Service charges - other	19,437	18,743	24,328	21,076	21,400	21,400	24,106	25,870	27,392
Rental of facilities and equipment	70,028	84,317	87,687	95,948	96,269	96,269	105,503	112,942	120,623
Interest earned - external investments	134,187	135,555	122,500	123,376	125,996	125,996	120,080	64,139	71,375
Interest earned - outstanding debtors	142,516	179,065	279,268	223,732	305,399	305,399	351,148	391,235	435,843
Fines	39,526	39,357	31,242	62,611	62,611	62,611	65,687	68,960	72,396
Licences and permits	21,817	29,499	28,424	31,539	31,539	31,539	34,783	36,621	38,448
Agency services	28,490	29,118	300,123	30,242	30,242	30,242	34,208	34,842	35,178
Transfers recognised - operational	460,061	642,009	587,082	836,817	789,624	789,624	1,001,918	1,118,355	1,217,891
Other revenue	1,243,597	1,413,247	1,569,497	1,586,756	1,606,698	1,606,698	1,839,606	1,964,393	2,072,735
Gains on disposal of PPE	20,915	4,937	2,779	27,908	27,908	27,908	4,500	-	-
Total Revenue (excluding capital transfers and contributions)	8,159,246	9,551,324	10,854,820	13,184,451	13,111,426	13,111,426	15,138,618	17,097,734	19,366,281

Table 3 Percentage growth in revenue by main revenue source

Description R thousand	Current Year 2010/11		2011/12 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2011/12	%	Budget Year +1 2012/13	%	Budget Year +2 2013/14	%
Revenue By Source								
Property rates	2,789,465	21.3%	3,021,875	20.0%	3,369,390	19.7%	3,756,870	19.4%
Property rates - penalties & collection charges	62,136	0.5%	66,481	0.4%	70,757	0.4%	78,894	0.4%
Service charges - electricity revenue	4,920,000	37.5%	6,010,000	39.7%	7,061,750	41.3%	8,297,556	42.8%
Service charges - water revenue	1,485,000	11.3%	1,618,400	10.7%	1,820,700	10.6%	2,048,287	10.6%
Service charges - sanitation revenue	354,780	2.7%	392,543	2.6%	433,760	2.5%	479,305	2.5%
Service charges - refuse revenue	402,359	3.1%	447,780	3.0%	524,021	3.1%	613,487	3.2%
Service charges - other	21,400	0.2%	24,106	0.2%	25,870	0.2%	27,392	0.1%
Rental of facilities and equipment	96,269	0.7%	105,503	0.7%	112,942	0.7%	120,623	0.6%
Interest earned - external investments	125,996	1.0%	120,080	0.8%	64,139	0.4%	71,375	0.4%
Interest earned - outstanding debtors	305,399	2.3%	351,148	2.3%	391,235	2.3%	435,843	2.3%
Fines	62,611	0.5%	65,687	0.4%	68,960	0.4%	72,396	0.4%
Licences and permits	31,539	0.2%	34,783	0.2%	36,621	0.2%	38,448	0.2%
Agency services	30,242	0.2%	34,208	0.2%	34,842	0.2%	35,178	0.2%
Transfers recognised - operational	789,624	6.0%	1,001,918	6.6%	1,118,355	6.5%	1,217,891	6.3%
Other revenue	1,606,698	12.3%	1,839,606	12.2%	1,964,393	11.5%	2,072,735	10.7%
Gains on disposal of PPE	27,908	0.2%	4,500	0.03%	-	0.0%	-	0.0%
Total Revenue (excluding capital transfers and contributions)	13,111,426	100%	15,138,618	100%	17,097,734	100%	19,366,281	100%
Total revenue from rates and service charges	10,035,140	76.5%	11,581,185	76.5%	13,306,248	77.8%	15,301,792	79.0%

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

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the City. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2010/11 financial year, revenue from rates and services charges totalled R10 billion or 76.5 per cent. This increases to R11.5 billion, R13.3 billion and R15.3 billion in the respective financial years of the MTREF. A notable trend is the increase in the total percentage revenue generated from rates and services charges which increases from 76.5 per cent in 2011/12 to 79 per cent in 2013/14. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1 (see page 99).

Property rates is the second largest revenue source totalling 20 per cent or R3.02 billion rand and increases to R3.76 billion by 2013/14. The third largest sources is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R789 million in the 2010/11 financial year and steadily increases to R1.2 billion by 2013/14. Note that the year-on-year growth for the 2011/12

financial year is 26.8 per cent and then flattens out to 11.6 and 8.9 per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue &		
	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
RECEIPTS:									
Operating Transfers and Grants									
National Government:	316,870	372,342	450,375	578,958	578,958	578,958	787,268	894,935	984,732
Local Government Equitable Share	300,956	299,481	433,373	512,149	512,149	512,149	717,978	827,506	921,982
Finance Management	500	500	750	750	750	750	1,000	1,250	1,250
Water Services Operating Subsidy	14,664	21,067	15,502	10,059	10,059	10,059	7,040	4,929	-
Municipal Systems Improvement	750	750	750	1,000	1,000	1,000	1,250	1,250	1,500
PTIS	-	50,544	-	55,000	55,000	55,000	60,000	60,000	60,000
Provincial Government:	84,939	203,476	64,932	182,759	135,566	135,566	138,150	146,420	155,659
Health subsidy	18,055	22,669	22,554	27,258	27,024	27,024	29,510	31,150	33,773
Ambulance subsidy	31,200	35,079	38,377	39,798	39,800	39,800	43,450	45,870	49,676
Sport and Recreation	-	3,147	4,000	6,020	6,503	6,503	6,220	7,400	7,710
Housing	35,684	142,580	-	109,683	62,239	62,239	58,970	62,000	64,500
Other grant providers:	58,252	66,191	71,775	75,100	75,100	75,100	76,500	77,000	77,500
<i>Expanded Public Works Programme (Incentive Grant)</i>	58,252	66,191	71,775	75,100	75,100	75,100	76,500	77,000	77,500
Total Operating Transfers and Grants	460,061	642,009	587,082	836,817	789,624	789,624	1,001,918	1,118,355	1,217,891

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the City.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of both Eskom and Rand Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the City. Discounting the impact of these price increases in lower consumer tariffs will erode the City's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the City is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the City has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R25 000 reduction on the market value of a property will be granted in terms of the City's own Property Rates Policy;
- 35 per cent rebate will be granted on all residential properties (including state owned residential properties);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2011/12 financial year based on a 10 per cent increase from 1 July 2011 is contained below:

Table 5 Comparison of proposed rates to levied for the 2011/12 financial year

Category	Current Tariff (1 July 2010)	Proposed tariff (from 1 July 2011)
	c	C
Residential properties	1,017	1,119
State owned properties	2,034	2,238
Business & Commercial	2,034	2,238
Agricultural	0,165	0,182
Vacant land	4,520	4,972
Municipal rateable	1,017	1,119
Industrial	2,034	2,238
Non-permitted use	5,085	5,595
Public benefit organisation properties	-	0,182

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Rand Water has increased its bulk tariffs with 12.1 per cent from 1 July 2011, which increase contributes to approximately 48 per cent of the City's water input cost.

Rand Water has undertaken a critical assessment of its capital infrastructure requirements. The assessment indicates that Rand Water's current infrastructure is unlikely to sustain its long-term ability to supply water and they had no other choice but to enter capital markets to raise R705 million for infrastructure upgrades, hence the significant increase in the bulk cost of water.

A tariff increase of 10 per cent from 1 July 2011 for water is proposed. This is based on input cost assumptions of 12.1 per cent increase in the cost of bulk water (Rand Water), the cost of other inputs increasing by 8 per cent and a surplus generated on the water service of a minimum 15 per cent. In addition 6 kℓ water per 30-day period will again be granted free of charge to all residents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 6 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2010/11	PROPOSED TARIFFS 2011/12
	Rand per kℓ	Rand per kℓ
RESIDENTIAL		
(i) 13 to 18 kℓ per 30-day period	8,00	8,80
(ii) 19 to 24 kℓ per 30-day period	9,25	10,18
(iii) 25 to 30 kℓ per 30-day period	10,57	11,63
(iv) 31 to 42 kℓ per 30-day period	11,44	12,58
(v) 43 to 72 kℓ per 30-day period	12,24	13,46
(vi) More than 72 kℓ per 30-day period:	13,10	14,41
NON-RESIDENTIAL		
(i) 0 – 10 000 kℓ per 30-day period	9,02	9,92
(ii) 10 001 – 100 000 kℓ per 30-day period	8,55	9,41
(iii) More than 100 000 kℓ per 30-day period	7,97	8,41

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

Table 7 Comparison between current water charges and increases (Domestic)

Monthly consumption kℓ	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
20	82,50	90,75	8,25	10%
30	182,90	201,19	18,29	10%
40	297,30	327,03	29,37	10%
50	418,10	459,91	41,81	10%
80	792,10	871,31	79,21	10%
100	1 054,10	1 159,51	105,41	10%

The tariff structure of the 2010/11 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R14.41 per kilolitre for consumption in excess of 72kℓ per 30 day period.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 28.9 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2011.

Considering the Eskom increases, the consumer tariff had to be increased by 19 per cent to offset the additional bulk purchase cost from 1 July 2011. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 100 kWh per 30-day period free of charge. In addition those residential customers that are not registered as indigent, but that consume less than 100 kWh per 30-day period will receive 50 kWh free of charge.

The following table shows the impact of the proposed increases in electricity tariffs on the water charges for domestic customers:

Table 8 Comparison between current electricity charges and increases (Domestic)

Monthly consumption kWh	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
100	74,20	88,30	14,10	19%
250	185,50	220,75	35,25	19%
500	371,00	441,50	70,50	19%
750	556,50	662,25	105,75	19%
1 000	742,00	883,00	141,00	19%
2 000	1 484,00	1 766,00	282,00	19%

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). The City has entered into discussions with NERSA regarding the suitability of the NERSA proposed stepped tariffs compared to those already being implemented by the City already. Until the discussions are concluded, the City will maintain the current stepped structure of its electricity tariffs.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the City. Most of the suburbs and inner city reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the City's electricity network has therefore become a strategic priority, especially the substations and transmission lines.

The approved budget for the Electricity Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply). It is estimated that special funding for electricity bulk infrastructure to the amount of R319 million per year for five years will be necessary to steer the City out of this predicament.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. It is therefore proposed that the taking up of loans as a strategy for funding of the infrastructure be considered and approved to spread the burden over the life span of the assets. As part of the 2011/12 medium-term capital programme, funding has been allocated to electricity infrastructure but these funding levels will require further investigation as part of the next budget cycle in an attempt to source more funding to ensure this risk is mitigated.

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 11 per cent for sanitation from 1 July 2011 is proposed. This is based on the input cost assumptions related to water. It should be noted that electricity costs contributes approximately 20 per cent of waste water treatment input costs, therefore the higher than CPI

increase of 11 per cent for sanitation tariffs. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation (98 per cent of 6 kℓ water) will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R392 million for the 2011/12 financial year.

The following table compares the current and proposed tariffs:

Table 9 Comparison between current sanitation charges and increases

CATEGORY	CURRENT TARIFF 2010/11		PROPOSED TARIFF 2011/12	
	per cent DISCHARGED	TARIFF PER kℓ	per cent DISCHARGED	TARIFF PER kℓ
		R		R
0 – 6 kℓ per 30-day period	98	3,10	98	3,44
7 – 12 kℓ per 30-day period	90	4,20	90	4,66
13 – 18 kℓ per 30-day period	75	5,42	75	6,02
19 – 24 kℓ per 30-day period	60	5,42	60	6,02
25 – 30 kℓ per 30-day period	52	5,42	52	6,02
31 – 42 kℓ per 30-day period	10	5,42	10	6,02
More than 42 kℓ per 30-day period	2	5,42	2	6,02

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

Table 10 Comparison between current sanitation charges and increases, single dwelling-houses

Monthly sanitation consumption kℓ	Current amount payable R	Proposed amount payable R	Difference (11% increase) R
5	15,19	16,86	1,67
10	33,35	37,02	3,67
20	71,80	79,79	7,90
30	101,72	112,91	11,19
40	107,14	118,93	11,79
50	108,66	120,61	11,95
80	110,28	122,42	12,14
100	111,37	123,62	12,25

1.4.5 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The City will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the

cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

A 9 per cent increase in the waste removal tariff is proposed from 1 July 2011. Higher increases will not be viable in 2011/12 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 9 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2011:

Table 11 Comparison between current waste removal fees and increases

	CURRENT TARIFFS 2010/11			PROPOSED TARIFFS 2011/12		
		WASTE REMOVAL	CITY CLEANING		WASTE REMOVAL	CITY CLEANING
Tariff per container per month or part of a month: Areas serviced by means of: (Tariff is multiplied by the number of service rounds per week and the number of containers.)	Per litre (per service) (R)	Per month (R)		Per litre (per service) (R)	Per month (R)	
1 100ℓ container removed once a week	0,1563	171,93	171,93	0,1704	187,44	187,44
240ℓ container removed once a week	0,1563	37,51	37,51	0,1704	40,90	40,90
85ℓ container removed twice a week	0,3126	26,57	26,57	0,3407	28,96	28,96
85ℓ container removed once a week	0,1563	13,28	13,28	0,1704	14,48	14,48

The amount payable is calculated as follows:

Example: *85ℓ container removed once a week:*

$$\begin{aligned}
 85\ell \times 0,1704 \text{ (waste removal)} &= \text{R}14,48 \text{ per month} \\
 85\ell \times 0,1704 \text{ (city cleaning)} &= \text{R}14,48 \text{ per month} \\
 \text{Total payable} &= \text{R}28,96 \text{ per month}
 \end{aligned}$$

1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 12 and 13 per cent, with the increase for indigent households closer to 12 per cent.

Table 12 MBRR Table SA14 – Household bills

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework			
	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
Rand/cent										
Monthly Account for Household - 'Large' Household										
Rates and services charges:										
Property rates	415.93	445.05	340.00	384.20	384.20		10.0%	422.62	464.88	511.37
Electricity : Basic levy	-	-	-	-	-		-	-	-	-
Electricity : Consumption	389.24	434.30	555.50	742.00	742.00		15.3%	855.75	986.94	1,138.23
Water: Basic levy	-	-	-	-	-		-	-	-	-
Water: Consumption	147.55	187.80	202.80	229.14	229.14		10.0%	252.05	277.26	304.98
Sanitation	66.59	83.24	89.33	101.72	101.72		11.0%	112.91	125.33	139.12
Refuse removal	52.15	55.80	64.13	75.02	75.02		9.0%	81.77	89.13	97.15
Other	-	-	-	-	-		-	-	-	-
sub-total	1,071.46	1,206.19	1,251.76	1,532.08	1,532.08	-	12.6%	1,725.10	1,943.53	2,190.85
VAT on Services	91.77	106.56	127.65	160.70	160.70			182.35	207.01	235.13
Total large household bill:	1,163.23	1,312.75	1,379.41	1,692.78	1,692.78	-	12.7%	1,907.45	2,150.54	2,425.98
% increase/-decrease		12.9%	5.1%	22.7%	22.7%	(100.0%)		12.7%	12.7%	12.8%
Monthly Account for Household - 'Small' Household										
Rates and services charges:										
Property rates	-	-	195.00	210.60	210.60		10.0%	231.66	254.83	280.31
Electricity : Basic levy	-	-	-	-	-		-	-	-	-
Electricity : Consumption	183.56	216.28	276.64	369.52	369.52		15.3%	426.17	491.50	566.85
Water: Basic levy	-	-	-	-	-		-	-	-	-
Water: Consumption	115.22	144.50	156.05	176.29	176.29		10.0%	193.92	213.31	234.64
Sanitation	56.18	71.79	77.35	87.63	87.63		11.0%	97.27	107.97	119.85
Refuse removal	18.40	19.69	22.71	26.57	26.57		9.0%	28.96	31.57	34.41
Other	-	-	-	-	-		-	-	-	-
sub-total	373.36	452.26	727.75	870.61	870.61	-	12.3%	977.98	1,099.18	1,236.05
VAT on Services	52.27	63.32	74.59	92.40	92.40			104.48	118.21	133.80
Total small household bill:	425.63	515.58	802.34	963.01	963.01	-	12.4%	1,082.46	1,217.38	1,369.86
% increase/-decrease		21.1%	55.6%	20.0%	20.0%			12.4%	12.5%	12.5%
Monthly Account for Household - 'Small' Household receiving free basic services										
Rates and services charges:										
Property rates	-	-	-	-	-		10.0%	-	-	-
Electricity : Basic levy	-	-	-	-	-		-	-	-	-
Electricity : Consumption	20.49	26.06	33.33	44.52	44.52		15.3%	51.34	59.21	68.29
Water: Basic levy	-	-	-	-	-		-	-	-	-
Water: Consumption	32.64	21.00	22.68	25.62	25.62		10.0%	28.18	31.00	34.10
Sanitation	23.52	14.94	16.11	18.23	18.23		11.0%	20.24	22.47	24.94
Refuse removal	18.40	19.69	22.71	26.57	26.57		9.0%	28.96	31.57	34.41
Other	-	-	-	-	-		-	-	-	-
sub-total	95.05	81.69	94.83	114.94	114.94	-	12.0%	128.72	144.24	161.73
VAT on Services	13.31	11.44	13.28	16.09	16.09			18.02	20.19	22.64
Total small household bill:	108.36	93.13	108.11	131.03	131.03	-	12.0%	146.74	164.44	184.38
% increase/-decrease		(14.1%)	16.1%	21.2%	21.2%			12.0%	12.1%	12.1%

1.5 Operating Expenditure Framework

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

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;

- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

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

Table 13 Summary of operating expenditure by standard classification item

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue &		
	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
Expenditure By Type									
Employee related costs	2,667,809	2,999,127	3,295,744	3,520,655	3,562,430	3,562,430	4,048,486	4,354,598	4,685,963
Remuneration of councillors	45,946	44,201	55,351	57,963	57,963	57,963	66,438	72,880	79,961
Debt impairment	193,489	280,647	376,125	138,472	351,601	351,601	482,387	533,450	609,943
Depreciation & asset impairment	707,591	661,292	601,797	905,625	841,709	841,709	912,331	978,067	1,139,451
Finance charges	364,383	372,545	519,535	518,153	632,076	632,076	715,617	762,736	805,284
Bulk purchases	1,861,723	1,953,963	2,421,143	3,106,870	3,085,866	3,085,866	4,076,332	5,092,531	6,353,054
Other materials	631,427	819,546	653,132	742,196	752,197	752,197	997,243	1,126,885	1,262,111
Contracted services	482,046	638,547	773,882	1,089,033	984,669	984,669	1,010,989	1,065,105	1,125,172
Transfers and grants	210,111	276,025	316,711	416,934	415,934	415,934	443,901	506,493	585,392
Other expenditure	994,072	1,552,590	1,678,936	2,090,215	1,833,645	1,833,645	1,926,198	2,045,814	2,166,855
Loss on disposal of PPE	9,915	23,352	9,069	-	-	-	-	-	-
Total Expenditure	8,168,512	9,621,837	10,701,424	12,586,117	12,518,090	12,518,090	14,679,924	16,538,558	18,813,187

The budgeted allocation for employee related costs for the 2011/11 financial year totals R4 billion, which equals 27.7 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 7 per cent for the 2011/12 financial year. An annual increase of 7.5 per cent has been included in the two outer years of the MTREF. As part of the City's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. As part of the planning assumptions and interventions all vacancies were originally removed from the budget and a report was compiled by the Corporate Services Department relating to the prioritization of critical vacancies within the Municipality. The outcome of this exercise was the inclusion of R220 million in the 2011/12 financial year relating to critical and strategically important vacancies. In addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

The settlement reached by the SALGBC parties in the salary dispute resulted in a further financial implication on this area of expenditure. A preliminary amount of R64.8 million has been included in the 2011/12 MTREF. It should be noted that the total financial implication could not be determined as the applicable municipal wage curve (representing equal pay for equal work at all municipalities in South Africa) has not been finalised.

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

The provision of debt impairment was determined based on an annual collection rate of 95 per cent and the Debt Write-off Policy of the City. For the 2011/11 financial year this amount equates to R482 million and escalates to R609 million by 2013/12. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R912 million for the 2011/12 financial and equates to 6.2 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 4.3 per cent (R715 million) of operating expenditure excluding annual redemption for 2011/12 and increases to R805 million by 2013/14. As previously noted, the City has reached its prudential limits for borrowing – hence the planned borrowing to finance the capital budget does not result in finance charges as a percentage of operational expenditure increasing – rather it is kept close to 4 per cent over the MTREF.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Rand Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the City's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the City's infrastructure. For 2011/12 the appropriation against this group of expenditure has grown by 32.5 per cent (R245 million) and continues to grow at 13 and 12 per cent for the two outer years of which budget allocation is in excess of R1.2 billion by 2013/14.

Contracted services has been identified as a cost saving area for the City. As part of the compilation of the 2011/12 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2011/12 financial year, this group of expenditure totals R1 billion and has escalated by just 2.6 per cent, clearly demonstrating the application of cost efficiencies. For the two outer years growth has been limited to 5.3 and 5.6 per cent. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2011/12 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented. Further details relating to contracted services can be seen in Table 64 MBRR SA1 (see page 100).

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost

savings and efficiencies can be achieved. Growth has been limited to 5 per cent for 2011/12 and curbed at 6.2 and 5.9 per cent for the two outer years, indicating that significant cost savings have been already realised. Further details relating to contracted services can be seen in Table 64 MBRR SA1 (see page 100).

The following table gives a breakdown of the main expenditure categories for the 2011/12 financial year.

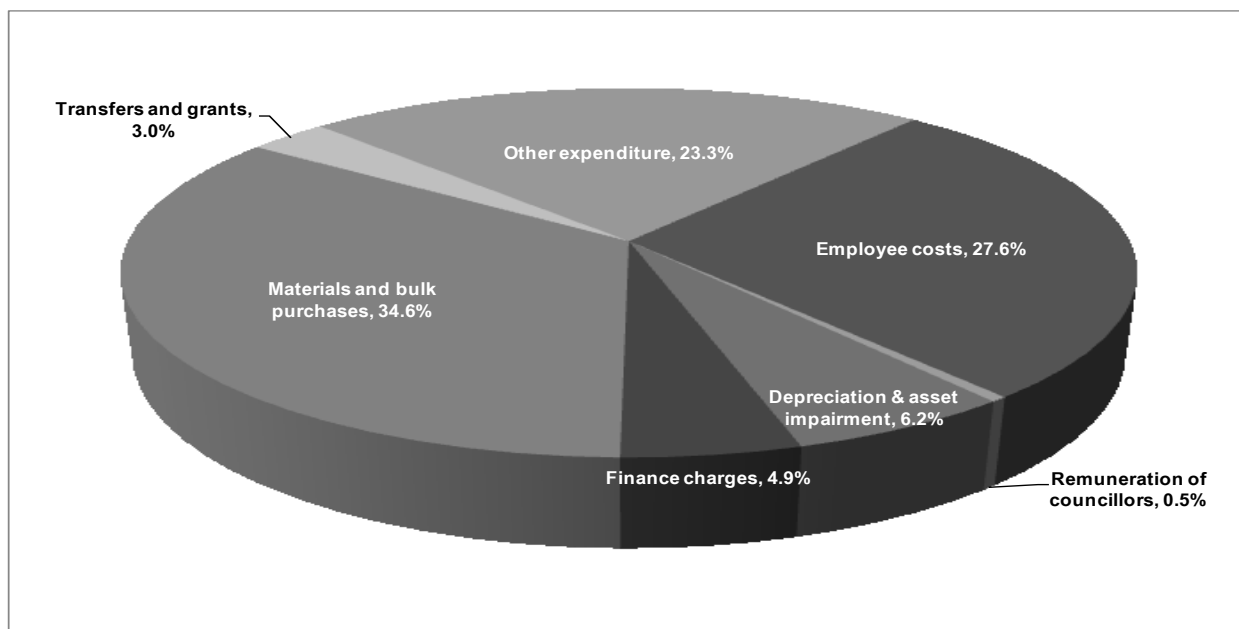


Figure 1 Main operational expenditure categories for the 2011/12 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the City's current infrastructure, the 2011/12 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the City. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain 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 14 Operational repairs and maintenance

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue &		
	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									
Repairs and Maintenance by Expenditure Item									
Employee related costs	300,947	315,203	719,975	563,914	573,714	573,714	695,254	748,047	804,931
Other materials	396,812	478,125	367,325	829,158	764,850	764,850	766,120	801,890	845,320
Contracted Services	29,593	101,301	38,206	216,215	206,466	206,466	228,742	259,493	285,642
Total Repairs and Maintenance Expenditure	727,352	894,629	1,125,506	1,609,287	1,545,030	1,545,030	1,690,116	1,809,430	1,935,894

During the compilation of the 2011/12 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the City's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased by 42.9 per cent in the 2010/11 financial year, from R1.1 billion to R1.6 billion. During the 2010 Adjustment Budget this allocation was adjusted slightly downwards to R1.5 billion owing to the cash flow challenges faced by the City. Notwithstanding this reduction, as part of the 2011/12 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2011/12 equates to R1.69 billion a growth of 9.3 per cent in relation to the Adjustment Budget and continues to grow at 7 and 6.9 per cent over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 11.5, 10.9 and 10.3 per cent for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 15 Repairs and maintenance per asset class

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue &		
	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									
Depreciation & asset impairment	707,591	661,292	601,797	905,625	841,709	841,709	912,331	978,067	1,139,451
Repairs and Maintenance by Asset Class	727,352	894,629	1,125,506	1,609,287	1,545,030	1,545,030	1,690,116	1,809,430	1,935,894
<i>Infrastructure - Road transport</i>	75,369	85,998	94,167	280,430	270,453	270,453	279,802	293,901	310,312
<i>Infrastructure - Electricity</i>	153,325	205,508	321,375	416,058	380,028	380,028	463,723	499,139	537,308
<i>Infrastructure - Water</i>	118,167	136,920	140,150	177,096	174,450	174,450	186,483	199,935	214,264
<i>Infrastructure - Sanitation</i>	7,919	8,899	12,777	33,210	32,938	32,938	39,006	41,060	43,207
<i>Infrastructure - Other</i>	3,226	3,395	4,615	4,445	8,445	8,445	9,048	9,772	10,554
Infrastructure	358,006	440,720	573,085	911,239	866,313	866,313	978,062	1,043,808	1,115,645
Community	122,884	130,677	134,553	291,333	294,386	294,386	351,102	377,079	404,062
Other assets	246,462	323,232	417,868	406,714	384,331	384,331	360,952	388,543	416,187
TOTAL OPERATING EXPENDITURE	1,434,943	1,555,920	1,727,303	2,514,912	2,386,739	2,386,739	2,602,448	2,787,497	3,075,346

For the 2011/12 financial year, 57.8 per cent or R978 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totalling 47.41 per cent (R463 million), followed by road infrastructure at 28.6 per cent (R279 million), water at 19 per cent (R186 million) and sanitation at 3.9 per cent (R39 million). Community assets has been allocated R351 million of total repairs and maintenance equating to 35.8 per cent.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the City's Indigent Policy. The target is to register 90 000 or more indigent households during the 2011/12 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 16 2011/12 Medium-term capital budget per vote

Description	Current Year 2010/11		2011/12 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2011/12	%	Budget Year +1 2012/13	%	Budget Year +2 2013/14	%
Governance and Administration	50	0.002%	786	0.03%	430	0.01%	275	0.01%
Corporate Services	73,864	2.8%	101,717	3.9%	104,051	3.3%	103,088	3.5%
Finance Services	15,353	0.6%	16,259	0.6%	16,200	0.5%	16,000	0.5%
Safety and Security	80,183	3.0%	38,611	1.5%	30,237	1.0%	32,464	1.1%
Planning and Economic Development	34,827	1.3%	70,454	2.7%	129,274	4.1%	141,522	4.8%
Health and Social Development	11,156	0.4%	30,216	1.2%	31,500	1.0%	23,450	0.8%
Sport, Recreation and Community Services	87,063	3.3%	38,000	1.5%	101,500	3.2%	123,000	4.2%
Housing	191,561	7.2%	144,959	5.5%	163,630	5.2%	166,312	5.7%
Environmental Management and Agriculture	60,320	2.3%	70,745	2.7%	93,197	3.0%	91,250	3.1%
Transport and Roads	912,151	34.1%	814,299	31.1%	1,083,403	34.5%	779,524	26.7%
Electricity	552,645	20.6%	595,236	22.8%	572,270	18.2%	580,544	19.9%
Waste Water	506,738	18.9%	481,695	18.4%	471,600	15.0%	513,239	17.6%
Water	151,023	5.6%	211,473	8.1%	338,822	10.8%	347,458	11.9%
Total Capital Budget	2,676,933	100%	2,614,449	100%	3,136,114	100%	2,918,125	100%

For 2011/12 an amount of R2.1 billion has been appropriated for the development of infrastructure which represents 80.4 per cent of the total capital budget. In the outer years this amount totals R2.4 billion, 78.6 per cent and R2.2 billion, 76.1 per cent respectively for each of the financial years. Transport and roads receives the highest allocation of R814 million in 2011/12 which equates to 31.1 per cent followed by electricity infrastructure at 22.8 per cent, R595 million and then waste water at 18.4 per cent, R481 million.

Total new assets represent 53.5 per cent or R1.39 billion of the total capital budget while asset renewal equates to 46.5 per cent or R1.21 billion. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management) on page 36. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal

as well as operational repairs and maintenance by asset class (refer to pages 88, 89 and 90). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Cemetery and crematorium development – R126.3 million;
- Parks, recreational facilities and swimming pools – R66.9 million;
- Transportation initiatives – R210 million;
- Trading stalls for informal hawkers – R16 million;
- Fire fighting and security equipment – R69.8 million;
- Customer care offices – R25 million;
- Hostels – R159 million;
- Electricity for all (backlog eradication) – R223.7 million;
- Refurbishment and renewal electrical network – R353.4 million;
- Installation of prepaid meters – R171 million;
- New electricity infrastructure – R479.7 million;
- Public lighting – R114.6 million;
- Automated meter reading – R125.9 million;
- New waste water treatment works – R1 billion;
- Upgrading and renewal of sewers – R205.2 million;
- Bulk supply and backlog eradication of water - R317.2 million;
- Refurbishment and renewal of water network – R457.9 million;
- Integrated transportation system – R1.3 billion;
- Backlog eradication of roads – R278.5 million;
- Backlog eradication of storm water drainage – R375.7 million;
- Rehabilitation of roads – R93 million; and
- Extension of main entry roads – R90 million.

Furthermore pages 92 to 96 contain a detail breakdown of the capital budget per project over the medium-term.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

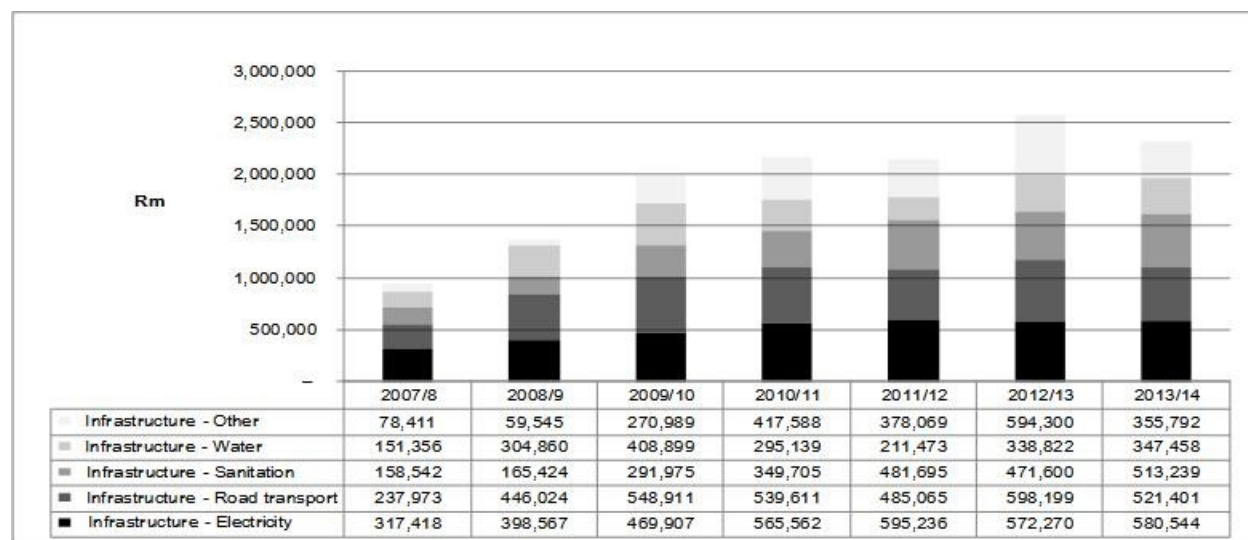


Figure 2 Capital Infrastructure Programme

1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 61 MBRR SA35 on page 91. This table shows that future operational costs associated with the capital programme totals R141 million in 2012/12 and escalates to R160 million by 2013/14. This concomitant operational expenditure is expected to escalate to R195 million by 2016/17. It needs to be noted that as part of the 2011/12 MTREF, this expenditure has been factored into the two outer years of the operational budget.

1.7 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2011/12 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 17 MBRR Table A1 - Budget Summary

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & 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 thousands									
Financial Performance									
Property rates	1 751 890	2 228 766	2 357 115	2 982 851	2 851 601	2 851 601	3 088 356	3 440 147	3 835 764
Service charges	4 246 218	4 765 454	5 489 104	7 182 671	7 183 539	7 183 539	8 492 829	9 866 101	11 466 027
Investment revenue	134 187	135 555	122 500	123 376	125 996	125 996	120 880	64 139	71 375
Transfers recognised - operational	460 061	642 009	587 082	836 817	789 624	789 624	1 001 918	1 118 355	1 217 891
Other own revenue	1 566 889	1 779 541	2 299 020	2 058 736	2 160 667	2 160 667	2 435 435	2 608 992	2 775 223
Total Revenue (excluding capital transfers and contributions)	8 159 246	9 551 324	10 854 820	13 184 451	13 111 426	13 111 426	15 138 618	17 097 734	19 366 281
Employee costs	2 667 809	2 999 127	3 295 744	3 520 655	3 562 430	3 562 430	4 048 486	4 354 598	4 685 963
Remuneration of councillors	45 946	44 201	55 351	57 963	57 963	57 963	66 438	72 880	79 961
Depreciation & asset impairment	707 591	661 292	601 797	905 625	841 709	841 709	912 331	978 067	1 139 451
Finance charges	364 383	372 545	519 535	518 153	632 076	632 076	715 617	762 736	805 284
Materials and bulk purchases	2 493 150	2 773 510	3 074 275	3 849 066	3 838 062	3 838 062	5 073 575	6 219 416	7 615 165
Transfers and grants	210 111	276 025	316 711	416 934	415 934	415 934	443 901	506 493	585 392
Other expenditure	1 679 521	2 495 137	2 838 012	3 317 720	3 169 915	3 169 915	3 419 574	3 644 368	3 901 970
Total Expenditure	8 168 512	9 621 837	10 701 424	12 586 117	12 518 090	12 518 090	14 679 924	16 538 558	18 813 187
Surplus/(Deficit)	(9 267)	(70 513)	153 395	598 334	593 337	593 337	458 694	559 176	553 095
Transfers recognised - capital	352 011	408 554	750 269	1 350 317	961 204	961 204	1 041 051	1 115 022	1 201 896
Contributions recognised - capital & contributed assets	46 834	44 440	51 609	77 590	27 751	27 751	56 261	49 741	68 369
Surplus/(Deficit) after capital transfers & contributions	389 578	382 482	955 274	2 026 240	1 582 292	1 582 292	1 556 006	1 723 939	1 823 360
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	389 578	382 482	955 274	2 026 240	1 582 292	1 582 292	1 556 006	1 723 939	1 823 360
Capital expenditure & funds sources									
Capital expenditure	1 365 844	1 757 876	2 678 286	3 477 470	2 676 933	2 676 933	2 614 449	3 136 114	2 918 125
Transfers recognised - capital	352 011	408 554	750 269	1 350 317	961 204	961 204	1 041 051	1 115 022	1 201 896
Public contributions & donations	46 834	44 440	51 609	77 590	27 751	27 751	56 261	49 741	68 369
Borrowing	641 450	295 900	1 606 944	800 000	1 051 000	1 051 000	1 000 000	1 000 000	1 000 000
Internally generated funds	325 549	1 008 982	269 464	1 249 563	636 978	636 978	517 137	971 351	647 860
Total sources of capital funds	1 365 844	1 757 876	2 678 286	3 477 470	2 676 933	2 676 933	2 614 449	3 136 114	2 918 125
Financial position									
Total current assets	3 050 935	2 906 501	3 729 815	3 888 581	4 718 453	4 718 453	5 364 537	5 514 943	5 887 512
Total non current assets	10 161 102	10 728 642	13 650 734	16 361 607	15 461 264	15 461 264	17 698 224	20 188 359	22 749 394
Total current liabilities	2 561 844	2 812 737	3 812 544	3 752 375	3 999 742	3 999 742	4 569 280	5 134 444	5 600 344
Total non current liabilities	2 712 146	3 587 629	5 192 258	5 662 585	6 005 177	6 005 177	6 422 108	6 760 320	7 053 071
Community wealth/Equity	7 938 046	7 234 776	8 375 746	10 835 228	10 174 798	10 174 798	12 071 372	13 808 538	15 983 491
Cash flows									
Net cash from (used) operating	997 807	1 407 901	1 405 453	2 737 275	2 395 279	2 395 279	2 591 627	2 981 572	3 161 024
Net cash from (used) investing	(1 299 883)	(1 749 901)	(2 741 309)	(3 421 729)	(2 570 996)	(2 570 996)	(2 448 450)	(3 297 973)	(3 197 382)
Net cash from (used) financing	458 109	(30 833)	1 343 709	446 076	697 076	697 076	330 632	244 700	192 190
Cash/cash equivalents at the year end	520 699	147 866	155 720	(82 659)	677 079	677 079	1 150 887	1 079 186	1 235 018
Cash backing/surplus reconciliation									
Cash and investments available	931 983	573 419	656 066	1 007 620	1 381 618	1 381 618	1 755 426	1 933 725	2 439 557
Application of cash and investments	1 435 490	1 601 863	1 996 730	2 918 414	2 333 273	2 333 273	1 975 553	2 079 353	2 180 262
Balance - surplus (shortfall)	(503 507)	(1 028 444)	(1 340 664)	(1 910 793)	(951 655)	(951 655)	(220 126)	(145 628)	259 295
Asset management									
Asset register summary (WDV)	9 138 300	10 024 592	12 823 004	15 166 326	14 473 146	14 473 146	16 590 206	18 733 702	20 842 071
Depreciation & asset impairment	707 591	661 292	601 797	905 625	841 709	841 709	912 331	978 067	1 139 451
Renewal of Existing Assets	1 230 766	1 412 916	1 751 341	1 790 814	1 492 394	1 492 394	1 216 814	1 595 194	1 583 420
Repairs and Maintenance	727 352	894 629	1 125 506	1 609 287	1 545 030	1 545 030	1 690 116	1 809 430	1 935 894
Free services									
Cost of Free Basic Services provided	201 819	264 440	306 877	403 370	403 370	403 370	425 901	487 493	565 392
Revenue cost of free services provided	299 414	369 228	426 345	637 743	637 743	637 743	682 441	781 343	920 790
Households below minimum service level									
Water:	15 793	10 037	4 280	2 722	2 722	2 722	1 731	1 101	700
Sanitation/sew erage:	15 106	13 698	12 289	11 359	11 359	11 359	10 514	9 748	9 050
Energy:	77 595	65 194	52 792	51 073	51 073	51 073	49 172	47 078	40 976
Refuse:	168 227	145 111	121 991	106 009	106 009	106 009	94 569	86 636	81 444

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the City's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2013/14, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2013/14 the water backlog will have been very nearly eliminated.

Table 18 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 & 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
Revenue - Standard									
<i>Governance and administration</i>	3,009,796	3,125,080	4,118,315	3,497,259	3,549,716	3,549,716	3,741,332	4,649,285	4,838,982
Executive and council	2,363	21,950	76,557	56,656	90,551	90,551	95,531	101,263	109,161
Budget and treasury office	3,740	33,650	83,058	85,134	90,242	90,242	94,625	101,060	108,134
Corporate services	3,003,693	3,069,480	3,958,700	3,355,469	3,368,923	3,368,923	3,551,176	4,446,962	4,621,687
<i>Community and public safety</i>	183,239	337,604	182,924	362,536	315,104	315,104	257,744	335,585	328,723
Community and social services	17,637	19,976	19,457	23,572	22,167	22,167	24,930	60,223	38,707
Sport and recreation	33,686	58,055	54,779	87,784	87,934	87,934	20,322	51,488	52,669
Public safety	43,903	50,310	41,160	70,931	70,931	70,931	74,633	78,474	82,517
Housing	35,684	142,580	-	109,683	62,239	62,239	58,970	62,000	64,500
Health	52,330	66,683	67,528	70,565	71,833	71,833	78,889	83,400	90,330
<i>Economic and environmental services</i>	270,346	557,805	873,782	1,962,214	1,378,456	1,378,456	2,147,869	1,618,670	2,218,320
Planning and development	69,190	126,070	157,485	140,362	140,363	140,363	151,638	280,307	308,076
Road transport	200,966	431,677	715,767	1,821,753	1,236,430	1,236,430	1,996,071	1,338,196	1,910,069
Environmental protection	190	58	530	100	1,663	1,663	160	196	175
<i>Trading services</i>	4,995,609	5,857,353	6,344,183	8,642,880	8,687,690	8,687,690	9,912,336	11,471,779	13,052,183
Electricity	2,972,994	3,571,748	3,701,652	5,675,555	5,696,200	5,696,200	6,325,456	7,298,982	8,590,500
Water	1,171,991	1,382,402	1,592,818	1,599,662	1,609,662	1,609,662	1,984,563	2,333,215	2,293,850
Waste water management	556,202	596,607	691,552	927,292	921,457	921,457	1,095,171	1,251,532	1,485,241
Waste management	294,422	306,596	358,161	440,370	460,371	460,371	507,147	588,051	682,593
<i>Other</i>	99,099	126,476	137,494	147,467	169,416	169,416	176,650	187,178	198,339
Total Revenue - Standard	8,558,090	10,004,318	11,656,698	14,612,356	14,100,382	14,100,382	16,235,930	18,262,497	20,636,547
Expenditure - Standard									
<i>Governance and administration</i>	1,997,981	2,614,502	2,130,343	2,862,544	2,501,646	2,501,646	2,676,947	2,873,025	3,201,760
Executive and council	152,999	198,133	354,280	562,930	513,221	513,221	346,619	350,358	377,277
Budget and treasury office	12,768	13,828	13,858	26,875	26,875	26,875	17,289	18,546	19,897
Corporate services	1,832,214	2,402,540	1,762,205	2,272,739	1,961,550	1,961,550	2,313,038	2,504,121	2,804,586
<i>Community and public safety</i>	1,239,680	1,482,571	1,632,136	1,935,865	1,936,837	1,936,837	2,181,401	2,341,475	2,509,962
Community and social services	159,856	187,143	219,219	356,331	304,341	304,341	315,681	339,523	364,536
Sport and recreation	363,533	401,350	466,132	556,209	559,939	559,939	604,622	650,961	701,152
Public safety	510,972	641,041	672,746	757,184	778,476	778,476	934,629	1,002,223	1,074,263
Housing	54,321	77,790	83,456	92,636	91,303	91,303	99,584	104,563	107,700
Health	150,998	175,246	190,583	173,505	202,778	202,778	226,885	244,206	262,311
<i>Economic and environmental services</i>	802,123	930,098	1,185,789	1,398,682	1,425,700	1,425,700	1,601,558	1,724,542	1,850,131
Planning and development	163,218	191,126	244,167	280,650	258,172	258,172	330,164	354,307	379,941
Road transport	606,109	702,240	901,482	1,087,672	1,124,805	1,124,805	1,219,331	1,314,432	1,410,549
Environmental protection	32,796	36,731	40,140	30,360	42,723	42,723	52,062	55,802	59,641
<i>Trading services</i>	4,041,267	4,484,595	5,647,148	6,243,764	6,508,933	6,508,933	8,052,416	9,419,574	11,058,117
Electricity	2,448,438	2,729,799	3,701,651	4,118,600	4,307,348	4,307,348	5,406,037	6,507,439	7,961,178
Water	1,040,921	1,072,760	1,142,850	1,315,032	1,351,020	1,351,020	1,493,920	1,679,871	1,780,354
Waste water management	203,038	260,060	277,452	320,666	326,602	326,602	404,410	438,481	474,543
Waste management	348,870	421,976	525,194	489,465	523,963	523,963	748,050	793,783	842,041
<i>Other</i>	87,460	110,072	106,008	145,262	144,973	144,973	167,602	179,942	193,217
Total Expenditure - Standard	8,168,512	9,621,837	10,701,424	12,586,117	12,518,090	12,518,090	14,679,924	16,538,558	18,813,187
Surplus/(Deficit) for the year	389,578	382,482	955,274	2,026,240	1,582,292	1,582,292	1,556,006	1,723,939	1,823,360

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 19 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 & 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									
Revenue by Vote									
Vote1 - Governance and Administration	503	21,010	75,635	55,870	89,765	89,765	25,500	3,500	3,500
Vote2 - Corporate Services	43,210	44,695	51,222	66,210	66,210	66,210	60,979	65,749	70,611
Vote3 - Assessment Rates and Other	2,368,010	2,622,877	2,857,115	3,219,846	3,199,846	3,199,846	3,408,356	3,919,390	4,635,764
Vote4 - Finance Services	70,333	63,067	118,197	152,593	155,904	155,904	148,960	95,102	103,043
Vote5 - Safety and Security	129,929	146,454	141,428	164,556	179,557	179,557	144,915	153,353	162,309
Vote6 - Planning and Economic Development	166,531	156,100	164,238	134,105	133,683	133,683	148,187	276,859	304,631
Vote7 - Health and Social Development	53,942	68,808	68,136	71,086	79,081	79,081	164,641	84,365	91,381
Vote8 - Sport, Recreation and Community Services	40,903	43,800	38,456	43,369	61,963	61,963	12,388	63,933	54,625
Vote9 - Housing	35,684	142,580	230	109,683	62,239	62,239	58,970	62,000	64,500
Vote10 - Environmental Management and Agriculture	388,900	475,876	490,941	570,773	608,385	608,385	643,722	745,667	835,672
Vote11 - Transport and Roads	558,960	668,296	1,109,832	1,821,753	1,236,430	1,236,430	2,014,122	1,908,851	1,940,920
Vote12 - Electricity	2,972,994	3,571,748	4,256,897	5,675,556	5,696,201	5,696,201	6,325,456	7,298,982	8,590,500
Vote13 - Waste Water	556,202	596,607	691,552	927,292	921,457	921,457	1,095,171	1,251,532	1,485,241
Vote14 - Water	1,171,991	1,382,402	1,592,818	1,599,662	1,609,662	1,609,662	1,984,563	2,333,215	2,293,850
Total Revenue by Vote	8,558,090	10,004,318	11,656,698	14,612,356	14,100,382	14,100,382	16,235,930	18,262,497	20,636,547
Expenditure by Vote to be appropriated									
Vote1 - Governance and Administration	176,650	221,747	382,858	621,889	464,931	464,931	336,207	343,450	367,396
Vote2 - Corporate Services	793,201	850,023	829,330	964,706	910,179	910,179	1,000,199	1,097,000	1,192,520
Vote3 - Assessment Rates and Other	563,829	1,120,063	474,926	598,657	483,081	483,081	504,279	546,856	593,145
Vote4 - Finance Services	350,769	409,854	431,061	590,528	716,272	716,272	801,454	847,245	889,927
Vote5 - Safety and Security	575,218	714,620	750,414	792,308	770,028	770,028	858,883	911,896	1,092,377
Vote6 - Planning and Economic Development	176,263	202,716	253,265	260,447	262,658	262,658	313,271	336,384	362,312
Vote7 - Health and Social Development	208,374	241,086	270,428	275,025	246,685	246,685	358,142	396,009	425,131
Vote8 - Sport, Recreation and Community Services	133,082	152,738	184,799	242,073	215,297	215,297	247,753	267,134	288,258
Vote9 - Housing	285,814	289,419	213,522	341,013	251,356	251,356	345,325	367,798	391,506
Vote10 - Environmental Management and Agriculture	735,529	852,261	995,493	973,687	1,056,276	1,056,276	1,355,264	1,446,836	1,544,062
Vote11 - Transport and Roads	477,386	504,689	793,375	1,171,484	1,156,358	1,156,358	1,254,780	1,352,159	1,450,479
Vote12 - Electricity	2,448,438	2,729,799	3,701,651	4,118,600	4,307,348	4,307,348	5,406,037	6,507,439	7,961,178
Vote13 - Waste Water	203,038	260,060	277,452	320,666	326,602	326,602	404,410	438,481	474,543
Vote14 - Water	1,040,921	1,072,760	1,142,850	1,315,032	1,351,020	1,351,020	1,493,920	1,679,871	1,780,354
Total Expenditure by Vote	8,168,512	9,621,836	10,701,424	12,586,116	12,518,090	12,518,090	14,679,923	16,538,558	18,813,188
Surplus/(Deficit) for the year	389,578	382,482	955,274	2,026,240	1,582,292	1,582,292	1,556,006	1,723,939	1,823,360

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the City. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 20 Surplus/(Deficit) calculations for the trading services

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue &		
	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
Electricity									
Total Revenue (incl capital grants and transfers)	2,972,994	3,571,748	4,256,897	5,675,556	5,696,201	5,696,201	6,325,456	7,298,982	8,590,500
Operating Expenditure	2,448,438	2,729,799	3,701,651	4,118,600	4,307,348	4,307,348	5,406,037	6,507,439	7,961,178
Surplus/(Deficit) for the year	524,556	841,949	555,246	1,556,956	1,388,852	1,388,852	919,419	791,543	629,322
Percentage Surplus	18%	24%	13%	27%	24%	24%	15%	11%	7%
Water									
Total Revenue (incl capital grants and transfers)	1,171,991	1,382,402	1,592,818	1,599,662	1,609,662	1,609,662	1,984,563	2,333,215	2,293,850
Operating Expenditure	1,040,921	1,072,760	1,142,850	1,315,032	1,351,020	1,351,020	1,493,920	1,679,871	1,780,354
Surplus/(Deficit) for the year	176,650	221,747	382,858	621,889	464,931	464,931	336,207	343,450	367,396
Percentage Surplus	15%	16%	24%	39%	29%	29%	17%	15%	16%

2. The electricity trading surplus is deteriorating over the 2011/12 MTREF from 15 per cent or R919 million in 2011/12 to 7 per cent by 2013/14. This is primarily as a result of the high increases in Eskom bulk purchases and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers.
3. The surplus on the water account remains relatively constant over the MTREF translating into a surplus of 17 per cent, 15 per cent and 16 per cent for each of the respective financial years.
4. Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, *and are not used to cross-subsidise other municipal services.*

Table 21 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 & 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									
Revenue By Source									
Property rates	1,719,224	2,185,065	2,299,624	2,915,731	2,789,465	2,789,465	3,021,875	3,369,390	3,756,870
Property rates - penalties & collection charges	32,665	43,701	57,491	67,120	62,136	62,136	66,481	70,757	78,894
Service charges - electricity revenue	2,674,390	2,926,493	3,466,607	4,930,000	4,920,000	4,920,000	6,010,000	7,061,750	8,297,556
Service charges - water revenue	1,036,701	1,232,886	1,325,321	1,475,000	1,485,000	1,485,000	1,618,400	1,820,700	2,048,287
Service charges - sanitation revenue	249,567	303,406	337,753	354,780	354,780	354,780	392,543	433,760	479,305
Service charges - refuse revenue	266,124	283,925	335,096	401,815	402,359	402,359	447,780	524,021	613,487
Service charges - other	19,437	18,743	24,328	21,076	21,400	21,400	24,106	25,870	27,392
Rental of facilities and equipment	70,028	84,317	87,687	95,948	96,269	96,269	105,503	112,942	120,623
Interest earned - external investments	134,187	135,555	122,500	123,376	125,996	125,996	120,080	64,139	71,375
Interest earned - outstanding debtors	142,516	179,065	279,268	223,732	305,399	305,399	351,148	391,235	435,843
Dividends received	-	-	-	-	-	-	-	-	-
Fines	39,526	39,357	31,242	62,611	62,611	62,611	65,687	68,960	72,396
Licences and permits	21,817	29,499	28,424	31,539	31,539	31,539	34,783	36,621	38,448
Agency services	28,490	29,118	300,123	30,242	30,242	30,242	34,208	34,842	35,178
Transfers recognised - operational	460,061	642,009	587,082	836,817	789,624	789,624	1,001,918	1,118,355	1,217,891
Other revenue	1,243,597	1,413,247	1,569,497	1,586,756	1,606,698	1,606,698	1,839,606	1,964,393	2,072,735
Gains on disposal of PPE	20,915	4,937	2,779	27,908	27,908	27,908	4,500	-	-
Total Revenue (excluding capital transfers and contributions)	8,159,246	9,551,324	10,854,820	13,184,451	13,111,426	13,111,426	15,138,618	17,097,734	19,366,281
Expenditure By Type									
Employee related costs	2,667,809	2,999,127	3,295,744	3,520,655	3,562,430	3,562,430	4,048,486	4,354,598	4,685,963
Remuneration of councillors	45,946	44,201	55,351	57,963	57,963	57,963	66,438	72,880	79,961
Debt impairment	193,489	280,647	376,125	138,472	351,601	351,601	482,387	533,450	609,943
Depreciation & asset impairment	707,591	661,292	601,797	905,625	841,709	841,709	912,331	978,067	1,139,451
Finance charges	364,383	372,545	519,535	518,153	632,076	632,076	715,617	762,736	805,284
Bulk purchases	1,861,723	1,953,963	2,421,143	3,106,870	3,085,866	3,085,866	4,076,332	5,092,531	6,353,054
Other materials	631,427	819,546	653,132	742,196	752,197	752,197	997,243	1,126,885	1,262,111
Contracted services	482,046	638,547	773,882	1,089,033	984,669	984,669	1,010,989	1,065,105	1,125,172
Transfers and grants	210,111	276,025	316,711	416,934	415,934	415,934	443,901	506,493	585,392
Other expenditure	994,072	1,552,590	1,678,936	2,090,215	1,833,645	1,833,645	1,926,198	2,045,814	2,166,855
Loss on disposal of PPE	9,915	23,352	9,069	-	-	-	-	-	-
Total Expenditure	8,168,512	9,621,837	10,701,424	12,586,117	12,518,090	12,518,090	14,679,924	16,538,558	18,813,187
Surplus/(Deficit)	(9,267)	(70,513)	153,395	598,334	593,337	593,337	458,694	559,176	553,095
Transfers recognised - capital	352,011	408,554	750,269	1,350,317	961,204	961,204	1,041,051	1,115,022	1,201,896
Contributions recognised - capital	46,834	44,440	51,609	77,590	27,751	27,751	56,261	49,741	68,369
Contributed assets									
Surplus/(Deficit) after capital transfers & contributions	389,578	382,482	955,274	2,026,240	1,582,292	1,582,292	1,556,006	1,723,939	1,823,360
Taxation									
Surplus/(Deficit) after taxation	389,578	382,482	955,274	2,026,240	1,582,292	1,582,292	1,556,006	1,723,939	1,823,360
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	389,578	382,482	955,274	2,026,240	1,582,292	1,582,292	1,556,006	1,723,939	1,823,360
Share of surplus/ (deficit) of associate									
Surplus/(Deficit) for the year	389,578	382,482	955,274	2,026,240	1,582,292	1,582,292	1,556,006	1,723,939	1,823,360

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R15.1 billion in 2011/12 and escalates to R19.3 billion by 2013/14. This represents a year-on-year increase of 12.5 per cent for the 2012/13 financial year and 13.5 per cent for the 2013/14 financial year.
2. Revenue to be generated from property rates is R3 billion in the 2011/12 financial year and increases to R3.8 billion by 2013/14 which represents 19.9 per cent of the operating revenue base of the City and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 10 per cent, 9 per cent and 9 per cent for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the City totalling R8.4 billion for the 2011/12 financial year and increasing to R11.5 billion by 2013/14. For the 2011/12 financial year services charges amount to 56 per cent of the total revenue base and grows by 1 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 11.6 per cent and 8.9 per cent for the two outer years. The percentage share of this revenue source declines due to the more rapid relative growth in service charge revenues.
5. The following graph illustrates the major expenditure items per type.

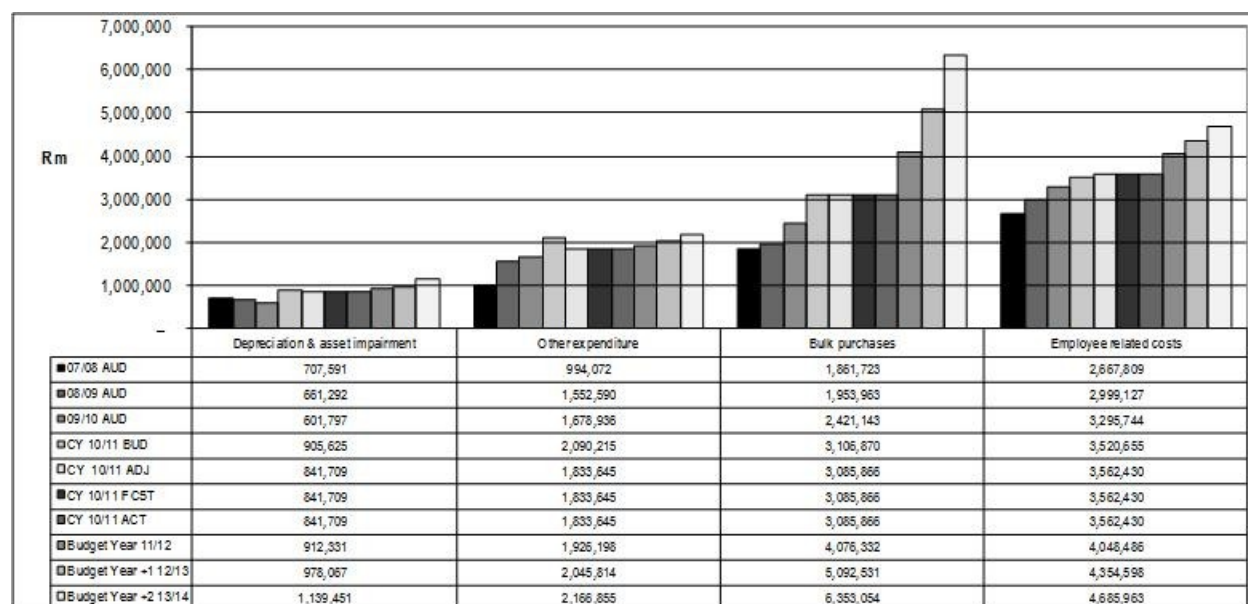


Figure 3 Expenditure by major type

6. Bulk purchases have significantly increased over the 2007/08 to 2012/14 period escalating from R1.8 billion to R6.5 billion. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Rand Water.
7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary 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. In relation to multi-year appropriations, for 2011/12 R2.1 billion has been allocated of the total R2.6 billion capital budget, which totals 80.7 per cent. This allocation escalates to R2.7 billion in 2012/12 and then flattens out to R2.4 billion in 2013/14 owing primarily to the fact that various projects reach completion in 2012/13 hence the spike in expenditure in year two.
3. Single-year capital expenditure has been appropriated at R460 million for the 2011/12 financial year and remains relatively constant over the MTREF at levels of R435 million and R443 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the City. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations, borrowing and internally generated funds from current year surpluses. For 2011/12, capital transfers totals R1 billion (38.4 per cent) and escalates to R1.2 billion by 2013/14 (41.3 per cent). Borrowing has been provided at R1 billion over the MTREF with internally generated funding totaling R517 million, R971 million and R647 million for each of the respective financial years of the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 23 MBRR Table A6 - Budgeted Financial Position

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & 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									
ASSETS									
Current assets									
Cash	69,349	43,236	89,561	-	232,592	232,592	761,567	601,033	506,865
Call investment deposits	451,350	104,631	66,159	287,038	444,487	444,487	389,320	478,153	728,153
Consumer debtors	1,901,782	2,145,141	2,469,648	2,603,506	2,920,272	2,920,272	3,009,545	3,182,970	3,360,090
Other debtors	434,669	293,513	738,310	745,870	749,780	749,780	817,042	842,500	857,500
Current portion of long-term receivables	27,840	103,377	123,833	128,975	130,001	130,001	131,263	139,139	147,487
Inventory	165,944	216,602	242,304	123,191	241,321	241,321	255,800	271,148	287,417
Total current assets	3,050,935	2,906,501	3,729,815	3,888,581	4,718,453	4,718,453	5,364,537	5,514,943	5,887,512
Non current assets									
Long-term receivables	172,456	155,149	146,158	141,512	130,372	130,372	121,620	96,202	83,822
Investments	411,284	425,553	500,346	720,582	704,539	704,539	604,539	854,539	1,204,539
Investment property	306,474	10,571	8,027	318,446	136,199	136,199	233,708	344,539	451,563
Investment in Associate	-	-	-	-	-	-	-	-	-
Property, plant and equipment	9,138,300	10,024,593	12,823,004	15,166,326	14,473,146	14,473,146	16,590,206	18,733,702	20,842,071
Agricultural	-	-	-	-	-	-	-	-	-
Biological	11,015	14,741	17,008	14,741	17,008	17,008	16,345	18,377	21,400
Intangible	121,572	98,035	156,191	-	-	-	131,806	141,000	146,000
Other non-current assets	-	-	-	-	-	-	-	-	-
Total non current assets	10,161,102	10,728,642	13,650,734	16,361,607	15,461,264	15,461,264	17,698,224	20,188,359	22,749,394
TOTAL ASSETS	13,212,037	13,635,143	17,380,549	20,250,187	20,179,717	20,179,717	23,062,760	25,703,302	28,636,906
LIABILITIES									
Current liabilities									
Bank overdraft	-	-	-	-	-	-	-	-	-
Borrowing	204,827	346,522	285,390	392,520	392,520	392,520	706,348	792,800	845,810
Consumer deposits	257,579	277,368	299,523	338,119	338,119	338,119	375,099	412,599	450,599
Trade and other payables	2,099,438	2,188,847	3,227,631	3,021,736	3,269,103	3,269,103	3,487,833	3,929,045	4,303,935
Provisions	-	-	-	-	-	-	-	-	-
Total current liabilities	2,561,844	2,812,737	3,812,544	3,752,375	3,999,742	3,999,742	4,569,280	5,134,444	5,600,344
Non current liabilities									
Borrowing	2,712,146	2,661,524	3,983,078	4,390,558	4,641,558	4,641,558	4,935,210	5,142,410	5,296,600
Provisions	-	926,104	1,209,181	1,272,027	1,363,618	1,363,618	1,486,897	1,617,910	1,756,471
Total non current liabilities	2,712,146	3,587,629	5,192,258	5,662,585	6,005,177	6,005,177	6,422,108	6,760,320	7,053,071
TOTAL LIABILITIES	5,273,990	6,400,366	9,004,802	9,414,959	10,004,918	10,004,918	10,991,388	11,894,764	12,653,415
NET ASSETS	7,938,047	7,234,777	8,375,747	10,835,228	10,174,799	10,174,799	12,071,372	13,808,538	15,983,491
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	1,652,213	457,510	1,038,917	2,805,942	1,835,405	1,835,405	4,002,751	4,912,441	6,170,287
Reserves	6,285,833	6,777,267	7,336,830	8,029,286	8,339,394	8,339,394	8,068,621	8,896,097	9,813,205
Minorities' interests	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	7,938,046	7,234,776	8,375,746	10,835,228	10,174,798	10,174,798	12,071,372	13,808,538	15,983,491

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 24 MBRR Table A7 - Budgeted Cash Flow Statement

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & 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									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	7,412,773	8,522,134	9,527,541	11,735,288	11,829,932	11,829,932	13,445,112	14,970,308	17,039,284
Government - operating	460,061	642,009	587,082	836,817	789,624	789,624	1,001,918	1,118,355	1,217,891
Government - capital	352,011	408,554	750,269	1,350,317	961,204	961,204	1,041,051	1,115,022	1,201,896
Interest	134,187	135,555	122,500	123,376	125,996	125,996	120,080	64,139	71,375
Dividends	-	-	-	-	-	-	-	-	-
Payments									
Suppliers and employees	(6,988,450)	(7,916,221)	(9,052,570)	(10,776,805)	(10,666,837)	(10,666,837)	(12,282,917)	(13,504,516)	(15,544,139)
Finance charges	(364,383)	(372,545)	(519,535)	(518,153)	(632,076)	(632,076)	(715,617)	(762,736)	(805,284)
Transfers and Grants	(8,392)	(11,585)	(9,834)	(13,564)	(12,564)	(12,564)	(18,000)	(19,000)	(20,000)
NET CASH FROM/(USED) OPERATING ACTIVITIES	997,807	1,407,901	1,405,453	2,737,275	2,395,279	2,395,279	2,591,627	2,981,572	3,161,024
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	20,915	4,937	2,779	27,908	27,908	27,908	4,500	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	212,897	212,897	-	-	-
Decrease (increase) other non-current receivables	14,560	17,307	8,991	4,646	15,786	15,786	9,210	25,418	12,380
Decrease (increase) in non-current investments	30,486	(14,269)	(74,793)	(220,236)	(204,193)	(204,193)	100,000	(250,000)	(350,000)
Payments									
Capital assets	(1,365,844)	(1,757,876)	(2,678,286)	(3,234,047)	(2,623,394)	(2,623,394)	(2,562,160)	(3,073,391)	(2,859,762)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(1,299,883)	(1,749,901)	(2,741,309)	(3,421,729)	(2,570,996)	(2,570,996)	(2,448,450)	(3,297,973)	(3,197,382)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	641,450	295,900	1,606,944	800,000	1,051,000	1,051,000	1,000,000	1,000,000	1,000,000
Increase (decrease) in consumer deposits	21,487	19,789	22,155	38,596	38,596	38,596	36,980	37,500	38,000
Payments									
Repayment of borrowing	(204,827)	(346,522)	(285,390)	(392,520)	(392,520)	(392,520)	(706,348)	(792,800)	(845,810)
NET CASH FROM/(USED) FINANCING ACTIVITIES	458,109	(30,833)	1,343,709	446,076	697,076	697,076	330,632	244,700	192,190
NET INCREASE/ (DECREASE) IN CASH HELD	156,033	(372,833)	7,853	(238,378)	521,359	521,359	473,809	(71,701)	155,832
Cash/cash equivalents at the year begin:	364,666	520,699	147,866	155,720	155,720	155,720	677,079	1,150,887	1,079,186
Cash/cash equivalents at the year end:	520,699	147,866	155,720	(82,659)	677,079	677,079	1,150,887	1,079,186	1,235,018

Table 25 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 & 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
Cash and investments available									
Cash/cash equivalents at the year end	520,699	147,866	155,720	(82,659)	677,079	677,079	1,150,887	1,079,186	1,235,018
Other current investments > 90 days	-	-	-	369,697	-	-	-	-	-
Non current assets - Investments	411,284	425,553	500,346	720,582	704,539	704,539	604,539	854,539	1,204,539
Cash and investments available:	931,983	573,419	656,066	1,007,620	1,381,618	1,381,618	1,755,426	1,933,725	2,439,557
Application of cash and investments									
Unspent conditional transfers	210,991	328,760	420,556	407,787	407,787	407,787	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements	123,439	164,585	215,689	195,620	224,317	224,317	236,654	250,854	258,370
Other working capital requirements	599,907	714,149	810,910	936,839	939,662	939,662	1,021,457	1,041,886	1,062,723
Other provisions	-	87,211	204,985	221,328	259,335	259,335	316,357	377,138	441,252
Long term investments committed	-	-	125,000	150,000	150,000	150,000	175,000	180,000	185,000
Reserves to be backed by cash/investments	501,153	307,157	219,591	1,006,841	352,173	352,173	226,084	229,475	232,917
Total Application of cash and investments:	1,435,490	1,601,863	1,996,730	2,918,414	2,333,273	2,333,273	1,975,553	2,079,353	2,180,262
Surplus(shortfall)	(503,507)	(1,028,444)	(1,340,664)	(1,910,793)	(951,655)	(951,655)	(220,126)	(145,628)	259,295

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the City fell significantly over the 2007/08 to 2009/10 period owing directly to a net decrease in cash for the 2008/09 financial year of R372 million.
4. The approved 2010/11 MTREF provide for a further net decrease in cash of R238 million for the 2010/11 financial year resulting in an overall projected negative cash position of R82 million at year end.
5. As part of the 2010/11 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities.
6. In addition the City undertook an extensive debt collection drive resulting in cash receipts on arrear debtors of R204 million. These interventions translated into a net cash position of R521 million for the 2010/11 financial year and cash and cash equivalents totaled R677 million at year end.
7. The 2011/12 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
8. Cash and cash equivalents totals R1.1 billion as at the end of the 2011/12 financial year and escalates to R1.2 billion by 2013/14.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence 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 to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2007/08 to 2010/11 the deficit deteriorated from R503 million to R1.9 billion.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2010/11 MTREF was not funded owing to the significant deficit.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2011/12 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modelled to progressively move from a deficit of R220 million in 2011/12 to a surplus of R259 million by 2013/14.

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The City meets both these recommendations.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the City's strategy to address the maintenance backlog.

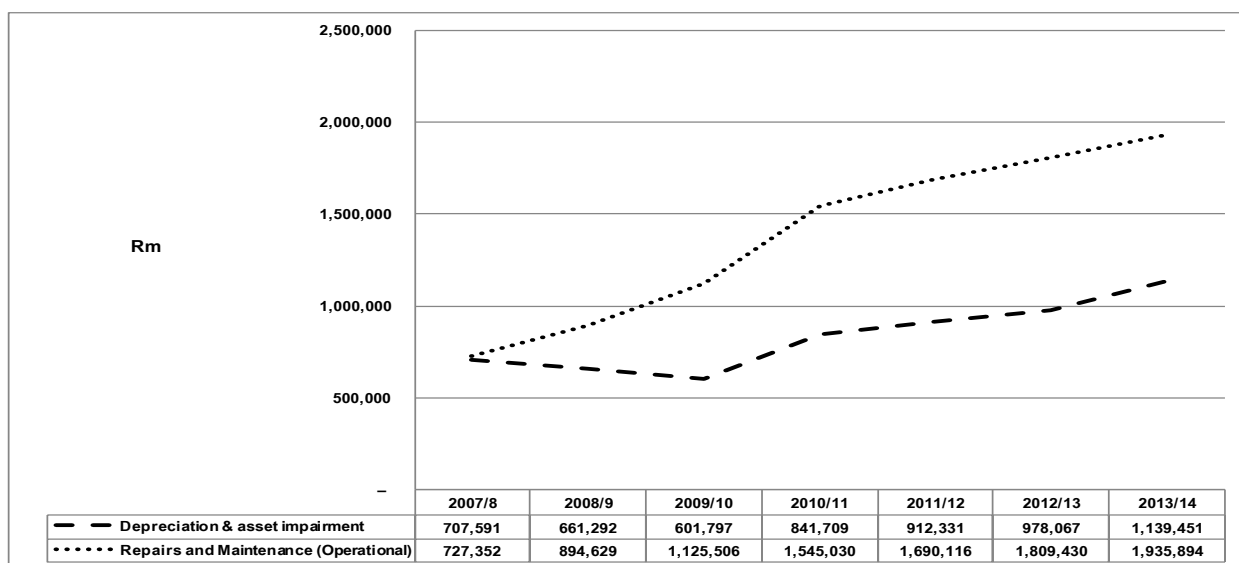


Figure 4 Depreciation in relation to repairs and maintenance over the MTREF

Table 27 MBRR Table A10 - Basic Service Delivery Measurement

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & 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
Household service targets (000)									
Water:									
Piped water inside dwelling	429	525	620	659	659	659	695	730	764
Piped water inside yard (but not in dwelling)	125	106	86	73	73	73	62	52	45
Using public tap (at least min.service level)	113	58	3	1	1	1	1	0	0
Other water supply (at least min.service level)	4	2	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	671	690	709	733	733	733	758	783	809
Using public tap (< min.service level)	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	16	10	4	3	3	3	2	1	1
No water supply	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	16	10	4	3	3	3	2	1	1
Total number of households	687	700	713	736	736	736	760	784	810
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	490	509	528	555	555	555	584	612	642
Flush toilet (with septic tank)	12	12	12	11	11	11	11	11	10
Chemical toilet	10	10	10	9	9	9	9	9	8
Pit toilet (ventilated)	139	134	130	126	126	126	122	118	115
Other toilet provisions (> min.service level)	21	21	22	23	23	23	23	24	25
<i>Minimum Service Level and Above sub-total</i>	672	686	701	725	725	725	749	774	800
Bucket toilet	5	5	4	4	4	4	3	3	2
Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-	-
No toilet provisions	10	9	8	8	8	8	7	7	7
<i>Below Minimum Service Level sub-total</i>	15	14	12	11	11	11	11	10	9
Total number of households	687	700	713	736	736	736	760	784	810
Energy:									
Electricity (at least min.service level)	483	503	523	535	535	535	549	561	579
Electricity - prepaid (min.service level)	126	132	138	149	149	149	162	175	190
<i>Minimum Service Level and Above sub-total</i>	609	635	661	685	685	685	710	737	769
Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min.service level)	-	-	-	-	-	-	-	-	-
Other energy sources	78	65	53	51	51	51	49	47	41
<i>Below Minimum Service Level sub-total</i>	78	65	53	51	51	51	49	47	41
Total number of households	687	700	713	736	736	736	760	784	810
Refuse:									
Removed at least once a week	518	555	591	630	630	630	665	697	728
<i>Minimum Service Level and Above sub-total</i>	518	555	591	630	630	630	665	697	728
Removed less frequently than once a week	11	25	39	42	42	42	45	48	51
Using communal refuse dump	14	9	4	3	3	3	2	1	1
Using own refuse dump	100	79	58	46	46	46	36	28	23
Other rubbish disposal	4	2	1	0	0	0	0	0	0
No rubbish disposal	38	29	20	15	15	15	12	9	7
<i>Below Minimum Service Level sub-total</i>	168	145	122	106	106	106	95	87	81
Total number of households	687	700	713	736	736	736	760	784	810
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	671	690	709	733	733	733	758	783	809
Sanitation (free minimum level service)	42	47	53	90	90	90	90	95	105
Electricity/other energy (50kwh per household per month)	42	47	53	90	90	90	90	95	105
Refuse (removed at least once a week)	42	47	53	90	90	90	90	95	105
Cost of Free Basic Services provided (R'000)									
Water (6 kilolitres per household per month)	169,092	223,560	255,240	296,755	296,755	296,755	300,168	338,256	379,080
Sanitation (free sanitation service)	4,106	5,002	6,314	10,316	10,316	10,316	12,583	14,363	17,283
Electricity/other energy (50kwh per household per month)	18,560	23,466	29,251	64,590	64,590	64,590	78,580	95,470	121,558
Refuse (removed once a week)	10,060	12,411	16,072	31,710	31,710	31,710	34,570	39,403	47,471
Total cost of FBS provided (minimum social package)	201,819	264,440	306,877	403,370	403,370	403,370	425,901	487,493	565,392
Highest level of free service provided									
Property rates (R value threshold)	10,000	10,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (Rand per household per month)	15	15	16	18	18	18	20	22	24
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	85	85	85	85	85	85	85	85	85
Revenue cost of free services provided (R'000)									
Property rates (R15 000 threshold rebate)	6,197	6,736	7,204	13,730	13,730	13,730	15,107	17,228	20,756
Property rates (other exemptions, reductions and rebates)	54,870	59,357	64,840	123,566	123,566	123,566	135,959	155,054	186,800
Water	197,552	258,662	294,699	371,929	371,929	371,929	382,881	432,604	492,747
Sanitation	7,998	8,508	10,317	19,686	19,686	19,686	21,845	24,936	30,006
Electricity/other energy	22,305	24,742	34,740	80,136	80,136	80,136	95,364	115,862	147,522
Refuse	10,494	11,223	14,545	28,697	28,697	28,697	31,285	35,659	42,960
Municipal Housing - rental rebates	-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenue cost of free services provided (total social package)	299,414	369,228	426,345	637,743	637,743	637,743	682,441	781,343	920,790

Explanatory notes to 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 main services.
2. The City continues to make good progress with the eradication of backlogs:
 - a. Water services – backlog will be reduced by over 1000 households in 2011/12 to just 700 households. These households are largely found in ‘reception areas’ and will need to be moved to formal areas so that they can receive services.
 - b. Sanitation services – backlog will be reduced by over 2000 households over the MTREF. The number of households with no toilet provision will be reduced by 1000 households in 2011/12.
 - c. Electricity services – backlog will be reduced by 2000 households. As indicated elsewhere, the emphasis in the electricity sector is on addressing urgent network upgrades. Once the most pressing network issues have been addressed, the electrification programme will be prioritised, with 6000 households budgeted to be electrified in 2013/14.
 - d. Refuse services – backlog will be reduced by 21 000 households in 2011/12, and a further 14 000 households in the outer two years of the MTREF. However it should be noted that this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.
3. The budget provides for 90 000 households to be registered as indigent in 2011/12, and therefore entitled to receiving Free Basic Services. The number is set to increase to 105 000 households given the rapid rate of in-migration to the City, especially by poor people seeking economic opportunities.
4. It is anticipated that these Free Basic Services will cost the municipality R425 million in 2011/12, increasing to R565 million in 2013/14. This is covered by the municipality’s equitable share allocation from national government.
5. In addition to the Free Basic Services, the City also ‘gives’ households R682 million in free services in 2011/12, and it increases to R920 million in 2013/14. This ‘tax expenditure’ needs to be seen within the context of the municipality’s overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the ‘free services’ represent about 4 per cent of total operating revenue.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the City's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2010) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 25 August 2010. Key dates applicable to the process were:

- **August 2010** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2011/12 MTREF;
- **November 2010** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **3 to 7 January 2011** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2011** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **28 January 2011** - Council considers the 2010/11 Mid-year Review and Adjustments Budget;

- **February 2011** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2011/12 MTREF is revised accordingly;
- **25 March 2011** - Tabling in Council of the draft 2011/12 IDP and 2011/12 MTREF for public consultation;
- **April 2011** – Public consultation;
- **6 May 2011** - Closing date for written comments;
- **6 to 21 May 2011** – finalisation of the 2011/12 IDP and 2011/12 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **23 May 2011** - Tabling of the 2011/12 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the fourth review of the IDP as adopted by Council in May 2006. It started in September 2010 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2011/12 MTREF in August.

The City's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2011/12 MTREF, based on the approved 2010/11 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2011/12 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2010/11 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2011/12 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2011/12 MTREF:

- City growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2010/11 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2011/12 MTREF as tabled before Council on 25 March 2011 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries. In addition a further development of this year's consultation process included the launch of E-based consultation. E-mail notifications were sent to all organisations on the municipality's database, including ratepayer associations, community-based organisations and organised business. The opportunity to give electronic feedback was also communicated on the City's website, and the City's call centre was engaged in collecting inputs via e-mail, fax and SMS.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process from 13 to 29 April 2011, and included nine public briefing sessions. The applicable dates and venues were published in all the local newspapers and on average attendance of 200 was recorded per meeting. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2011/12 MTREF. Feedback and responses

to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The City is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- Several complaints were received regarding poor service delivery, especially waste removal backlogs and the state of road infrastructure;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- Issues were raised regarding the payment of bonuses to senior managers;
- Remuneration packages of council officials were criticized as being very high, relative their private sector counterparts within the City;
- The affordability of tariff increases, especially electricity, was raised on numerous occasions. This concern was also raised by organized business as an obstacle to economic growth;
- Pensioners cannot afford the tariff increases due to low annual pension increases; and
- During the community consultation process large sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

Significant changes effected in the final 2011/12 MTREF compared to the draft 2011/12 MTREF that was tabled for community consultation, include:

- The final Eskom bulk tariff increase, applicable to municipalities from 1 July 2011, was factored into the proposed consumer tariffs, applicable from 1 July 2011. This resulted in an increase of 4 per cent;
- An amount of R100 million (R50 million on the Operating Budget and R50 million on the Capital Budget) was included over the medium-term for each of the financial years equating to R300 million over the medium-term for the formalisation of informal settlements. This is in line with government prioritizing this as part of Outcome 8;
- The proposed loan amount of R950 million increased with R50 million to R1,0 billion to fund the additional R50 million per annum allocated to the Capital Budget for the 2011/12, 2012/13 and 2013/14 financial years;
- An amount of R12,5 million was allocated in the Capital Budget to fund upgrades and extensions to the call centre;
- The SALGBC parties' settlement regarding the salary dispute resulted in a preliminary amount of R64.8 million being provided for in the 2011/12 financial year;
- The 2011 Division of Revenue Act (DORA) grant allocations were finalized and aligned to the gazetted allocations; and
- Funding was allocated to address metering discrepancies and unmetered premises.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the City, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the City strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the City's response to these requirements.

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

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its

IDP. The following table highlights the IDP's five strategic objectives for the 2011/12 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 28 IDP Strategic Objectives

2010/11 Financial Year	2011/12 MTREF
1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Acceleration of higher and shared economic growth and development	2. Economic growth and development that leads to sustainable job creation
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities
4. Fostering participatory democracy and adherence to Batho Pele principles through a caring, accessible and accountable service	4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5. Good governance, Financial viability and institutional governance	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the City to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide water;
 - Provide sanitation;
 - Provide waste removal;
 - Provide housing;
 - Provide roads and storm water;
 - Provide public transport;
 - Provide city planning services; and
 - Maintaining the infrastructure of the City.
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the City;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;

- Working with the provincial department of health to provide primary health care services;
 - Extending waste removal services and ensuring effective city cleansing;
 - Ensuring all waste water treatment works are operating optimally;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
- Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound governance through:
- Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
- Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the City. The five-year programme responds to the development challenges and opportunities faced by the City by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the City undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the City so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the City's IDP, associated sectoral plans and strategies, and the allocation of resources of the City and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;

- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the City;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2011/12 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 29 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & 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										
Provide quality basic services and infrastructure	Provision of electricity; water; sanitation; waste removal; housing; roads and storm water; public transport; city planning services; and maintaining the infrastructure of the City.	4,403,313	5,011,093	6,030,318	6,817,098	7,473,078	7,473,078	8,754,242	10,065,468	11,608,691
Economic growth and development that leads to sustainable job creation	Ensuring there is a clear structural plan for the City; ensuring planning processes function in accordance with set timeframes and facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.	179,620	214,046	250,136	289,187	309,397	309,397	406,333	424,117	462,837
Fight poverty and build clean, healthy, safe sustainable communities as well as ensure integrated social services for empowered and sustainable communities	Effective implementation of the Indigent Policy; working with the provincial department of health to provide primary health care services; extending waste removal services and ensuring effective city cleansing; ensuring all waste water treatment works are operating optimally; working with strategic partners such as SAPS to address crime; ensuring safe working environments by effective enforcement of building and health regulations; promote viable, sustainable communities through proper zoning; and promote environmental sustainability by protecting wetlands and key open spaces.	264,988	437,350	357,294	487,095	457,647	457,647	560,580	607,994	638,937
Foster Participatory democracy and Batho Pele through caring, accessible and accountable service	Optimising effective community participation in the ward committee system; and the implementation Batho Pele in the revenue management strategy	26,119	26,586	40,690	33,504	33,987	33,987	37,687	40,744	42,994
Promote sound governance, financial sustainability and optimal institutional transformation	Publishing the outcomes of all tender processes on the municipal website; reviewing the use of contracted services; continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan; and review of the organizational structure to optimize the use of personnel	3,285,205	3,862,249	4,176,382	5,557,567	4,837,317	4,837,317	5,379,775	5,959,411	6,582,822
Total Revenue (excluding capital transfers and contributions)		8,159,246	9,551,324	10,854,820	13,184,451	13,111,426	13,111,426	15,138,618	17,097,734	19,336,281

Table 30 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & 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										
Provide quality basic services and infrastructure	Provision of electricity; water, sanitation; waste removal; housing; roads and storm water; public transport; city planning services; and maintaining the infrastructure of the City.	4,313,958	4,947,056	5,863,782	6,729,987	6,857,585	6,857,585	8,610,757	10,058,056	11,880,217
Economic growth and development that leads to sustainable job creation	Ensuring there is a clear structural plan for the City; ensuring planning processes function in accordance with set timeframes and facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.	549,112	622,732	738,419	844,036	827,677	827,677	1,012,059	1,083,747	1,161,276
Fight poverty and build clean, healthy, safe sustainable communities as well as ensure integrated social services for empowered and sustainable communities	Effective implementation of the Indigent Policy; working with the provincial department of health to provide primary health care services; extending waste removal services and ensuring effective city cleansing; ensuring all waste water treatment works are operating optimally; working with strategic partners such as SAPS to address crime; ensuring safe working environments by effective enforcement of building and health regulations; promote viable, sustainable communities through proper zoning; and promote environmental sustainability by protecting wetlands and key open spaces.	1,264,035	1,451,409	1,639,978	1,804,440	1,735,227	1,735,227	1,952,641	2,091,538	2,238,222
Foster Participatory democracy and Batho Pele through caring, accessible and accountable service	Optimising effective community participation in the ward committee system; and the implementation Batho Pele in the revenue management strategy	633,637	717,234	795,852	1,047,071	1,008,830	1,008,830	1,146,599	1,227,240	1,313,144
Promote sound governance, financial sustainability and optimal institutional transformation	Publishing the outcomes of all tender processes on the municipal website; reviewing the use of contracted services; continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan; and review of the organizational structure to optimize the use of personnel	1,407,769	1,883,406	1,663,392	2,160,582	2,088,771	2,088,771	1,957,868	2,077,976	2,220,327
		8,168,512	9,621,837	10,701,424	12,586,117	12,518,090	12,518,090	14,679,924	16,538,558	18,813,187

Table 31 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & 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										
Provide quality basic services and infrastructure	Provision of electricity; water, sanitation; waste removal; housing; roads and storm water; public transport; city planning services; and maintaining the infrastructure of the City.	817,303	1,222,297	1,812,618	2,519,597	1,867,699	1,867,699	1,836,711	2,251,322	1,965,088
Economic growth and development that leads to sustainable job creation	Ensuring there is a clear structural plan for the City; ensuring planning processes function in accordance with set timeframes and facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.	15,587	26,828	51,579	49,434	34,827	34,827	70,454	129,274	141,522
Fight poverty and build clean, healthy, safe sustainable communities as well as ensure integrated social services for empowered and sustainable communities	Effective implementation of the Indigent Policy; working with the provincial department of health to provide primary health care services; extending waste removal services and ensuring effective city cleansing; ensuring all waste water treatment works are operating optimally; working with strategic partners such as SAPS to address crime; ensuring safe working environments by effective enforcement of building and health regulations; promote viable, sustainable communities through proper zoning; and promote environmental sustainability by protecting wetlands and key open spaces.	445,159	447,604	722,068	790,029	685,139	685,139	588,522	634,837	692,152
Foster Participatory democracy and Batho Pele through caring, accessible and accountable service	Optimising effective community participation in the ward committee system; and the implementation Batho Pele in the revenue management strategy	-	-	-	-	-	-	-	-	-
Promote sound governance, financial sustainability and optimal institutional transformation	Publishing the outcomes of all tender processes on the municipal website; reviewing the use of contracted services; continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan; and review of the organizational structure to optimize the use of personnel	87,796	61,147	92,021	118,409	89,267	89,267	118,762	120,681	119,363
		1,365,844	1,757,876	2,678,286	3,477,470	2,676,933	2,676,933	2,614,449	3,136,114	2,918,125

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the City has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

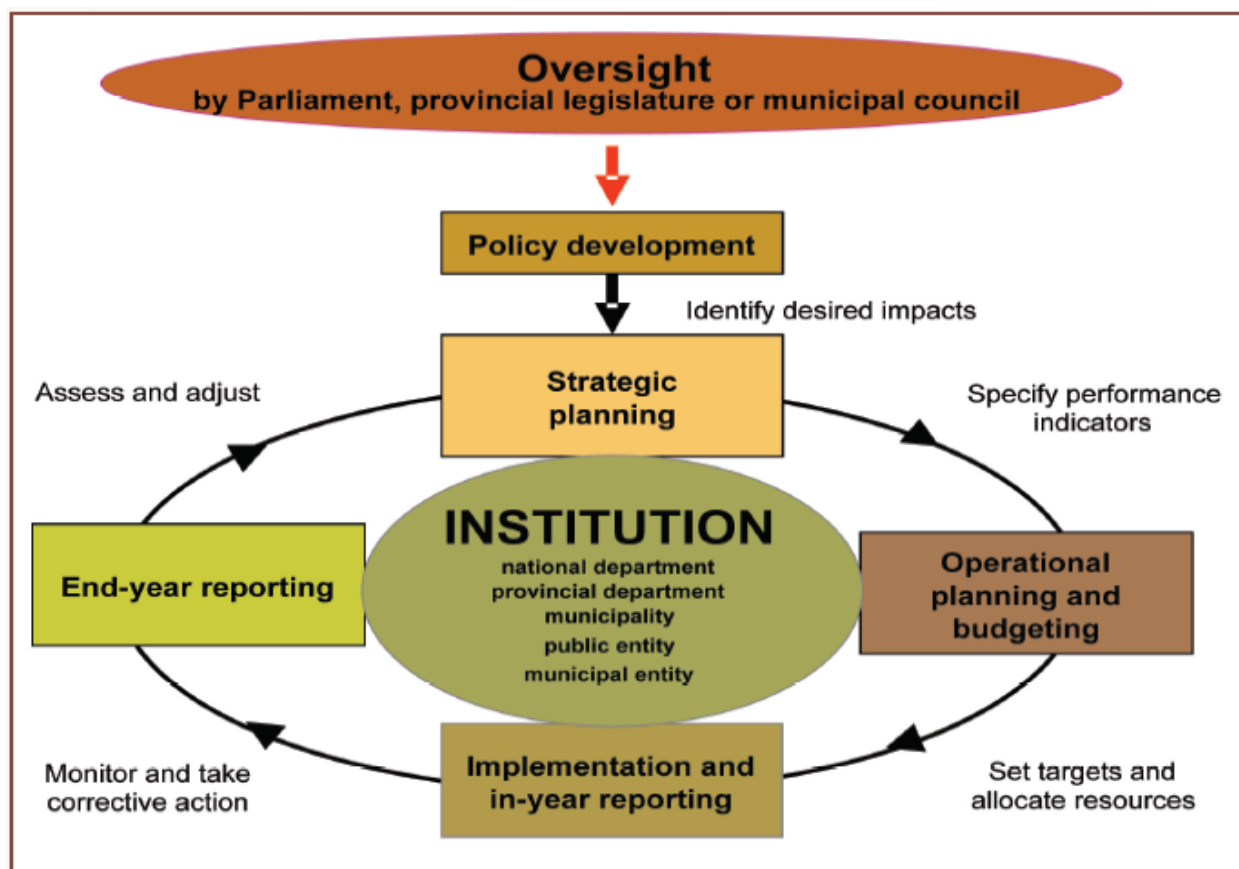


Figure 5 Planning, budgeting and reporting cycle

The performance of the City relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The City therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the City in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

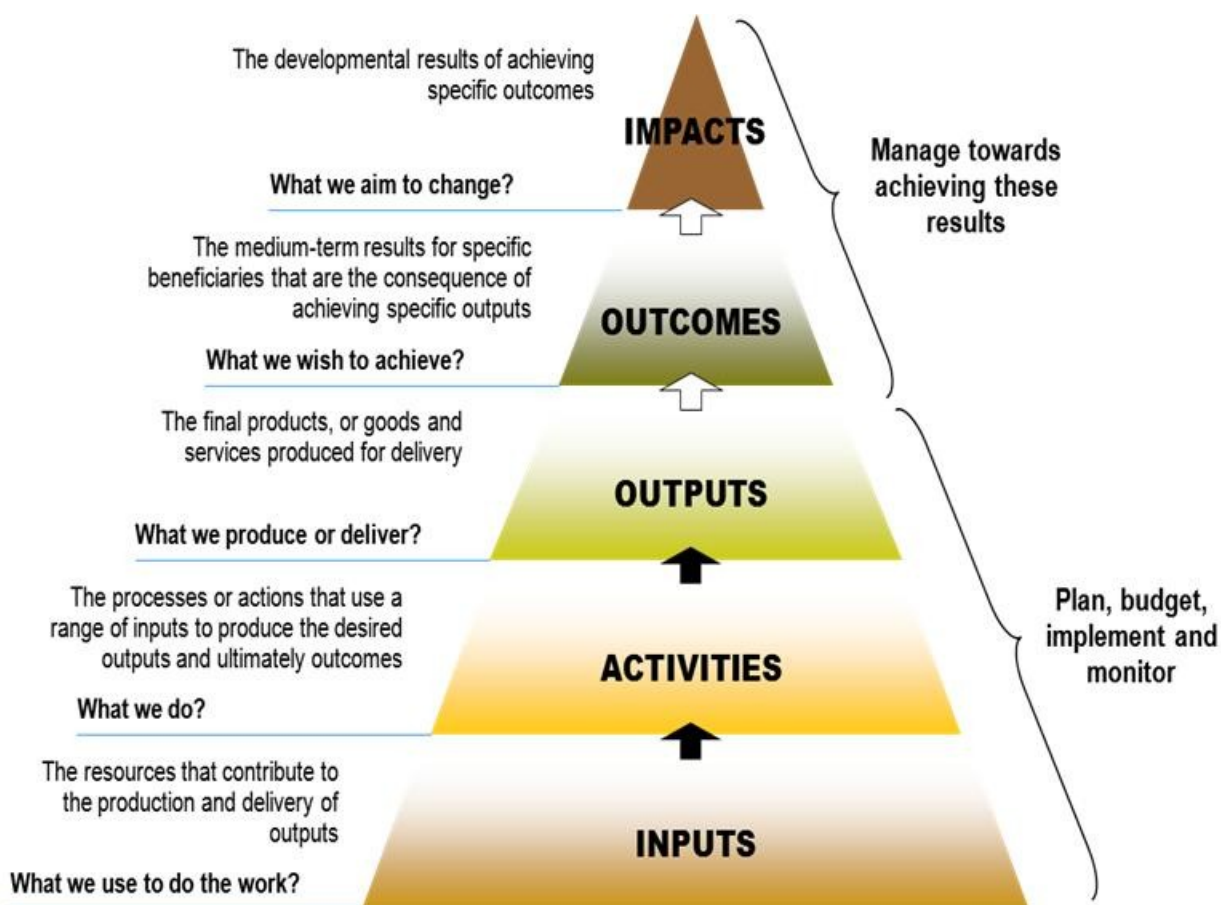


Figure 6 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 32 MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & 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
Public Works: Roads and Stormwater										
Function - Roads										
Sub-function - Eradication of Backlogs										
<i>Reduce roads backlogs</i>	Kilometer	40	71	70	98	65	65	79	87	88
Sub-function - Roads Maintained										
<i>Surfaced roads resurfaced/rehabilitated</i>	Kilometer	587	486	214	126	145	145	122	141	130
Sub-function - Roads for growth										
<i>New roads to be constructed</i>	Kilometer	38	50	30	17	16	16	35	30	23
Function - Stormwater										
Sub-function - Reduction of backlog										
<i>Stormwater drainage to reduce backlogs</i>	Kilometer	74	89	50	20	24	24	87	68	82
Sub-function - Stormwater for growth										
<i>Stormwater drainage to stimulate growth</i>	Kilometer	34	50	24	5	10	10	24	19	16
Public Works: Water and Sanitation										
Function - Water										
Sub-function - Eradication of water backlogs										
<i>Households provided with a water connection</i>	Number	942	11,168	10,935	13,400	11,289	11,289	3,700	3,200	3,550
<i>New bulk water pipelines</i>	Meters	2,500	9,135	9,235	10,500	10,032	10,032	3,300	3,450	3,200
<i>New internal water pipelines</i>	Meters	5,762	30,024	28,913	32,500	27,892	27,892	5,500	6,400	6,200
Sub-function - Maintenance of water infrastructure										
<i>Upgrade & replace of bulk water pipelines</i>	Meters	2,035	10,109	12,332	14,500	13,890	13,890	5,150	42,000	17,890
<i>Upgrade & replace of internal water pipelines</i>	Meters	100,419	287,362	198,745	245,000	204,789	204,789	98,520	115,380	120,400
Function - Sanitation										
Sub-function - Eradication of sanitation backlog										
<i>Households provided with a sanitation connection</i>	Number	1,473	1,217	1,385	2,000	1,852	1,820	26,500	27,500	28,500
<i>New bulk sewer pipelines</i>	Meters	1,125	1,089	1,645	2,500	1,980	1,980	2,000	2,500	2,500
<i>New internal sewer pipelines</i>	Meters	3,134	3,259	3,568	6,800	4,850	4,850	86,000	25,000	25,000
Sub-function - Maintenance of sanitation infrastructure										
<i>Upgrade & replace of bulk sewer pipelines</i>	Meters	8,851	6,597	6,325	7,500	6,345	6,345	15,400	16,500	17,500
<i>Upgrade & replace of internal sewer pipelines</i>	Meters	18,041	47,425	46,458	54,500	52,120	52,120	95,720	115,980	121,000
Public Works: Energy and Electricity										
Function - Electricity										
Sub-function - Provide higher levels of electricity										
<i>Houses electrified to eradicate backlogs</i>	Households	420,812	19,011	19,870	23,500	22,140	22,140	24,500	25,000	25,500
Sub-function - New Connections										
<i>Completed and occupied houses electrified to cater for growth</i>	Households	523	562	602	750	723	723	600	750	850
Sub-function - Access to alternative energy sources										
<i>Areas provided with access to alternative energy sources</i>	Households	-	70	78	1,500	1,235	1,235	1,500	1,800	2,000
Sub-function - Provide public lighting										
<i>New street lights as per ward</i>	Wards	1,235	1,655	1,689	1,750	1,563	1,563	2,000	2,200	2,300
Sub-function - Provide public lighting										
<i>High masts lights per ward</i>	Wards	13	18	19	25	23	23	25	25	25
Sub-function - Maintain electricity infrastructure										
<i>Electricity repairs and maintenance</i>	% Repaired	11.0%	10.5%	10.2%	14.0%	10.8%	10.8%	11.5%	12.0%	12.5%

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

Table 33 MBRR 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 & 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
<u>Borrowing Management</u>										
Borrowing to Asset Ratio	Total Long-Term Borrowing/Total Assets	20.5%	19.5%	22.9%	21.7%	23.0%	23.0%	21.4%	20.0%	18.5%
Credit Rating		A+	A+	A+	A+	A+	A+	0	0	0
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	7.0%	7.5%	7.5%	7.2%	8.2%	8.2%	9.7%	9.4%	8.8%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	66.3%	22.7%	85.6%	39.0%	62.3%	62.3%	64.1%	64.1%	64.1%
<u>Safety of Capital</u>										
Debt to Equity	Loans, Creditors, Overdraft & Tax Provision/ Funds & Reserves	66.4%	88.5%	107.5%	86.9%	98.3%	98.3%	91.1%	86.1%	79.2%
Gearing	Long Term Borrowing/ Funds & Reserves	43.1%	39.3%	54.3%	54.7%	55.7%	55.7%	61.2%	57.8%	54.0%
<u>Liquidity</u>										
Current Ratio	Current assets/current liabilities	1.2	1.0	1.0	1.0	1.2	1.2	1.2	1.1	1.1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.2	1.0	1.0	1.0	1.2	1.2	1.2	1.1	1.1
Liquidity Ratio	Monetary Assets/Current Liabilities	0.2	0.1	0.0	0.1	0.2	0.2	0.3	0.2	0.2
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100.3%	99.4%	96.7%	96.7%	96.7%	101.7%	98.5%	96.6%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	31.1%	28.2%	32.0%	27.5%	30.0%	30.0%	26.9%	24.9%	23.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	3.3%	3.6%	2.5%	2.5%	2.5%	6.6%	5.0%	3.0%
<u>Creditors Management</u>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<u>Funding of Provisions</u>										
Provisions not funded - %	Unfunded Provs./Total Provisions	90.2%	100.0%	100.0%	100.0%	100.0%	100.0%	40.2%	61.1%	6.8%
<u>Other Indicators</u>										
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	7.7%	10.0%	12.1%	12.0%	12.0%	12.0%	10.0%	10.0%	10.0%
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source	23.1%	17.5%	27.6%	20.0%	20.0%	20.0%	20.0%	19.0%	18.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	32.7%	31.4%	30.4%	26.7%	27.2%	27.2%	26.7%	25.5%	24.2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	33.3%	31.9%	30.9%	27.1%	27.6%	27.6%	27.2%	25.9%	24.6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	8.9%	9.4%	10.4%	12.2%	11.8%	11.8%	11.2%	10.6%	10.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	13.1%	10.8%	10.3%	10.8%	11.2%	11.2%	10.8%	10.2%	10.0%
<u>IDP regulation financial viability indicators</u>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	16.0	21.8	19.9	23.8	23.8	23.8	16.5	17.4	19.8
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	39.0%	35.9%	42.0%	33.9%	37.5%	37.5%	33.9%	31.0%	28.3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.9	0.2	0.2	(0.1)	0.7	0.7	1.0	0.9	0.9

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Batho Pele City's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the City's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2011/12 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. While this ratio is decreasing over the MTREF from 22.1 per cent to 18.5 per cent in 2013/14, it needs to be noted that the increased capital grants and transfers has contributed to the decrease and must not be considered a measure on borrowing capacity in isolation of other ratios and measures.
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily increased from 7 per cent in 2007/08 to 8.2 per cent in 2010/11. This increase can be attributed to the raising of loans to fund portions of the capital programme. It is estimated that the cost of borrowing as a percentage of the operating expenditure will reach 9.7 per cent in 2011/12 and will then decrease to 8.8 per cent at the end of the MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the City has reached its prudential borrowing limits.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 64 per cent which substantiates the above mentioned statement that the City has reached its prudential borrowing limits.

The City's debt profile provides some interesting insights on the City's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

The City has raised mainly amortising loans over the past five years, hence effectively 'front-loading' its debt service costs. This is reflected in the City's debt service profile, which predicts large debt service costs between 2012 and 2018. Debt service costs are expected to peak in 2018 due to the redemption of the last few term loans held by the City.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the City to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2012/13 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of

loans, creditors, overdraft and tax provisions as a percentage of funds and reserves. During the 2009/10 financial year the ratio deteriorated to a level 107.5 per cent. As part of the planning guidelines that informed the compilation of the 2011/12 MTREF ensuring proper cash-backing of reserves and funds has been considered a prudent financial sustainability objective, hence the steady decrease from 91.1 per cent in the 2011/12 financial year to 79.2 per cent in 2013/14.

- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. Between 2007/08 and 2010/11 the gearing ratio peaked at 55.7 per cent. This was primarily a result of the increased borrowing levels and decreasing funds and reserves. While the gearing ratio increases to 61.2 per cent in the 2011/12 financial year, the medium term strategy is to steadily reduce the gearing ratio to a level that does not exceed 50 per cent as a prudential limit, hence, over the 2011/12 MTREF the ratio decreases to 54 per cent by 2013/14.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the City has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2011/12 MTREF the current ratio is 1.2 in the 2011/12 financial year and 1.1 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2010/11 financial year the ratio was 0.2 and as part of the financial planning strategy it has been increased to 0.3 in the 2011/12 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the City. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.3.1.5 Creditors Management

- The City has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the City, which is expected to benefit the City in the form of more competitive pricing of tenders, as suppliers compete for the City's business.

2.3.1.6 Other Indicators

- The electricity distribution losses have been managed downwards from 12 per cent in the 2010/11 financial year to 10 per cent over the MTREF. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters.
- The water distribution losses have been significantly reduced from 27.6 per cent in 2009/10 to 20 per cent in 2010/11. This has been achieved with the introduction of a water leakage report and action centre. The intention is to further rollout additional depots within the City to further leverage from the efficiency that the centre offers. It is planned to further reduce distribution losses from 20 per cent in 2011/12 to 18 per cent by 2013/14.
- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the City's strategy to ensure the management of its asset base.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the City. With the exception of water, only registered indigents qualify for the free basic services.

For the 2011/12 financial year 90 000 registered indigents have been provided for in the budget with this figured increasing to 105 000 by 2013/14. In terms of the Municipality's indigent policy registered households are entitled to 6kℓ free water, 50 kwh of electricity, 6 kℓ sanitation and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.3.3 Providing clean water and managing waste water

The City is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. Approximately 71 per cent of the City's bulk water needs are provided directly by Rand Water in the form of purified water. The

remaining 29 per cent is generated from the City's own water sources, such as boreholes and small dams.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Rand Water and the City were awarded Blue Drop status in 2010/11, indicating that the City's drinking water is of exceptional quality. The Batho Pele Water Treatment Plant was awarded the best medium sized drinking water treatment works by the Department of Water Affairs.

Of the 8 waste water treatment works, two were awarded Green Drop status in 2010/11, indicating that these two plants consistently meet waste water treatment standards of exceptional quality. The remaining 6 plants will require renewals/upgrading to meet the minimum Green Drop certification standards. This has been prioritised as part of the 2011/12 medium term capital budget.

The following is briefly the main challenges facing the City in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training programme, especially for operational personnel;
- The Electricity Division is to install dedicated power supply lines to the plants; and
- The Division is working in consultation with the Department of Water Affairs to address catchment management.

2.4 Overview of budget related-policies

The City's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in October 2008 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration

process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2011/12 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 95 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the City's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the City's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.4.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the City continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in September 2007. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

2.4.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the City's system of delegations. The Budget and Virement Policy was approved by Council in August 2009 and was amended on 16 February 2011 in respect of both Operating and Capital Budget Fund Transfers.

2.4.6 Cash Management and Investment Policy

The City's Cash Management and Investment Policy was amended by Council in January 2011. The aim of the policy is to ensure that the City's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

2.4.7 Tariff Policies

The City's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

2.4.8 Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2011/12 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2010/11 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above policies are available on the City's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

2.5 Overview of budget assumptions

2.5.1 External factors

Domestically, after five years of strong growth, during which about two million jobs were created, our economy shrank by an estimated 1.8 per cent last year and about 900 000 people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven, and that growth for 2011 will be 2.3 per cent rising to 3.6 per cent by 2012.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the City's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2011/12 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on City's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 27.7 per cent of total operating expenditure in the 2011/11 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC concluded with the municipal workers unions on 31 July 2009 as well as the categorisation and job evaluation wage curves collective agreement signed on 21 April 2010 must be noted.

2.5.3 Credit rating outlook

Table 34 Credit rating outlook

Security class	Currency	Rating	Annual rating 2009/10	Previous Rating
Short term	Rand	Prime -1	20 April 2010	Prime -1
Long-term	Rand	Aa3	20 April 2010	Aa3
Outlook	Rand	Negative	20 April 2010	Negative

The rating definitions are:

- Short term : Prime – 1
Short-Term Debt Ratings (maturities of less than one year)
Prime-1 (highest quality)
- Long-term : Aa3
Defined as high-grade. “Aa” rated are judged to be of high quality and are subject to very low credit risk.

2.5.4 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The City engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2011/12 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2012/13 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

2.5.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (95 per cent) of annual billings. Cash flow is assumed to be 95 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.6 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the City, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.7 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2009 and shall remain in force until 30 June 2012. Year three is an across the board increase of 8.54 per cent.

2.5.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2011/12 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

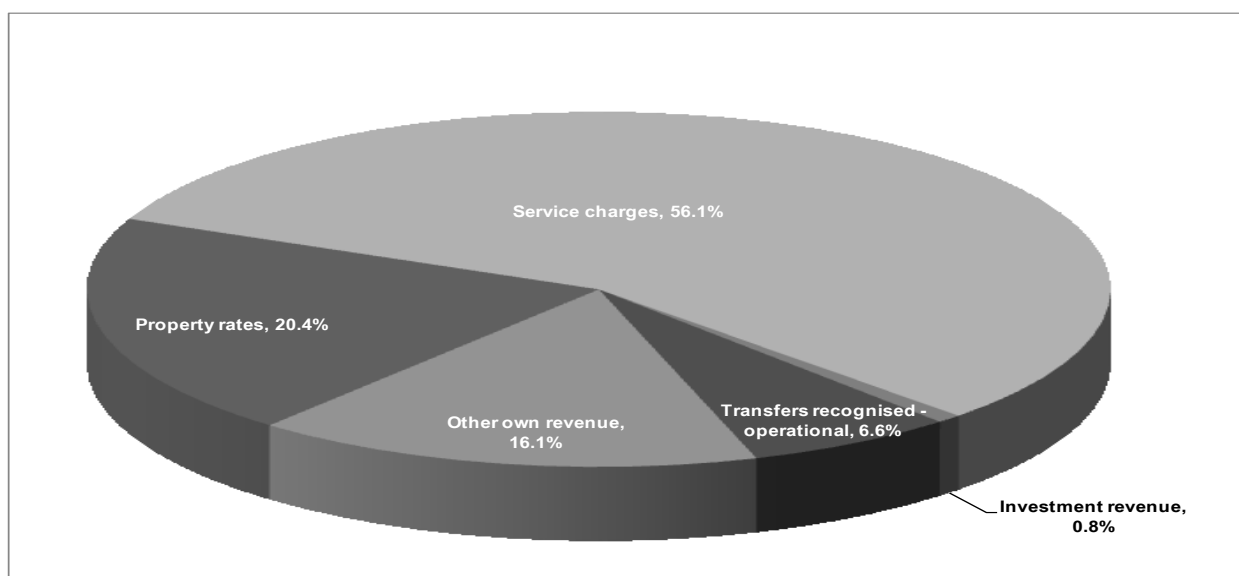
2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 35 Breakdown of the operating revenue over the medium-term

Description R thousands	2011/12 Medium Term Revenue & Expenditure Framework					
	Budget Year 2011/12	%	Budget Year +1 2012/13	%	Budget Year +2 2013/14	%
Property rates	3,088,356	20%	3,440,147	20%	3,835,764	20%
Service charges	8,492,829	56%	9,866,101	58%	11,466,027	59%
Investment revenue	120,080	1%	64,139	0%	71,375	0%
Transfers recognised - operational	1,001,918	7%	1,118,355	7%	1,217,891	6%
Other own revenue	2,435,435	16%	2,608,992	15%	2,775,223	14%
Total Operating Revenue (excluding capital transfers and contributions)	15,138,618	100%	17,097,734	100%	19,366,281	100%
Total Operating Expenditure	14,679,924		16,538,558		18,813,187	
Surplus/(Deficit)	458,694		559,176		553,095	

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

**Figure 7 Breakdown of operating revenue over the 2011/12 MTREF**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The City derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the city and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;

- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2011/12 MTREF on the different revenue categories are:

Table 36 Proposed tariff increases over the medium-term

Revenue category	2011/12 proposed tariff increase	2012/13 proposed tariff increase	2013/14 proposed tariff increase	2011/11 additional revenue for each 1% tariff increase	2011/12 additional revenue owing to % tariff increases	2011/12 Total Budgeted revenue
	%	%	%	R'000	R'000	R'000
Property rates	10	9	9	27 472	274 720	3 088 356
Sanitation	11	10	9	3 536	38 901	392 543
Solid Waste	9	13	14	3 944	35 495	447 780
Water	10	10	10	14 443	144 430	1 618 400
Electricity	22	15	14	50 504	959 581	6 010 000
Total				99 899	1 453 127	11 557 079

Revenue to be generated from property rates is R3 billion in the 2011/12 financial year and increases to R3.8 billion by 2013/14 which represents 19.9 per cent of the operating revenue base of the City. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The City is still in a process of further data verification and validation relating to the valuation roll. In addition there are still outstanding objections, although significant progress was made in dealing with these objections in the 2010/11 financial year. It is anticipated that the process will be concluded by the end of 2011. As the levying of property rates is considered a strategic revenue source a further supplementary valuation process will be undertaken in the 3rd quarter of the 2011/12 financial year. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the City totalling R8.4 billion for the 2011/12 financial year and increasing to R11.5 billion by 2013/14. For the 2011/12 financial year services charges amount to 56 per cent of the total revenue base and grows by 1 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.

Operational grants and subsidies amount to R1.0 billion, R1.1 billion and R1.2 billion for each of the respective financial years of the MTREF, or 7, 7 and 6 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 11.6 per cent and 8.9 per cent for the two outer years. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high increases in revenue relating to services charges.

Investment revenue contributes marginally to the revenue base of the City with a budget allocation of R120 million, R64 million and R71 million for the respective three financial years of the 2011/12 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 37 MBRR SA15 – Detail Investment Information

Investment type	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue &		
	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									
Listed Corporate Bonds	405,227	422,520	497,313	717,549	701,506	701,506	601,506	851,506	1,201,506
Deposits - Bank	451,350	104,631	66,159	287,038	444,487	444,487	389,320	478,153	728,153
Municipal Bonds	6,057	3,033	3,033	3,033	3,033	3,033	3,033	3,033	3,033
Total	862,634	530,184	566,505	1,007,620	1,149,026	1,149,026	993,859	1,332,692	1,932,692

Table 38 MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Period of Investment	Type of Investment	Expiry date of investment	Monetary value	Interest to be realised
Name of institution & investment ID	Yrs/Months			Rand thousand	
Standard Bank	5	Zero Coupon	17.10.2011	145,408	15,995
Sanlam	6	Insurance Policy	01.07.2012	45,311	2,719
Nedbank	10	Zero Coupon	30.04.2013	231,515	25,584
Standard Bank	10	Zero Coupon	30.04.2013	19,869	2,384
Stanlib/Standard Bank	10	Zero Coupon	30.04.2013	19,822	2,341
Municipality ABC	8	Municipal Stock	31.12.2013	3,033	380
First National Bank	8	Zero Coupon	30.06.2014	135,470	17,244
Sanlam	10	Insurance Policy	07.12.2015	217	21
Sanlam	10	Insurance Policy	01.01.2016	3,183	207
Sanlam	12	Insurance Policy	31.12.2018	711	117
ABSA Bank	0	ABSA Money	On Call	36,998	4,224
ABSA Bank	0	ABSA Money	On Call	8,098	643
ABSA Bank	0	ABSA Money	On Call	6,065	481
ABSA Bank	0	ABSA Money	On Call	133	10
Investec Bank	0	Money Market	On Call	205,061	28,825
Investec Bank	0	Money Market	On Call	6,482	534
Investec Bank	0	Money Market	On Call	868	71
Investec Bank	0	Money Market	On Call	23,360	1,710
Standard Bank	0	Money Market	On Call	100,000	16,401
Stanlib/Standard Bank	0	Money Market	On Call	2,255	189
TOTAL INVESTMENTS AND INTEREST				993,859	120,080

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus of R526 million, R628 million and R643 million in each of the financial years. This surplus is

intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

2.6.2 Medium-term outlook: capital revenue

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

Table 39 Sources of capital revenue over the MTREF

Vote Description R thousand			2011/12 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2011/12	%	Budget Year +1 2012/13	%	Budget Year +2 2013/14	%
Funded by:								
National Government	911,827		991,551		1,063,822		1,149,896	
Provincial Government	49,377		49,500		51,200		52,000	
Transfers recognised - capital	961,204	36%	1,041,051	40%	1,115,022	36%	1,201,896	41%
Public contributions & donations	27,751	1%	56,261	2%	49,741	2%	68,369	2%
Borrowing	1,051,000	39%	1,000,000	38%	1,000,000	32%	1,000,000	34%
Internally generated funds	636,978	24%	517,137	20%	971,351	31%	647,860	22%
Total Capital Funding	2,676,933	100%	2,614,449	100%	3,136,114	100%	2,918,125	100%

The above table is graphically represented as follows for the 2011/12 financial year.

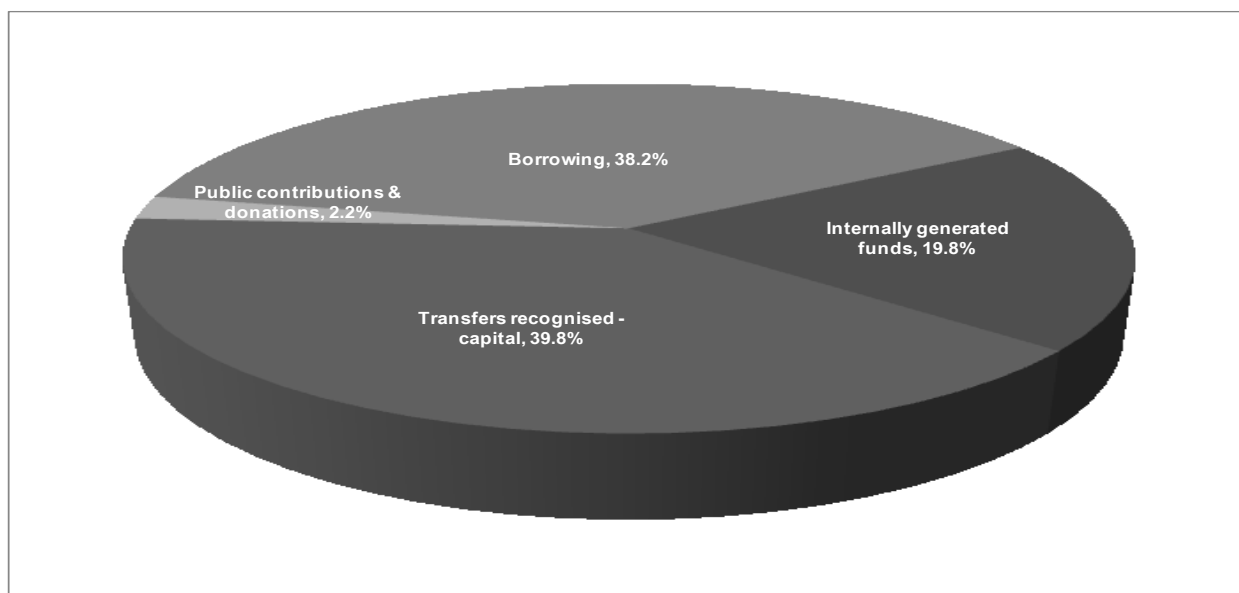


Figure 8 Sources of capital revenue for the 2011/12 financial year

Capital grants and receipts equates to 40 per cent of the total funding source which represents R1 billion for the 2011/12 financial year and steadily increase to R1.2 billion or 41 per cent by 2013/14. Growth relating to grant receipts is 8.3, 7.1 and 7.7 per cent over the medium-term.

Borrowing still remains a significant funding source for the capital programme over the medium-term with an estimated R1 billion to be raised for each of the respective financial years totalling 38, 32 and 34 per cent of the total funding of the capital budget for each of the respective financial years of the MTREF. As explained earlier, the borrowing capacity of the City has essentially reached its limits and going forward borrowing limits will remain constant.

The following table is a detailed analysis of the City's borrowing liability.

Table 40 MBRR Table SA 17 - Detail of borrowings

Borrowing - Categorized by type R thousand	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & 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
Parent municipality									
Long-Term Loans (annuity/reducing balance)	1,828,980	2,071,419	3,130,761	3,139,534	3,162,443	3,162,443	3,257,971	2,116,948	2,371,245
Long-Term Loans (non-annuity)	459,748	407,123	487,027	822,792	1,113,968	1,113,968	1,482,446	2,826,878	2,722,828
Local registered stock	315,715	275,934	278,484	274,000	274,000	274,000	100,000	100,000	100,000
Financial Leases	107,703	107,049	86,806	154,231	91,146	91,146	94,792	98,584	102,527
Total Borrowing	2,712,145	2,861,524	3,983,078	4,390,558	4,641,558	4,641,558	4,935,210	5,142,410	5,296,601

The following graph illustrates the growth in outstanding borrowing for the 2007/08 to 2013/14 period.

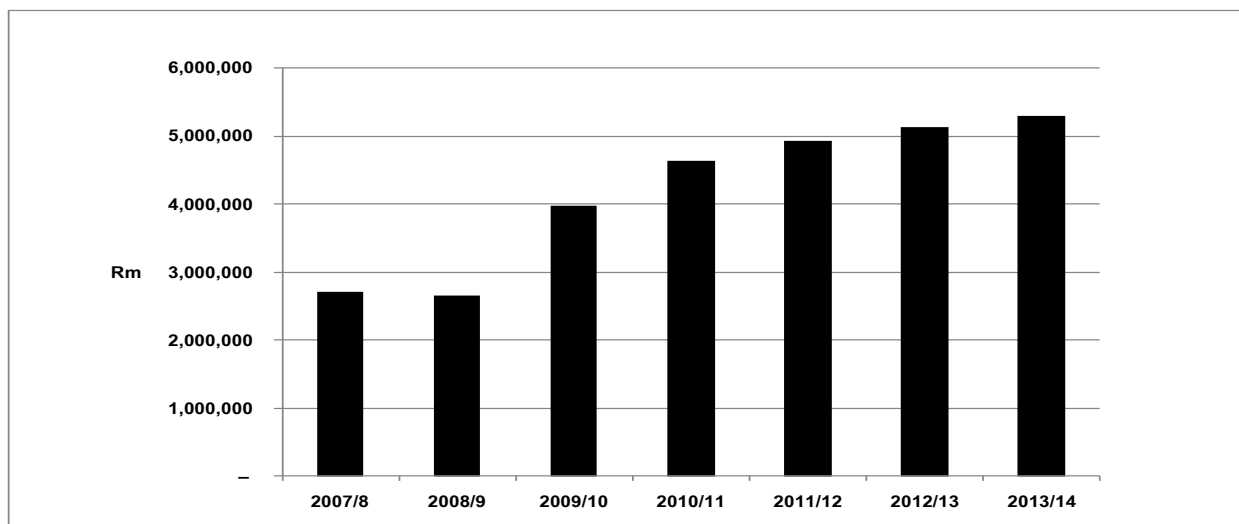


Figure 9 Growth in outstanding borrowing (long-term liabilities)

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds consist of R517 million in 2011/12, R917 in 2012/12 and R647 million in 2013/14. The percentage funding peaks in 2012/12 from 20 per cent to 31 per cent. In 2013/14 this funding source reduces back to levels of 22 per cent. The main contributing factor to the escalation of 11 per cent in year 2 is owing to the fact that various projects reach maturity and cash outflow (spending) is expected to increase significantly.

Table 41 MBRR Table SA 18 - Capital transfers and grant receipts

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & 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
Capital Transfers and Grants									
National Government:	245,544	367,589	614,102	1,094,836	911,827	911,827	991,551	1,063,822	1,149,896
Municipal Infrastructure Grant (MIG)	205,944	236,439	286,877	342,079	342,079	342,079	345,080	360,120	400,120
Integrated Electrification Programme	28,600	52,400	60,500	52,778	52,778	52,778	65,000	50,000	60,000
Electricity Demand Side Management	-	-	-	-	-	-	23,000	30,000	30,000
PTIS	11,000	78,750	260,000	693,254	510,245	510,245	520,450	525,450	550,789
Neighbourhood Development Partnership Grant	-	-	6,725	6,725	6,725	6,725	38,021	98,252	108,987
Provincial Government:	106,467	40,965	136,167	255,481	49,377	49,377	49,500	51,200	52,000
Housing	106,467	40,965	136,167	255,481	49,377	49,377	49,500	51,200	52,000
Total Capital Transfers and Grants	352,011	408,554	750,269	1,350,317	961,204	961,204	1,041,051	1,115,022	1,201,896

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 42 MBRR Table A7 - Budget cash flow statement

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & 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									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	7,412,773	8,522,134	9,527,541	11,735,288	11,829,932	11,829,932	13,445,112	14,970,308	17,039,284
Government - operating	460,061	642,009	587,082	836,817	789,624	789,624	1,001,918	1,118,355	1,217,891
Government - capital	352,011	408,554	750,269	1,350,317	961,204	961,204	1,041,051	1,115,022	1,201,896
Interest	134,187	135,555	122,500	123,376	125,996	125,996	120,080	64,139	71,375
Dividends	-	-	-	-	-	-	-	-	-
Payments									
Suppliers and employees	(6,988,450)	(7,916,221)	(9,052,570)	(10,776,805)	(10,666,837)	(10,666,837)	(12,282,917)	(13,504,516)	(15,544,139)
Finance charges	(364,383)	(372,545)	(519,535)	(518,153)	(632,076)	(632,076)	(715,617)	(762,736)	(805,284)
Transfers and Grants	(8,392)	(11,585)	(9,834)	(13,564)	(12,564)	(12,564)	(18,000)	(19,000)	(20,000)
NET CASH FROM/(USED) OPERATING ACTIVITIES	997,807	1,407,901	1,405,453	2,737,275	2,395,279	2,395,279	2,591,627	2,981,572	3,161,024
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	20,915	4,937	2,779	27,908	27,908	27,908	4,500	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	212,897	212,897	-	-	-
Decrease (increase) other non-current receivables	14,560	17,307	8,991	4,646	15,786	15,786	9,210	25,418	12,380
Decrease (increase) in non-current investments	30,486	(14,269)	(74,793)	(220,236)	(204,193)	(204,193)	100,000	(250,000)	(350,000)
Payments									
Capital assets	(1,365,844)	(1,757,876)	(2,678,286)	(3,234,047)	(2,623,394)	(2,623,394)	(2,562,160)	(3,073,391)	(2,859,762)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(1,299,883)	(1,749,901)	(2,741,309)	(3,421,729)	(2,570,996)	(2,570,996)	(2,448,450)	(3,297,973)	(3,197,382)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	641,450	295,900	1,606,944	800,000	1,051,000	1,051,000	1,000,000	1,000,000	1,000,000
Increase (decrease) in consumer deposits	21,487	19,789	22,155	38,596	38,596	38,596	36,980	37,500	38,000
Payments									
Repayment of borrowing	(204,827)	(346,522)	(285,390)	(392,520)	(392,520)	(392,520)	(706,348)	(792,800)	(845,810)
NET CASH FROM/(USED) FINANCING ACTIVITIES	458,109	(30,833)	1,343,709	446,076	697,076	697,076	330,632	244,700	192,190
NET INCREASE/ (DECREASE) IN CASH HELD	156,033	(372,833)	7,853	(238,378)	521,359	521,359	473,809	(71,701)	155,832
Cash/cash equivalents at the year begin:	364,666	520,699	147,866	155,720	155,720	155,720	677,079	1,150,887	1,079,186
Cash/cash equivalents at the year end:	520,699	147,866	155,720	(82,659)	677,079	677,079	1,150,887	1,079,186	1,235,018

The above table shows that cash and cash equivalents of the City were largely depleted between the 2007/08 and 2010/11 financial year moving from a positive cash balance of R520 million to a deficit of R82 million with the approved 2010/11 MTREF. With the 2010/11 adjustments budget various cost efficiencies and savings had to be realised to ensure the City could meet its operational expenditure commitments. In addition the City undertook an extensive debt collection process to boost cash levels. These initiatives and interventions have translated into a positive cash position for the City and it is projected that cash and cash equivalents on hand will increase to R677 million by the financial year end. For the 2011/12 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to exceed R1.1 billion by 2011/12 and steadily increasing to R1.2 billion by 2013/14.

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This 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:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?

- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of 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 (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 43 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 & 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
Cash and investments available									
Cash/cash equivalents at the year end	520,699	147,866	155,720	(82,659)	677,079	677,079	1,150,887	1,079,186	1,235,018
Other current investments > 90 days	-	-	-	369,697	-	-	-	-	-
Non current assets - Investments	411,284	425,553	500,346	720,582	704,539	704,539	604,539	854,539	1,204,539
Cash and investments available:	931,983	573,419	656,066	1,007,620	1,381,618	1,381,618	1,755,426	1,933,725	2,439,557
Application of cash and investments									
Unspent conditional transfers	210,991	328,760	420,556	407,787	407,787	407,787	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements	123,439	164,585	215,689	195,620	224,317	224,317	236,654	250,854	258,370
Other working capital requirements	599,907	714,149	810,910	936,839	939,662	939,662	1,021,457	1,041,886	1,062,723
Other provisions	-	87,211	204,985	221,328	259,335	259,335	316,357	377,138	441,252
Long term investments committed	-	-	125,000	150,000	150,000	150,000	175,000	180,000	185,000
Reserves to be backed by cash/investments	501,153	307,157	219,591	1,006,841	352,173	352,173	226,084	229,475	232,917
Total Application of cash and investments:	1,435,490	1,601,863	1,996,730	2,918,414	2,333,273	2,333,273	1,975,553	2,079,353	2,180,262
Surplus(shortfall)	(503,507)	(1,028,444)	(1,340,664)	(1,910,793)	(951,655)	(951,655)	(220,126)	(145,628)	259,295

From the above table it can be seen that the cash and investments available total R1.7 billion in the 2011/12 financial year and progressively increase to R2.4 billion by 2013/14, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2010/11 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants. For the 2011/12 financial year no provision has been made for this liability as the total unspent conditional grant liability of R407 million has been factored into the 2011/12 capital programme of the City. The City has received the necessary roll-over approval from the National Treasury as the funding appropriation relating to the unspent conditional grants could be motivated as part of existing projects.
- There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is

- ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.
- Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations. The liability in this regard totalled R236 million for the 2011/12 financial year.
 - The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as was experienced by the City in 2010/11 resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the City to meet its creditor obligations.
 - Against other provisions an amount R316 million has been provided for the 2011/12 financial year and this increases to R441 million by 2013/12. This liability is informed by, amongst others, the supplementary pension liability.
 - Long term investments consist primarily of the sinking funds for the repayment of a future borrowings. The sinking fund value is held within long term investments and must be 'held to maturity' and is not available for spending.
 - Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

It can be concluded that the City has a deficit against the cash backed and accumulated surpluses reconciliation. The level of non cash-backing progressively deteriorated over the period 2007/08 to 2010/11 escalating from R503 million to R1.9 billion in 2010/11. The municipality has essentially depleted all cash reserves which is a serious concern and should be considered a strategic risk to the financial stability of the City. As part of the planning strategy, this deficit needs to be aggressively managed downwards and as part of the medium term planning objectives. It is aimed that by 2013/14 this deficit would have been significantly reduced translating into a surplus of R259 million. It needs to be noted that for all practical purposes the 2010/11 MTREF was unfunded when considering the funding requirements of section 18 and 19 of the MFMA. The 2011/12 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. However, from a practical perspective it would not be possible to eradicate this deficit in one financial year hence the phased approach over the MTREF. Nevertheless from a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the City will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

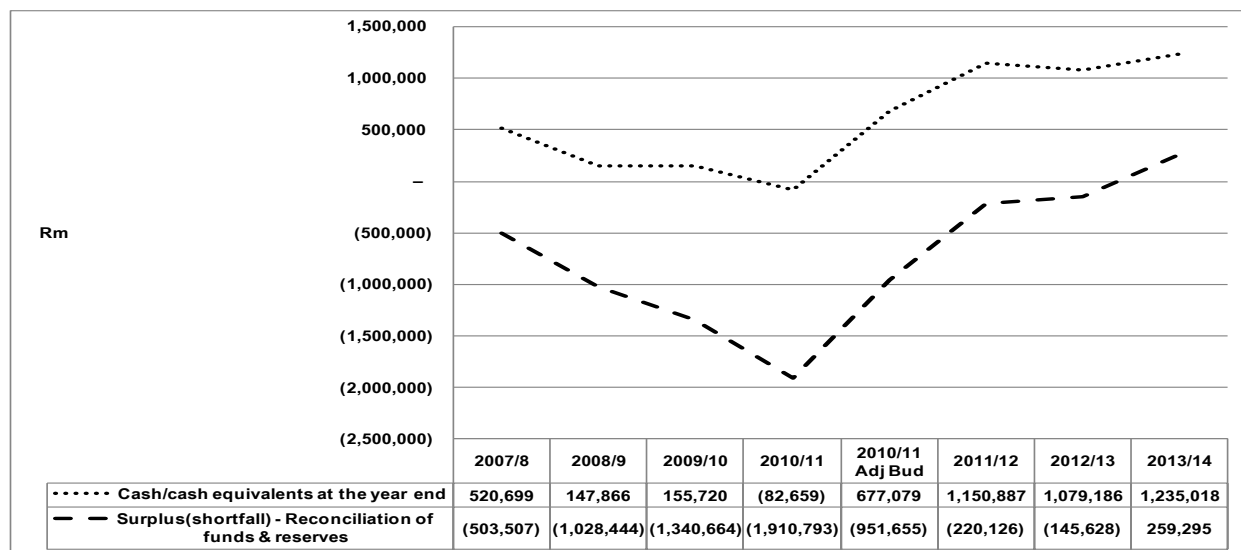


Figure 10 Cash and cash equivalents / Cash backed reserves and accumulated funds

2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 44 MBRR SA10 – Funding compliance measurement

Description	MFMA section	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & 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
Funding measures										
Cash/cash equivalents at the year end - R'000	18(1)b	520,699	147,866	155,720	(82,659)	677,079	677,079	1,150,887	1,079,186	1,235,018
Cash + investments at the yr end less applications - R'000	18(1)b	(503,507)	(1,028,444)	(1,340,664)	(1,910,793)	(951,655)	(951,655)	(220,126)	(145,628)	259,295
Cash year end/monthly employee/supplier payments	18(1)b	0.9	0.2	0.2	(0.1)	0.7	0.7	1.0	0.9	0.9
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	786,749	778,473	1,178,041	2,859,503	1,855,636	1,855,636	1,882,352	2,093,791	2,252,278
Service charge rev % change - macro CPI target exclusive	18(1)a,(2)	N.A.	10.6%	6.2%	23.6%	21.9%	21.9%	9.4%	8.9%	9.0%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	88.5%	97.4%	89.5%	96.9%	97.8%	97.8%	95.2%	95.3%	95.6%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	3.2%	4.0%	4.7%	1.3%	3.5%	3.5%	4.1%	4.0%	4.0%
Capital payments % of capital expenditure	18(1)c;19	100.0%	100.0%	100.0%	93.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	63.3%	21.9%	83.3%	37.6%	61.3%	61.3%	63.6%	49.5%	58.3%
Grants % of Govt. legislated/gazetted allocations	18(1)a							100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	7.5%	31.1%	4.4%	14.1%	14.1%	4.2%	5.2%	4.8%
Long term receivables % change - incr(decr)	18(1)a	N.A.	(10.0%)	(5.8%)	(3.2%)	(11.2%)	(10.8%)	(6.7%)	(20.9%)	(12.9%)
R&M % of Property Plant & Equipment	20(1)(vi)	8.0%	8.9%	8.8%	10.6%	10.7%	10.7%	10.2%	9.7%	9.3%
Asset renewal % of capital budget	20(1)(vi)	90.1%	80.4%	65.4%	51.5%	55.8%	55.8%	46.5%	50.9%	54.3%

2.6.5.1 Cash/cash equivalent position

The City's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2011/12 MTREF shows R1.1 billion, R1.0 billion and R1.2 billion for each respective financial year.

2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the City to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been falling significantly for the period 2007/08 to 2010/11, moving from 0.9 to (0.1) with the adopted 2010/11 MTREF. As part of the 2011/12 MTREF the municipalities improving cash position causes the ratio to move upwards to 1.0 and then reduces slightly to 0.9 for the outer years. As indicated above the City aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2011/12 MTREF the indicative outcome is a surplus of R1.8 million, R2.0 million and R2.2 billion.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the

increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 9.4, 8.9 and 9.0 per cent for the respective financial year of the 2011/12 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 9 per cent, with the increase in electricity at 19 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 95.2, 95.3 and 95.6 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 95 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 4.1, 4.0 and 4.0 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

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

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been be

excluded. It can be seen that borrowing equates to 63.6, 49.5 and 58.3 per cent of own funded capital. Further details relating to the borrowing strategy of the City can be found on 66.

2.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The City has budgeted for all transfers.

2.6.5.11 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the City's policy of settling debtors accounts within 30 days.

2.6.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the City's strategy pertaining to asset management and repairs and maintenance is contained in Table 60 MBRR SA34C on page 90.

2.6.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b on page 89.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 45 MBRR SA19 - Expenditure on transfers and grant programmes

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & 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
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	319,339	327,053	456,604	578,958	581,238	581,238	787,268	894,935	984,732
Local Government Equitable Share	300,956	299,481	433,373	512,149	512,149	512,149	717,978	827,506	921,982
Finance Management	2,118	699	539	750	750	750	1,000	1,250	1,250
Water Services Operating Subsidy	14,265	21,466	13,169	10,059	12,339	12,339	7,040	4,929	-
Municipal Systems Improvement	2,000	2,502	750	1,000	1,000	1,000	1,250	1,250	1,500
PTIS	-	2,906	8,772	55,000	55,000	55,000	60,000	60,000	60,000
Provincial Government:	86,269	188,832	64,357	182,759	135,566	135,566	138,150	146,420	155,659
Health subsidy	16,055	22,669	22,554	27,258	27,024	27,024	29,510	31,150	33,773
Ambulance subsidy	31,200	35,079	38,377	39,798	39,800	39,800	43,450	45,870	49,676
Sport and Recreation	-	3,147	3,425	6,020	6,503	6,503	6,220	7,400	7,710
Housing	39,015	127,937	-	109,683	62,239	62,239	58,970	62,000	64,500
Other grant providers:	58,252	66,191	71,775	75,100	75,100	75,100	76,500	77,000	77,500
Expanded Public Works Programme (Incentive Grant)	58,252	66,191	71,775	75,100	75,100	75,100	76,500	77,000	77,500
Total operating expenditure of Transfers and Grants:	463,860	582,076	592,735	836,817	791,904	791,904	1,001,918	1,118,355	1,217,891
Capital expenditure of Transfers and Grants									
National Government:	204,355	323,848	551,151	1,094,836	911,827	911,827	1,310,769	1,076,673	1,497,141
Municipal Infrastructure Grant (MIG)	164,755	192,698	320,126	342,079	342,079	342,079	380,568	458,421	558,154
Intergrated Electrification Programme	28,600	52,400	60,500	52,778	52,778	52,778	65,000	50,000	60,000
Electricity Demand Side Management	-	-	-	-	-	-	23,000	30,000	30,000
PTIS	11,000	78,750	163,800	693,254	510,245	510,245	804,180	440,000	740,000
Neighbourhood Development Partnership Grant	-	-	6,725	6,725	6,725	6,725	38,021	98,252	108,987
Provincial Government:	86,304	62,191	129,596	255,481	49,376	49,376	23,000	30,000	30,000
Housing	86,304	62,191	129,596	255,481	49,376	49,376	23,000	30,000	30,000
Total capital expenditure of Transfers and Grants	290,659	386,038	680,747	1,350,317	961,203	961,203	1,333,769	1,106,673	1,527,141
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	754,520	968,115	1,273,482	2,187,134	1,753,107	1,753,107	2,335,687	2,225,028	2,745,032

Table 46 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & 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									
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year	50,678	111,913	178,765	144,788	144,788	144,788	-	-	-
Current year receipts	319,339	327,053	456,604	578,958	581,238	581,238	787,268	894,935	984,732
Conditions met - transferred to revenue	258,104	260,201	490,581	605,949	608,229	608,229	787,268	894,935	984,732
Conditions still to be met - transferred to liabilities	111,913	178,765	144,788	117,797	117,797	117,797			
Provincial Government:									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	86,269	188,832	64,357	182,759	135,566	135,566	138,150	146,420	155,659
Conditions met - transferred to revenue	86,269	188,832	64,357	182,759	135,566	135,566	138,150	146,420	155,659
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
Other grant providers:									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	58,252	66,191	71,775	75,100	75,100	75,100	76,500	77,000	77,500
Conditions met - transferred to revenue	58,252	66,191	71,775	75,100	75,100	75,100	76,500	77,000	77,500
Conditions still to be met - transferred to liabilities									
Total operating transfers and grants revenue	402,625	515,224	626,712	863,808	818,895	818,895	1,001,918	1,118,355	1,217,891
Total operating transfers and grants - CTBM	111,913	178,765	144,788	117,797	117,797	117,797	-	-	-
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year	18,045	81,404	125,782	232,090	232,090	232,090			
Current year receipts	204,355	323,848	551,151	1,094,836	911,827	911,827	1,310,769	1,076,673	1,497,141
Conditions met - transferred to revenue	140,996	279,470	444,843	1,095,836	912,827	912,827	1,310,769	1,076,673	1,497,141
Conditions still to be met - transferred to liabilities	81,404	125,782	232,090	231,090	231,090	231,090			
Provincial Government:									
Balance unspent at beginning of the year	22,024	17,674	24,213	43,678	43,678	43,678			
Current year receipts	86,304	62,191	129,596	255,481	49,376	49,376	23,000	30,000	30,000
Conditions met - transferred to revenue	90,654	55,652	110,131	240,259	34,154	34,154	23,000	30,000	30,000
Conditions still to be met - transferred to liabilities	17,674	24,213	43,678	58,900	58,900	58,900			
Total capital transfers and grants revenue	231,650	335,121	554,974	1,336,095	946,981	946,981	1,333,769	1,106,673	1,527,141
Total capital transfers and grants - CTBM	99,078	149,995	275,768	289,990	289,990	289,990	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE	634,276	850,346	1,181,686	2,199,903	1,765,876	1,765,876	2,335,687	2,225,028	2,745,032
TOTAL TRANSFERS AND GRANTS - CTBM	210,991	328,760	420,556	407,787	407,787	407,787	-	-	-

2.8 Councillor and employee benefits

Table 47 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & 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
	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)									
Salary	30,172	29,492	37,486	56,193	56,193	56,193	50,465	55,309	60,633
Pension Contributions	3,959	3,742	4,649	-	-	-	-	-	-
Medical Aid Contributions	-	-	-	-	-	-	-	-	-
Motor vehicle allowance	11,533	10,634	13,210	1,770	1,770	1,770	15,973	17,571	19,328
Cell phone allowance	-	-	-	-	-	-	-	-	-
Housing allowance	-	-	-	-	-	-	-	-	-
Other benefits or allowances	282	333	6	-	-	-	-	-	-
In-kind benefits	-	-	-	-	-	-	-	-	-
Sub Total - Councillors	45,946	44,201	55,351	57,963	57,963	57,963	66,438	72,880	79,961
% increase		(3.8%)	25.2%	4.7%	-	-	14.6%	9.7%	9.7%
Senior Managers of the Municipality									
Salary	8,644	7,214	10,526	8,536	12,532	12,532	10,586	11,433	12,290
Pension Contributions	221	79	263	469	313	313	358	387	416
Medical Aid Contributions	-	-	-	-	-	-	-	-	-
Motor vehicle allowance	1,354	1,088	1,465	1,249	1,744	1,744	4,537	4,900	5,267
Cell phone allowance	-	-	-	-	-	-	-	-	-
Housing allowance	705	-	-	-	-	-	-	-	-
Performance Bonus	-	-	299	1,860	355	355	2,057	2,221	2,388
Other benefits or allowances	-	-	-	-	-	-	-	-	-
In-kind benefits	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality	10,925	8,381	12,553	12,114	14,945	14,945	17,538	18,941	20,361
% increase		(23.3%)	49.8%	(3.5%)	23.4%	-	17.3%	8.0%	7.5%
Other Municipal Staff									
Basic Salaries and Wages	1,746,141	1,979,010	2,108,917	2,314,981	2,263,282	2,263,282	2,629,383	2,839,384	3,067,830
Pension Contributions	515,168	559,521	629,773	690,154	770,484	770,484	803,695	865,887	933,012
Medical Aid Contributions	-	-	-	-	-	-	-	-	-
Motor vehicle allowance	169,004	177,167	183,760	203,087	202,455	202,455	220,834	231,740	243,204
Cell phone allowance	-	-	-	-	-	-	-	-	-
Housing allowance	18,993	24,863	29,398	30,189	30,289	30,289	24,509	25,734	27,021
Overtime	120,884	148,420	202,820	158,758	168,720	168,720	191,309	200,875	210,918
Performance Bonus	383	424	334	363	363	363	237	249	261
Other benefits or allowances	86,312	101,341	128,191	111,008	111,890	111,890	160,981	171,789	183,357
In-kind benefits	-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff	2,656,885	2,990,747	3,283,192	3,508,542	3,547,485	3,547,485	4,030,949	4,335,658	4,665,603
% increase		12.6%	9.8%	6.9%	1.1%	-	13.6%	7.6%	7.6%
Total Parent Municipality	2,713,755	3,043,329	3,351,095	3,578,618	3,620,392	3,620,392	4,114,924	4,427,478	4,765,924
		12.1%	10.1%	6.8%	1.2%	-	13.7%	7.6%	7.6%

Table 48 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contrib.	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum		1.			2.	3.
Councillors						
Speaker						
Chief Whip						
Executive Mayor						
Deputy Executive Mayor						
Executive Committee						
Total for all other councillors						
Total Councillors						
Senior Managers of the Municipality						
Municipal Manager						
Chief Financial Officer						
Deputy Chief Financial Officer						
Strategic Executive Director: Health and Social Development						
Strategic Executive Director: Environmental Management & Agriculture						
Strategic Executive Director: Planning & Economic Development						
Strategic Executive Director: Safety & Security						
Strategic Executive Director: Corporate Services						
Strategic Executive Director: Transport & Roads						
Strategic Executive Director: Housing						
Strategic Executive Director: Public Works and Infrastructure Development						
Strategic Executive Director: Sports, Recreation & Community Services						
<i>List of each official with packages >= senior manager</i>						
Manager Internal Audit						
Strategic Executive Head: Communication Operations & Support						
Total Senior Managers of the Municipality						
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	-	-	-	-	-	-

(Note that National Treasury has deliberately left the above table blank so as not to appear to be setting benchmarks for acceptable remuneration levels for the relevant positions. Municipalities MUST, however, provide the required information as applicable to their municipalities)

Table 49 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers Number	2009/10			Current Year 2010/11			Budget Year 2011/12		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	152	–	152	152	–	152	152	–	152
Board Members of municipal entities	–	–	–	–	–	–	–	–	–
Municipal employees									
Municipal Manager and Senior Managers	51	33	18	51	33	18	51	33	18
Other Managers	162	162	–	162	162	–	192	192	12
Professionals	430	413	–	430	430	–	510	469	979
<i>Finance</i>	37	36	–	37	37	–	37	37	74
<i>Spatial/town planning</i>	76	78	–	76	76	–	86	86	172
<i>Information Technology</i>	7	7	–	7	7	–	42	42	84
<i>Roads</i>	74	80	–	74	74	–	78	64	142
<i>Electricity</i>	192	177	–	192	192	–	192	192	384
<i>Water</i>	38	32	–	38	38	–	69	42	111
<i>Sanitation</i>	–	–	–	–	–	–	–	–	–
<i>Refuse</i>	6	3	–	6	6	–	6	6	12
<i>Other</i>	197	192	–	197	197	–	301	301	–
Technicians	673	678	–	673	673	–	1,000	869	60
<i>Finance</i>	95	102	–	95	95	–	95	95	32
<i>Spatial/town planning</i>	103	112	–	103	103	–	399	296	4
<i>Information Technology</i>	20	21	–	20	20	–	20	20	–
<i>Roads</i>	68	66	–	68	68	–	84	71	13
<i>Electricity</i>	225	223	–	225	225	–	225	225	–
<i>Water</i>	71	64	–	71	71	–	86	71	11
<i>Sanitation</i>	–	–	–	–	–	–	–	–	–
<i>Refuse</i>	91	90	–	91	91	–	91	91	–
<i>Other</i>	1,394	1,368	–	1,394	1,394	–	1,723	1,102	–
Clerks (Clerical and administrative)	2,154	2,036	–	2,154	2,154	–	2,120	1,620	–
Service and sales workers	1,834	1,853	–	1,834	1,834	–	2,130	1,834	–
Skilled agricultural and fishery workers	77	65	–	77	77	–	77	77	–
Craft and related trades	1,258	1,246	–	1,258	1,258	–	1,600	1,120	–
Plant and Machine Operators	846	849	–	846	846	–	1,023	880	–
Elementary Occupations	7,793	3,661	–	7,793	4,043	3,750	12,004	5,210	4,421
TOTAL PERSONNEL NUMBERS	17,021	12,556	170	17,021	13,101	3,920	22,883	13,707	5,642
% increase	–	–	–	–	4.3%	2,205.9%	34.4%	4.6%	43.9%
Total municipal employees headcount	–	12,556	–	–	13,101	–	–	13,707	–
Finance personnel headcount	–	605	–	–	632	–	–	661	–
Human Resources personnel headcount	–	532	–	–	541	–	–	549	–

2.9 Monthly targets for revenue, expenditure and cash flow

Table 50 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2011/12												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand															
Revenue By Source															
Property rates	251,815	251,815	251,815	251,815	251,815	251,815	251,815	251,815	251,815	251,815	251,815	251,910	3,021,875	3,369,390	3,756,870
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	66,481	66,481	70,757	78,894
Service charges - electricity revenue	542,377	539,239	539,239	453,350	453,350	453,350	453,350	468,173	468,173	542,377	542,377	554,643	6,010,000	7,061,750	8,297,556
Service charges - water revenue	109,095	109,095	109,089	147,650	168,459	168,459	178,500	178,500	120,089	109,870	109,870	109,724	1,618,400	1,820,700	2,048,287
Service charges - sanitation revenue	27,235	17,793	31,820	50,428	25,686	26,790	37,655	33,152	29,061	27,035	36,968	48,920	392,543	433,760	479,305
Service charges - refuse revenue	32,666	32,666	32,666	32,666	32,666	32,666	32,666	32,666	32,666	32,666	32,666	88,454	447,780	524,021	613,487
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	24,106	24,106	25,870	27,392
Rental of facilities and equipment	8,791	8,791	8,791	8,791	8,791	8,791	8,791	8,791	8,791	8,791	8,791	8,802	105,503	112,942	120,623
Interest earned - external investments	189	3,476	3,364	4,340	4,065	34,707	6,279	3,423	5,695	5,293	5,917	43,333	120,080	64,139	71,375
Interest earned - outstanding debtors	26,139	29,019	28,760	28,745	28,205	23,835	37,126	31,886	29,683	21,881	35,955	29,916	351,148	391,235	435,843
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	5,473	5,473	5,473	5,473	5,473	5,473	5,473	5,473	5,473	5,473	5,473	5,484	65,687	68,960	72,396
Licences and permits	2,898	2,898	2,898	2,898	2,898	2,898	2,898	2,898	2,898	2,898	2,898	2,905	34,783	36,621	38,448
Agency services	2,850	2,850	2,850	2,850	2,850	2,850	2,850	2,850	2,850	2,850	2,850	2,858	34,208	34,842	35,178
Transfers recognised - operational	-	-	-	-	296,817	-	-	-	350,870	-	-	354,231	1,001,918	1,118,355	1,217,891
Other revenue	153,301	153,301	153,301	153,301	153,301	153,301	153,301	153,301	153,301	153,301	153,301	153,300	1,839,606	1,964,393	2,072,735
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	4,500	4,500	-	-
Total Revenue (excluding capital transfers and	1,162,828	1,156,416	1,170,065	1,142,306	1,434,376	1,164,935	1,170,704	1,172,928	1,461,364	1,164,249	1,188,880	1,749,567	15,138,618	17,097,734	19,366,281
Expenditure By Type															
Employee related costs	311,411	311,411	311,411	311,411	622,822	311,411	311,411	311,411	311,411	311,411	311,411	311,554	4,048,486	4,354,598	4,685,963
Remuneration of councillors	5,536	5,536	5,536	5,536	5,536	5,536	5,536	5,536	5,536	5,536	5,536	5,542	66,438	72,880	79,961
Debt impairment	-	-	-	-	-	-	-	-	-	-	-	482,387	482,387	533,450	609,943
Depreciation & asset impairment	-	-	-	-	-	-	-	-	-	-	-	912,331	912,331	978,067	1,139,451
Finance charges	14,434	2,048	138,208	91,363	3,690	155,643	49,995	7,454	75,765	15,742	3,877	157,398	715,617	762,736	805,284
Bulk purchases	367,872	365,743	365,743	307,489	307,489	307,489	307,489	317,542	317,542	367,872	367,872	376,191	4,076,332	5,092,531	6,353,054
Other materials	83,100	83,100	83,100	83,100	83,100	83,100	83,100	83,100	83,100	83,100	83,100	83,143	997,243	1,126,885	1,262,111
Contracted services	84,249	84,249	84,249	84,249	84,249	84,249	84,249	84,249	84,249	84,249	84,249	84,250	1,010,989	1,065,105	1,125,172
Transfers and grants	35,491	35,491	35,491	35,491	35,491	35,491	35,491	35,491	35,491	35,491	35,491	53,500	443,901	506,493	585,392
Other expenditure	128,413	128,413	128,413	128,413	256,826	128,413	256,826	112,909	112,909	112,909	221,300	210,454	1,926,198	2,045,814	2,166,855
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	1,030,505	1,015,992	1,152,152	1,047,051	1,399,203	1,111,332	1,134,097	957,692	1,026,004	1,016,310	1,112,836	2,676,751	14,679,924	16,538,558	18,813,187
Surplus/(Deficit)	132,323	140,424	17,914	95,255	35,173	53,603	36,607	215,236	435,361	147,940	76,045	(927,184)	458,694	559,176	553,095
Transfers recognised - capital	-	-	52,052	41,642	47,368	18,500	65,450	80,500	135,000	180,161	200,378	220,000	1,041,051	1,115,022	1,201,896
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-	56,261	56,261	49,741	68,369
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	132,323	140,424	69,966	136,897	82,541	72,103	102,057	295,736	570,361	328,101	276,423	(650,924)	1,556,006	1,723,939	1,823,360
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	132,323	140,424	69,966	136,897	82,541	72,103	102,057	295,736	570,361	328,101	276,423	(650,924)	1,556,006	1,723,939	1,823,360

Table 51 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2011/12												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand															
Revenue by Vote															
Vote1 - Governance and Administration	15,000	1,167	-	-	8,167	-	-	-	1,167	-	-	-	25,500	3,500	3,500
Vote2 - Corporate Services	2,435	5,403	3,740	4,842	5,088	3,321	4,160	6,637	3,868	4,289	5,513	11,684	60,979	65,749	70,611
Vote3 - Assessment Rates and Other	251,815	251,815	371,815	371,815	301,815	251,815	251,815	281,815	291,815	251,815	251,815	278,391	3,408,356	3,919,390	4,635,764
Vote4 - Finance Services	2,034	5,697	5,572	6,607	6,551	36,087	7,572	16,837	13,137	12,654	15,432	20,780	148,960	95,102	103,043
Vote5 - Safety and Security	8,072	12,691	11,352	14,872	13,637	8,041	11,352	11,796	10,114	13,769	9,786	19,434	144,915	153,353	162,309
Vote6 - Planning and Economic Development	9,921	12,765	14,071	8,613	12,866	7,198	11,512	11,537	17,192	15,973	14,948	11,592	148,187	276,859	304,631
Vote7 - Health and Social Development	415	11,006	19,649	18,027	575	11,104	7,681	2,035	13,073	16,047	18,571	46,457	164,641	84,365	91,381
Vote8 - Sport, Recreation and Community Services	306	970	1,210	1,383	1,345	651	1,250	1,201	961	980	827	1,305	12,388	63,933	54,625
Vote9 - Housing	1,745	3,414	2,601	3,183	3,349	2,363	2,666	8,270	7,793	7,949	8,575	7,062	58,970	62,000	64,500
Vote10 - Environmental Management and Agriculture	47,353	17,826	50,441	63,939	55,204	41,518	47,291	74,845	69,078	60,732	66,980	48,517	643,722	745,667	835,672
Vote11 - Transport and Roads	77,920	83,134	91,918	107,115	116,628	77,249	161,326	220,868	204,048	242,339	267,859	363,718	2,014,122	1,908,851	1,940,920
Vote12 - Electricity	542,377	539,239	539,239	453,350	453,350	453,350	453,350	503,173	593,173	667,377	542,377	585,099	6,325,456	7,298,982	8,590,500
Vote13 - Waste Water	27,235	17,793	31,820	50,428	110,686	26,790	127,655	108,152	154,061	87,035	136,968	216,548	1,095,171	1,251,532	1,485,241
Vote14 - Water	109,095	109,095	109,089	147,650	168,459	168,459	178,500	203,500	160,089	179,870	229,870	220,887	1,984,563	2,333,215	2,293,850
Total Revenue by Vote	1,095,722	1,072,015	1,252,515	1,251,825	1,257,721	1,087,945	1,266,130	1,450,667	1,539,568	1,560,828	1,569,520	1,831,474	16,235,930	18,262,497	20,636,547
Expenditure by Vote to be appropriated															
Vote1 - Governance and Administration	23,662	23,541	25,266	25,102	32,358	29,759	23,869	26,688	33,056	25,789	33,990	33,126	336,207	343,450	367,396
Vote2 - Corporate Services	65,794	73,911	76,445	81,478	99,750	83,606	76,575	79,757	89,267	83,997	96,798	92,821	1,000,199	1,097,000	1,192,520
Vote3 - Assessment Rates and Other	80,118	22,684	28,844	25,899	31,688	39,296	22,024	27,202	43,895	23,755	43,145	115,729	504,279	546,856	593,145
Vote4 - Finance Services	41,848	41,709	49,864	66,053	60,037	99,455	55,246	50,187	93,751	47,369	72,202	123,732	801,454	847,245	889,927
Vote5 - Safety and Security	73,255	79,235	79,247	56,716	61,401	58,680	56,212	56,945	76,932	77,833	88,722	93,704	858,883	911,896	1,092,377
Vote6 - Planning and Economic Development	22,065	23,477	23,579	24,287	33,924	26,271	24,178	24,775	28,126	24,533	28,709	29,346	313,271	336,384	362,312
Vote7 - Health and Social Development	26,601	28,001	27,999	28,970	41,680	29,632	28,889	28,929	30,526	29,381	30,888	26,646	358,142	396,009	425,131
Vote8 - Sport, Recreation and Community Services	15,787	17,439	18,163	20,500	22,452	22,831	18,630	18,329	22,043	18,804	21,962	30,811	247,753	267,134	288,258
Vote9 - Housing	20,817	20,670	23,173	29,511	25,602	39,404	25,094	22,602	35,258	22,531	30,739	49,926	345,325	367,798	391,506
Vote10 - Environmental Management and Agriculture	94,857	100,712	103,873	109,791	120,366	111,339	102,970	105,695	114,108	110,279	120,318	160,957	1,355,264	1,446,836	1,544,062
Vote11 - Transport and Roads	71,619	88,109	94,025	105,794	105,386	119,810	93,228	94,266	118,591	95,629	117,403	150,921	1,254,780	1,352,159	1,450,479
Vote12 - Electricity	459,872	451,243	465,743	392,489	402,489	362,489	432,489	492,542	442,542	527,872	422,872	553,396	5,406,037	6,507,439	7,961,178
Vote13 - Waste Water	27,235	17,793	31,820	50,428	25,686	26,790	37,655	38,152	34,061	32,035	36,968	45,787	404,410	438,481	474,543
Vote14 - Water	109,095	109,095	109,089	102,650	168,459	115,459	138,500	133,500	120,089	122,370	124,870	140,744	1,493,920	1,679,871	1,780,354
Total Expenditure by Vote	1,132,624	1,097,620	1,157,129	1,119,669	1,231,278	1,164,821	1,135,560	1,199,569	1,282,245	1,242,175	1,269,585	1,647,647	14,679,923	16,538,558	18,813,188
Surplus/(Deficit) before assoc.	(36,902)	(25,605)	95,385	132,156	26,442	(76,876)	130,570	251,098	257,323	318,653	299,935	183,827	1,556,006	1,723,939	1,823,360
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	(36,902)	(25,605)	95,385	132,156	26,442	(76,876)	130,570	251,098	257,323	318,653	299,935	183,827	1,556,006	1,723,939	1,823,360

Table 53 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Budget Year 2011/12												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Multi-year expenditure to be appropriated															
Vote1 - Governance and Administration	-	-	-	-	286	-	-	-	-	-	-	-	286	180	275
Vote2 - Corporate Services	7,200	7,200	7,200	7,200	7,200	3,455	8,500	8,250	8,250	8,250	8,250	8,262	89,217	95,351	91,838
Vote3 - Assessment Rates and Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote4 - Finance Services	-	-	2,500	1,250	3,500	-	-	-	3,550	1,220	1,250	1,730	15,000	15,000	15,000
Vote5 - Safety and Security	-	-	-	9,311	5,000	-	-	-	1,000	1,000	1,000	2,000	19,311	23,737	30,164
Vote6 - Planning and Economic Development	-	-	-	5,200	5,600	1,250	6,700	12,450	6,500	6,500	6,500	7,754	58,454	119,274	131,022
Vote7 - Health and Social Development	-	-	-	-	2,350	-	-	-	-	2,866	3,500	2,500	11,216	17,000	11,000
Vote8 - Sport, Recreation and Community Services	-	-	-	-	-	-	-	2,500	7,500	4,000	5,000	6,000	25,000	87,000	108,000
Vote9 - Housing	12,000	12,000	12,000	12,000	12,000	6,000	12,000	18,000	12,000	12,000	12,000	12,000	144,000	163,630	166,312
Vote10 - Environmental Management and Agriculture	2,500	2,500	2,500	14,500	10,000	-	-	3,000	7,500	7,500	4,500	5,045	59,545	81,300	78,750
Vote11 - Transport and Roads	7,500	27,600	77,000	78,000	38,000	25,000	66,780	78,900	38,500	45,000	65,000	60,032	607,312	884,605	578,167
Vote12 - Electricity	17,500	45,000	45,000	45,000	45,000	25,000	55,000	85,000	50,000	45,000	45,000	33,286	535,786	510,700	514,000
Vote13 - Waste Water	-	-	25,400	45,780	85,000	45,000	15,500	45,500	45,500	45,500	40,000	17,277	410,457	391,100	431,693
Vote14 - Water	-	-	-	7,500	17,500	6,000	17,500	35,000	35,000	20,000	20,000	19,630	178,130	311,932	318,488
Capital multi-year expenditure sub-total	46,700	94,300	171,600	225,741	231,436	111,705	181,980	288,600	215,300	198,836	212,000	175,515	2,153,713	2,700,809	2,474,708
Single-year expenditure to be appropriated															
Vote1 - Governance and Administration	-	-	-	-	-	-	-	-	-	-	-	500	500	250	-
Vote2 - Corporate Services	-	-	-	2,500	2,500	-	-	-	2,500	2,500	2,500	-	12,500	8,700	11,250
Vote3 - Assessment Rates and Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote4 - Finance Services	-	-	-	1,259	-	-	-	-	-	-	-	-	1,259	1,200	1,000
Vote5 - Safety and Security	-	-	-	4,500	4,500	-	-	3,500	3,500	3,300	-	-	19,300	6,500	2,300
Vote6 - Planning and Economic Development	-	-	-	-	-	-	-	3,000	3,000	3,000	3,000	-	12,000	10,000	10,500
Vote7 - Health and Social Development	-	-	-	-	-	-	-	4,000	4,000	4,000	4,000	3,000	19,000	14,500	12,450
Vote8 - Sport, Recreation and Community Services	-	-	-	1,250	3,500	3,500	1,500	3,250	-	-	-	-	13,000	14,500	15,000
Vote9 - Housing	-	-	-	-	-	-	-	-	-	-	-	959	959	-	-
Vote10 - Environmental Management and Agriculture	-	-	1,200	2,000	2,500	-	-	-	2,000	2,000	1,000	500	11,200	11,897	12,500
Vote11 - Transport and Roads	-	500	1,000	28,500	28,500	12,500	12,500	25,000	50,000	24,000	15,000	9,487	206,987	198,798	201,356
Vote12 - Electricity	-	-	-	25,000	15,000	-	-	10,000	5,000	4,450	-	0	59,450	61,570	66,544
Vote13 - Waste Water	-	-	2,250	4,500	4,500	1,500	2,000	8,000	10,000	10,000	10,000	18,488	71,238	80,500	81,546
Vote14 - Water	-	-	1,500	2,000	2,000	2,000	2,000	5,500	5,500	4,000	4,000	4,843	33,343	26,890	28,970
Capital single-year expenditure sub-total	-	500	5,950	71,509	63,000	19,500	18,000	62,250	85,500	57,250	39,500	37,777	460,736	435,306	443,417
Total Capital Expenditure	46,700	94,800	177,550	297,250	294,436	131,205	199,980	350,850	300,800	256,086	251,500	213,292	2,614,449	3,136,114	2,918,125

Table 54 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Budget Year 2011/12												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Capital Expenditure - Standard															
<i>Governance and administration</i>	7,200	7,200	7,200	8,459	7,486	3,455	8,500	8,250	10,250	10,250	10,600	16,626	105,476	148,398	155,725
Executive and council	-	-	-	-	286	-	-	-	-	-	350	449	1,085	343	183
Budget and treasury office				1,259								-	1,259	-	-
Corporate services	7,200	7,200	7,200	7,200	7,200	3,455	8,500	8,250	10,250	10,250	10,250	16,177	103,132	148,055	155,542
<i>Community and public safety</i>	12,000	12,000	12,000	27,061	27,350	9,500	13,500	35,250	32,000	31,166	29,500	52,958	294,285	368,867	370,225
Community and social services	-	-	-	-	2,350	-	-	4,000	4,000	6,866	7,500	17,784	42,500	42,000	25,000
Sport and recreation	-	-	-	1,250	3,500	3,500	1,500	5,750	7,500	4,000	5,000	6,000	38,000	101,500	123,000
Public safety	-	-	-	13,811	9,500	-	-	3,500	4,500	4,300	1,000	2,000	38,611	30,237	32,464
Housing	12,000	12,000	12,000	12,000	12,000	6,000	12,000	18,000	12,000	12,000	12,000	12,959	144,959	163,630	166,312
Health	-	-	-	-	-	-	-	4,000	4,000	4,000	4,000	14,216	30,216	31,500	23,450
<i>Economic and environmental services</i>	10,000	30,600	84,200	131,950	90,600	38,750	85,980	118,350	107,550	85,720	92,400	12,739	888,839	1,207,657	921,621
Planning and development	-	-	-	5,200	5,600	1,250	6,700	15,450	9,500	9,500	9,500	8,040	70,740	119,454	136,297
Road transport	7,500	28,100	80,500	110,250	72,500	37,500	79,280	99,900	88,550	66,720	77,400	66,099	814,299	1,083,403	779,524
Environmental protection	2,500	2,500	3,700	16,500	12,500	-	-	3,000	9,500	9,500	5,500	(61,400)	3,800	4,800	5,800
<i>Trading services</i>	17,500	45,000	74,150	129,780	169,000	79,500	92,000	189,000	151,000	128,950	119,000	107,984	1,302,864	1,397,692	1,457,741
Electricity	17,500	45,000	45,000	70,000	60,000	25,000	55,000	95,000	55,000	49,450	45,000	33,286	595,236	572,270	580,544
Water	-	-	1,500	9,500	19,500	8,000	19,500	40,500	40,500	24,000	24,000	24,473	211,473	338,822	347,458
Waste water management	-	-	27,650	50,280	89,500	46,500	17,500	53,500	55,500	55,500	50,000	35,765	481,695	471,600	513,239
Waste management												14,460	14,460	15,000	16,500
<i>Other</i>												22,985	22,985	13,500	12,814
Total Capital Expenditure - Standard	46,700	94,800	177,550	297,250	294,436	131,205	199,980	350,850	300,800	256,086	251,500	213,292	2,614,449	3,136,114	2,918,125

2.10 Annual budgets and SDBIPs – internal departments

2.10.1 Water Services Department – Vote 14

The department is primarily responsible for the distribution of potable water within the municipal boundary, which includes the purification of raw water, maintenance of the reticulation network and implementation of the departmental capital programme.

Table 56 Water Services Department - operating revenue by source, expenditure by type and total capital expenditure

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue &		
	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									
Revenue By Source									
Service charges - water revenue	1,036,701	1,232,886	1,325,321	1,475,000	1,485,000	1,485,000	1,618,400	1,820,700	2,048,287
Service charges - other	5,532	5,993	6,466	7,150	7,050	7,050	7,500	8,400	9,324
Interest earned - outstanding debtors	27,676	28,590	29,780	31,250	33,775	33,775	35,000	36,750	38,588
Transfers recognised - operational	35,689	65,487	154,985	82,949	79,695	79,695	187,987	253,552	91,901
Total Revenue (excluding capital transfers and contributions)	1,105,598	1,332,956	1,516,552	1,596,349	1,605,520	1,605,520	1,848,887	2,119,402	2,188,100
Expenditure By Type									
Employee related costs	194,003	221,491	245,801	262,272	266,437	266,437	308,520	331,844	357,230
Remuneration of councillors	469	478	617	647	647	647	758	831	912
Debt impairment	65,335	67,495	70,308	71,235	81,564	81,564	84,522	87,987	91,683
Depreciation & asset impairment	47,891	47,481	43,565	87,974	81,183	81,183	88,630	119,650	123,837
Finance charges	80,723	84,087	90,416	96,186	96,186	96,186	101,785	106,874	116,386
Bulk purchases	311,541	334,304	359,080	389,458	397,633	397,633	437,922	483,903	537,133
Other materials	28,435	40,501	33,667	38,980	40,043	40,043	59,385	64,135	68,913
Contracted services	5,398	13,158	14,133	15,531	15,197	15,197	15,688	16,629	17,543
Transfers and grants	169,092	223,560	255,240	296,755	296,755	296,755	300,168	338,256	379,080
Other expenditure	71,642	79,811	86,563	92,680	91,232	91,232	96,542	102,871	111,410
Total Expenditure	974,528	1,112,366	1,199,390	1,351,719	1,366,877	1,366,877	1,493,920	1,652,981	1,804,127
Surplus/(Deficit)	131,070	220,590	317,162	244,630	238,643	238,642	354,967	466,421	383,973
Transfers recognised - capital	-	89,052	132,806	40,000	20,000	20,000	135,676	186,923	129,523
Surplus/(Deficit) after capital transfers & contributions	131,070	309,642	449,968	284,630	258,643	258,642	490,643	653,344	513,496
Capital Expenditure	151,356	304,860	408,899	372,401	295,139	295,139	211,473	338,822	347,458

Table 57 Water Services Department – Performance objectives and indicators

Key Performance Element	Key Performance Indicator (KPI)	Annual Target	Quarter 1 - Target	Quarter 2 - Target	Quarter 3 - Target	Quarter 4 - Target	Portfolio of evidence
<i>Strategic Objective 1 : The provision of quality basic services and infrastructure</i>							
Provision of Water	% households in the urban edge provided with access to basic potable water supply within a 200 m radius	100.0%	100.0%	100.0%	100.0%	100.0%	Reports and Indigent Register
	Number of new households provided with water connection	20,105	3,250	3,500	5,500	7,900	Metering advice receipts
	% compliance with the drinking water standards in line with SANS (South African National Standards 241)	100.0%	100.0%	100.0%	100.0%	100.0%	Compliance reports (Blue Drop Report)
	Expansion of the functional Water Demand Management Unit	By March 2012	Status quo analysis	Draft organisational structure to be in place	Source office space and fill vacancies		Report on the level of functionality of the unit
	% reduction in non-revenue water (unaccounted for water/distribution losses)	1.0%	0.5%	0.5%	0.5%	0.5%	Reports

There are currently no unfilled positions in the top management structure of the Water Services Department. The top management structure consists of the Executive Director, four directors and 23 professional engineers. As part of the performance objectives for the 2011/12 financial

year, the expansion of the functional water demand management unit will require an amendment to the departmental organogram and the subsequent filling of vacancies.

Significant capital projects to be undertaken over the medium term includes, amongst others:

- Expansion of the bulk reservoir supply – R131.8 million;
- Backlog eradication – R185.4 million;
- Replacement and upgrading of deficient reticulation infrastructure – R319 million; and
- Purification plant upgrades – R38.6 million.

The departmental strategy is ensuring the economic value and useful life of the water reticulation network and infrastructure is maintained. To this end, the medium-term expenditure framework provides for operational repairs and maintenance of R186 million, R199 million and R214 million in each of the respective financial years of the MTREF.

The departmental revenue base is primarily informed by the sale of water of which budget appropriation for the 2011/12 financial year is R1.6 billion and increases to R2 billion by 2013/14 and has been informed by a collection rate of 95 per cent and distribution losses of 20 per cent.

The reduction of distribution losses is considered a priority and hence the departmental objectives and targets provide for a 1 per cent efficiency gain per annum. In relation to this target, past performance has been irregular with a total distribution loss of 23.1 per cent in 2007/08, dropping to 17.5 per cent the next year and then significantly increasing by 10 per cent for the 2009/10 financial year resulting in a total distribution loss of 27.6 per cent for the year.

The establishment of a water demand management unit has proven to be extremely successful with the reduction of distribution losses by 6.6 per cent for the 2010/11 financial year. The further expansion of this unit will inevitably result in the further lowering of the distribution losses, thus paying for the unit itself and effecting additional savings for the municipality.

Note: Municipalities would be required to undertake the aforementioned for each department/vote within the municipality.

2.11 Contracts having future budgetary implications

In terms of the City's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.12 Capital expenditure details

The following three tables present details of the City's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 58 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & 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									
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	96,233	276,335	707,331	1,459,849	1,035,350	1,035,350	1,302,253	1,423,485	1,193,017
Infrastructure - Road transport	89,791	218,822	329,311	353,187	341,648	341,648	383,331	518,458	445,251
Roads, Pavements & Bridges	62,895	120,952	149,140	142,861	176,141	176,141	141,774	187,373	247,051
Storm water	26,896	97,870	180,171	210,326	165,508	165,508	241,557	331,085	198,200
Infrastructure - Electricity	5,995	30,503	43,383	248,285	258,720	258,720	293,450	213,311	208,000
Generation	-	13,923	28,384	228,085	208,520	208,520	221,450	166,311	206,000
Transmission & Reticulation	5,995	16,580	14,998	20,000	50,000	50,000	72,000	47,000	2,000
Street Lighting	-	-	-	200	200	200	-	-	-
Infrastructure - Water	-	14,043	20,215	80,225	55,500	55,500	55,500	54,000	55,500
Dams & Reservoirs	-	4,851	4,504	48,500	39,500	39,500	55,500	44,000	47,500
Water purification	-	-	-	-	-	-	-	-	-
Reticulation	-	9,192	15,711	31,725	16,000	16,000	-	10,000	8,000
Infrastructure - Sanitation	-	3,523	158,075	177,670	74,708	74,708	229,363	81,916	168,974
Reticulation	-	-	51,275	47,670	-	-	75,984	22,278	24,235
Sewerage purification	-	3,523	106,800	130,000	74,708	74,708	153,379	59,638	144,739
Infrastructure - Other	447	9,444	156,347	600,483	304,774	304,774	340,609	555,800	315,292
Waste Management	-	-	-	5,000	-	-	-	-	-
Transportation	447	3,559	101,361	33,925	13,325	13,325	-	-	-
Gas	-	-	-	-	-	-	-	-	-
Other	-	5,885	54,987	561,558	291,449	291,449	340,609	555,800	315,292
Community	38,844	57,074	162,652	162,663	119,415	119,415	76,950	103,100	124,702
Parks & gardens	-	-	1,000	6,400	4,800	4,800	4,500	-	-
Sportsfields & stadia	33,247	39,915	131,105	77,633	71,015	71,015	9,000	58,000	90,000
Swimming pools	-	-	7,797	8,000	8,000	8,000	4,000	6,000	6,000
Community halls	4,319	152	-	-	-	-	-	-	-
Libraries	-	-	1,775	9,500	2,000	2,000	16,000	9,000	8,000
Recreational facilities	-	8,267	2,994	3,000	1,000	1,000	3,000	3,000	3,000
Fire, safety & emergency	-	-	-	600	-	-	650	500	100
Security and policing	-	877	11,726	31,530	24,600	24,600	1,900	5,000	9,164
Buses	-	-	-	-	-	-	-	-	-
Clinics	-	1,896	742	4,000	2,000	2,000	4,000	8,000	7,739
Museums & Art Galleries	-	-	-	3,000	2,000	2,000	7,000	-	-
Cemeteries	-	4,269	4,921	16,000	4,000	4,000	8,000	13,000	-
Social rental housing	-	-	-	-	-	-	-	-	-
Other	1,279	1,699	593	3,000	-	-	18,900	600	700
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Investment properties	-	-	19,360	30,000	14,000	14,000	-	-	-
Housing development	-	-	19,360	30,000	14,000	14,000	-	-	-
Other	-	-	-	-	-	-	-	-	-
Other assets	-	11,551	37,602	34,144	15,774	15,774	18,432	14,335	16,986
General vehicles	-	1,692	496	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-
Computers - hardware/equipment	-	-	-	6,285	4,285	4,285	1,000	-	-
Furniture and other office equipment	-	-	12,306	22,924	7,459	7,459	11,702	10,235	9,636
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	8,013	20,192	1,500	2,530	2,530	4,130	1,500	6,650
Civic Land and Buildings	-	-	-	-	-	-	-	-	-
Other Buildings	-	1,381	1,399	1,500	-	-	-	-	-
Other Land	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	-	464	3,209	1,935	1,500	1,500	1,600	2,600	700
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class									
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class									
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-	-	-	-	-	-
Other (list sub-class)	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	135,078	344,960	926,945	1,686,656	1,184,539	1,184,539	1,397,635	1,540,920	1,334,705

Table 59 MBRR 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 & 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									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	847,466	1,098,085	1,283,350	1,160,017	1,132,254	1,132,254	849,284	1,151,705	1,125,417
Infrastructure - Road transport	148,181	227,202	219,600	210,310	197,963	197,963	101,734	79,741	76,150
Roads, Pavements & Bridges	107,408	151,786	188,651	186,260	179,013	179,013	54,234	57,250	43,550
Storm water	40,774	75,416	30,949	24,050	18,950	18,950	47,500	22,491	32,600
Infrastructure - Electricity	311,422	368,064	426,524	359,710	306,842	306,842	301,786	358,959	372,544
Generation	171,895	201,159	239,379	161,578	152,410	152,410	189,186	235,959	249,544
Transmission & Reticulation	117,188	141,929	143,065	154,000	112,300	112,300	92,600	104,000	102,000
Street Lighting	22,340	24,976	44,080	44,132	42,132	42,132	20,000	19,000	21,000
Infrastructure - Water	151,356	290,817	388,685	292,176	239,639	239,639	155,973	284,822	291,958
Dams & Reservoirs	2,521	7,065	37,677	55,605	48,605	48,605	-	-	-
Water purification	5,378	-	-	-	-	-	-	-	-
Reticulation	143,457	283,751	351,008	236,571	191,034	191,034	155,973	284,822	291,958
Infrastructure - Sanitation	158,542	161,901	133,900	208,330	274,997	274,997	252,332	389,684	344,265
Reticulation	127,199	66,496	42,395	63,300	39,300	39,300	196,016	332,184	294,265
Sewerage purification	31,343	95,406	91,504	145,030	235,697	235,697	56,316	57,500	50,000
Infrastructure - Other	77,965	50,101	114,642	89,490	112,814	112,814	37,460	38,500	40,500
Waste Management	12,203	13,673	20,386	20,200	17,700	17,700	15,460	17,000	19,500
Transportation	26,782	23,188	78,931	46,290	77,614	77,614	-	-	-
Gas	173	-	-	-	-	-	-	-	-
Other	38,807	13,240	15,324	23,000	17,500	17,500	22,000	21,500	21,000
Community	120,295	63,740	112,628	145,707	114,302	114,302	130,091	173,014	183,787
Parks & gardens	4,581	5,207	6,914	7,700	7,920	7,920	4,000	6,000	7,000
Sportsfields & stadia	35,976	21,118	44,344	7,000	7,000	7,000	-	-	-
Swimming pools	2,314	2,554	3,996	-	-	-	-	-	-
Community halls	2,867	-	963	5,000	5,000	5,000	-	20,000	10,000
Libraries	2,500	4,997	-	-	-	-	-	-	-
Recreational facilities	8,780	5,582	28,202	23,700	19,200	19,200	22,926	20,000	26,800
Fire, safety & emergency	13,507	10,673	5,543	10,500	9,500	9,500	12,300	12,000	11,000
Security and policing	25,332	9,994	7,889	36,500	41,500	41,500	18,844	8,000	10,000
Buses	-	-	3,013	2,700	-	-	-	-	-
Clinics	14,345	2,678	7,776	33,425	9,000	9,000	26,000	8,762	3,000
Museums & Art Galleries	752	-	2,007	8,457	4,457	4,457	8,000	-	7,000
Cemeteries	8,965	937	1,981	4,000	4,000	4,000	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-
Other	377	-	-	6,725	6,725	6,725	38,021	98,252	108,987
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Investment properties	195,463	186,957	264,396	401,394	175,911	175,911	144,000	163,630	166,312
Housing development	195,463	186,957	264,396	401,394	175,911	175,911	144,000	163,630	166,312
Other	-	-	-	-	-	-	-	-	-
Other assets	64,450	64,133	90,967	82,996	69,427	69,427	92,539	105,945	106,405
General vehicles	4,903	4,585	4,597	6,500	5,500	5,500	5,000	6,500	5,000
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	492	2,131	552	2,600	2,000	2,000	2,000	2,000	2,000
Computers - hardware/equipment	5,900	-	-	6,800	500	500	6,600	6,000	6,000
Furniture and other office equipment	5,101	9,515	18,105	16,146	13,946	13,946	17,487	14,737	14,000
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	4,746	4,222	3,610	8,900	6,000	6,000	11,950	21,600	23,750
Civic Land and Buildings	-	-	-	-	-	-	-	-	-
Other Buildings	6,038	11,110	13,347	3,050	2,850	2,850	7,270	8,000	7,500
Other Land	899	2,471	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	36,371	30,098	50,756	39,000	38,631	38,631	42,232	47,108	48,155
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Intangibles	3,092	-	-	700	500	500	900	900	1,500
Computers - software & programming	3,092	-	-	700	500	500	900	900	1,500
Other (list sub-class)	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existin	1,230,766	1,412,916	1,751,341	1,790,814	1,492,394	1,492,394	1,216,814	1,595,194	1,583,420

Table 60 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & 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									
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	358,006	440,720	573,085	911,239	866,313	866,313	978,062	1,043,808	1,115,645
Infrastructure - Road transport	75,369	85,998	94,167	280,430	270,453	270,453	279,802	293,901	310,312
Roads, Pavements & Bridges	60,446	68,126	74,189	254,930	245,895	245,895	252,865	265,137	279,195
Storm water	14,922	17,872	19,978	25,500	24,558	24,558	26,937	28,764	31,117
Infrastructure - Electricity	153,325	205,508	321,375	416,058	380,028	380,028	463,723	499,139	537,308
Generation	31,216	39,409	79,452	86,398	86,398	86,398	90,250	96,296	103,185
Transmission & Reticulation	96,371	137,401	205,491	288,273	261,133	261,133	338,517	365,089	393,347
Street Lighting	25,738	28,698	36,432	41,386	32,496	32,496	34,956	37,755	40,777
Infrastructure - Water	118,167	136,920	140,150	177,096	174,450	174,450	186,483	199,935	214,264
Dams & Reservoirs	12,363	11,012	12,236	13,000	13,000	13,000	16,665	17,513	18,404
Water purification	22,976	28,945	25,225	4,475	3,715	3,715	5,040	5,323	5,624
Reticulation	82,829	96,963	102,690	159,621	157,735	157,735	164,779	177,099	190,236
Infrastructure - Sanitation	7,919	8,899	12,777	33,210	32,938	32,938	39,006	41,060	43,207
Reticulation	7,919	8,899	12,599	7,000	6,998	6,998	11,500	12,075	12,679
Sewerage purification	-	-	179	26,210	25,940	25,940	27,506	28,985	30,529
Infrastructure - Other	3,226	3,395	4,615	4,445	8,445	8,445	9,048	9,772	10,554
Waste Management	3,226	3,395	4,615	4,445	8,445	8,445	9,048	9,772	10,554
Transportation	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Community	122,884	130,677	134,553	291,333	294,386	294,386	351,102	377,079	404,062
Parks & gardens	61,118	51,231	61,471	160,763	157,583	157,583	190,781	204,474	218,378
Sportsfields & stadia	1,876	3,214	213	3,700	500	500	580	666	760
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-
Libraries	246	296	270	322	322	322	455	491	530
Recreational facilities	13,832	15,074	23,175	34,335	32,045	32,045	34,788	37,797	41,006
Fire, safety & emergency	5,955	8,085	10,467	33,679	28,616	28,616	19,327	20,721	22,183
Security and policing	31,312	44,961	36,098	35,146	31,992	31,992	42,749	45,761	48,994
Buses	32	15	38	11,438	11,438	11,438	22,725	24,523	26,424
Clinics	(0)	0	10	114	114	114	12	13	14
Museums & Art Galleries	94	1	-	7	7	7	8	8	9
Cemeteries	8,325	7,600	2,559	10,879	10,849	10,849	12,262	13,196	14,191
Social rental housing	8	4	-	541	541	541	-	-	-
Other	87	195	252	409	20,379	20,379	27,415	29,427	31,573
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Other assets	240,323	304,614	394,591	371,232	349,572	349,572	315,518	339,100	363,655
General v ehicles	95,220	128,592	202,078	159,459	154,944	154,944	116,815	123,954	131,285
Specialised vehicles	862	803	823	359	359	359	1,000	1,100	1,200
Plant & equipment	22,563	19,244	32,929	33,038	32,070	32,070	26,484	28,674	30,636
Computers - hardware/equipment	3,280	4,760	4,693	7,323	6,263	6,263	2,765	3,149	3,564
Furniture and other office equipment	15,049	18,143	24,050	17,110	15,517	15,517	12,539	13,501	14,535
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	1	0	-	13	13	13	452	474	495
Civic Land and Buildings	1,979	2,024	5,476	2,774	2,254	2,254	2,436	2,632	2,844
Other Buildings	78,112	102,427	105,476	124,263	117,379	117,379	136,657	147,166	158,405
Other Land	6,627	8,542	8,179	11,738	9,635	9,635	10,199	10,996	11,853
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	16,629	20,078	10,887	15,156	11,139	11,139	6,171	7,453	8,838
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Intangibles	6,139	18,618	23,276	35,482	34,758	34,758	45,434	49,443	52,532
Computers - software & programming	6,139	18,618	23,276	35,482	34,758	34,758	45,434	49,443	52,532
Other (list sub-class)	-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	727,352	894,629	1,125,506	1,609,287	1,545,030	1,545,030	1,690,116	1,809,430	1,935,894

Table 61 MBRR SA35 - Future financial implications of the capital budget

Vote Description	2011/12 Medium Term Revenue & Expenditure Framework			Forecasts			
	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14	Forecast 2014/15	Forecast 2015/16	Forecast 2016/17	Present value
R thousand							
Capital expenditure							
Vote1 - Governance and Administration	786	430	275	325	125	250	
Vote2 - Corporate Services	101,717	104,051	103,088	105,665	107,750	112,451	
Vote3 - Assessment Rates and Other	-	-	-	-	-	-	
Vote4 - Finance Services	16,259	16,200	16,000	17,850	18,250	18,950	
Vote5 - Safety and Security	38,611	30,237	32,464	34,900	38,061	37,450	
Vote6 - Planning and Economic Development	70,454	129,274	141,522	145,137	151,650	152,000	
Vote7 - Health and Social Development	30,216	31,500	23,450	24,500	28,500	30,000	
Vote8 - Sport, Recreation and Community Services	38,000	101,500	123,000	115,875	123,540	124,750	
Vote9 - Housing	144,959	163,630	166,312	176,290	186,868	198,080	
Vote10 - Environmental Management and Agriculture	70,745	93,197	91,250	94,560	95,800	97,500	
Vote11 - Transport and Roads	814,299	1,083,403	779,524	900,350	977,492	1,075,254	
Vote12 - Electricity	595,236	572,270	580,544	644,400	683,068	751,374	
Vote13 - Waste Water	481,695	471,600	513,239	525,000	495,000	485,123	
Vote14 - Water	211,473	338,822	347,458	382,203	404,371	440,765	
Total Capital Expenditure	2,614,449	3,136,114	2,918,125	3,167,055	3,310,475	3,523,947	-
Future operational costs by vote							
Vote1 - Governance and Administration	-	-	-	-	-	-	
Vote2 - Corporate Services	2,034	2,354	2,448	2,550	2,650	2,700	
Vote3 - Assessment Rates and Other	-	-	-	-	-	-	
Vote4 - Finance Services	-	903	975	1,131	1,335	1,668	
Vote5 - Safety and Security	-	-	750	775	1,254	1,350	
Vote6 - Planning and Economic Development	3,878	4,111	4,419	4,817	5,058	5,336	
Vote7 - Health and Social Development	675	1,404	1,481	2,548	2,717	2,950	
Vote8 - Sport, Recreation and Community Services	-	1,250	2,540	12,500	14,590	16,600	
Vote9 - Housing	-	-	-	4,500	4,750	4,850	
Vote10 - Environmental Management and Agriculture	4,500	4,750	5,000	5,120	5,200	5,500	
Vote11 - Transport and Roads	24,421	43,350	54,566	55,420	55,600	55,750	
Vote12 - Electricity	12,540	17,850	20,000	22,000	24,500	25,000	
Vote13 - Waste Water	27,000	58,450	60,000	62,500	63,500	64,000	
Vote14 - Water	6,540	7,500	8,480	8,988	9,528	10,280	
Total future operational costs	81,588	141,922	160,659	182,849	190,681	195,984	-
Future revenue by source							
Property rates	-	-	-	-	-	-	
Property rates - penalties & collection charges	-	-	-	-	-	-	
Service charges - electricity revenue	32,560	41,560	44,884	55,400	59,800	65,210	
Service charges - water revenue	20,100	32,548	40,000	42,400	46,173	48,125	
Service charges - sanitation revenue	12,500	21,540	22,540	26,890	29,850	30,000	
Service charges - refuse revenue	2,540	2,680	3,000	3,250	3,500	3,750	
Service charges - other	1,254	1,350	1,400	1,450	1,550	1,600	
Total future revenue	68,955	99,678	111,824	129,390	140,873	148,685	-
Net Financial Implications	2,627,082	3,178,358	2,966,960	3,220,513	3,360,283	3,571,246	-

Table 62 MBRR SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project	Program/Project description	Project number	IDP Goal code 3.	Asset Class 4.	Asset Sub-Class 4.	Total Project Estimate	Prior year outcomes		2011/12 Medium Term Revenue & 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	
Sport, Recreation, Arts and Culture	Libraries	110101	B	Community	Libraries	112,500	1,755	2,000	16,000	27,000	39,500	46,52,58,63,71	New	
Sport, Recreation, Arts and Culture	Cultural Centre in the North of the City	112391	C	Community	Museums & Art Galleries	13,000	-	-	13,000	-	-	38,73	New	
Sport, Recreation, Arts and Culture	Upgrading Of Museums	111442	D	Community	Museums & Art Galleries	15,000	-	-	-	-	15,000	1	Renewal	
Sport, Recreation, Arts and Culture	Indoor Centre in the North of the City	111434	E	Community	Recreational facilities	52,000	-	-	-	42,000	10,000	57	New	
Sport, Recreation, Arts and Culture	Stadium Development	110690	C	Community	Sports fields & stadia	365,000	175,468	66,063	-	20,000	38,430	33	New	
Sport, Recreation, Arts and Culture	Multi-Purpose Sport Facility in the West of the City	111432	C	Community	Sports fields & stadia	32,500	-	-	4,000	8,500	8,500	48	New	
Sport, Recreation, Arts and Culture	Multi-Purpose Sport Facility in the East of the City	112260	C	Community	Sports fields & stadia	28,750	-	-	5,000	4,000	11,570	7	New	
<i>Sub Total: Sport, Recreation, Arts and Culture</i>								177,223	68,063	38,000	101,500	123,000		
Environmental Management and Agriculture	Extension of Cemetery - City Central	112014	C	Community	Cemeteries	12,000	-	2,000	2,000	2,000	2,000	3	Renewal	
Environmental Management and Agriculture	Crematorium: Upgrade of Furnaces	112810	C	Community	Cemeteries	12,500	5,000	2,000	1,000	1,000	1,000	3	Renewal	
Environmental Management and Agriculture	Development of a cemetery in the East of the City	112808	E	Community	Cemeteries	16,000	-	-	6,000	5,000	5,000	37	New	
Environmental Management and Agriculture	Development of a cemetery in the West of the City	112808	E	Community	Cemeteries	16,000	-	-	6,000	5,000	5,000	37	New	
Environmental Management and Agriculture	Development of a cemetery in the North of the City	112809	E	Community	Cemeteries	50,000	-	4,000	9,319	15,000	15,000	49	New	
Environmental Management and Agriculture	Development of a cemetery in the South of the City	112809	E	Community	Cemeteries	50,000	-	4,000	16,000	15,000	15,000	49	New	
Environmental Management and Agriculture	Upgrading of Facilities in Parks	112051	D	Community	Parks & gardens	15,000	2,992	3,220	1,500	1,500	1,500	City Wide	New	
Environmental Management and Agriculture	Upgrade Recreation Resort in the South of the City	110435	D	Community	Recreational facilities	15,000	4,999	3,500	1,500	2,000	2,000	7	Renewal	
Environmental Management and Agriculture	Upgrade Recreation Resort in the North of the City	110436	D	Community	Recreational facilities	15,000	2,099	3,100	3,426	3,000	2,000	3	Renewal	
Environmental Management and Agriculture	Upgrade Recreation Resort in the CBD	110431	D	Community	Recreational facilities	22,500	2,000	3,000	5,500	6,000	7,000	5	Renewal	
Environmental Management and Agriculture	Upgrade Angling Resort	110440	D	Community	Recreational facilities	7,000	2,997	1,000	1,000	1,000	1,000	47	Renewal	
Environmental Management and Agriculture	Upgrading of Swimming Pools	112134	C	Community	Swimming pools	32,500	15,000	3,500	-	6,500	4,500	52	New	
Environmental Management and Agriculture	Fencing (Ecological Sensitive & Security Purposes)	112136	D	Community	Swimming pools	30,000	6,000	6,000	4,000	6,000	6,000	City Wide	New	
Environmental Management and Agriculture	Bulk Containers	112090	A	Infrastructure - Other	Waste Management	Cont	10,250	7,500	4,500	6,000	7,000	City Wide	Renewal	
Environmental Management and Agriculture	240 Litre Containers	112092	A	Infrastructure - Other	Waste Management	Cont	15,000	7,500	4,500	6,000	6,000	City Wide	Renewal	
Environmental Management and Agriculture	Swivel Bins	112094	A	Infrastructure - Other	Waste Management	Cont	4,500	3,000	1,500	3,500	3,000	City Wide	Renewal	
Environmental Management and Agriculture	Garden Refuse Sites	111685	C	Infrastructure - Other	Waste Management	15,000	5,559	2,500	1,000	2,197	1,500	City Wide	Renewal	
Environmental Management and Agriculture	1000 Litre Containers	112093	E	Infrastructure - Other	Waste Management	12,500	2,500	2,500	1,000	2,000	3,000	City Wide	Renewal	
Environmental Management and Agriculture	Atmospheric Pollution Monitoring Network	111562	E	Other Assets	Plant & equipment	15,000	1,500	2,000	1,000	4,500	3,750	12	Renewal	
<i>Sub Total: Environmental Management and Agriculture</i>								80,396	60,320	70,745	93,197	91,250		
Planning and Economic Development	Arts & Craft Exhibition Stalls	110581	E	Community	Museums & Art Galleries	12,500	2,007	4,457	2,000	2,000	2,000	32	Renewal	
Planning and Economic Development	Transportation Initiatives	112533	B	Community	Other	250,000	15,554	6,725	23,034	88,274	99,522	City Wide	Renewal	
Planning and Economic Development	Marketing & Trading Stalls in the North of the City	112298	B	Community	Other	28,500	6,000	-	5,000	7,500	7,500	32	New	
Planning and Economic Development	Tourism Information Office	110586	E	Community	Recreational facilities	8,877	2,877	2,500	2,500	1,500	1,500	1 to 76	Renewal	
Planning and Economic Development	Tourism Signage	110519	E	Infrastructure - Other	Other	Cont	2,996	2,500	2,000	2,500	3,000	1 to 76	Renewal	
Planning and Economic Development	Survey Equipment (Technology Replacement)	112844	B	Other Assets	Furniture and other office equipment	10,500	-	-	2,500	2,500	2,500	City Wide	New	
Planning and Economic Development	Plan Machine A0	112845	B	Other Assets	Furniture and other office equipment	3,500	-	-	3,500	-	-	City Wide	New	
Planning and Economic Development	Marketing & Trading Stalls in the South of the City	112192	B	Other Assets	Markets	19,500	4,500	3,500	4,500	4,500	2,500	63	New	
Planning and Economic Development	Upgrading of Platforms and Sales Areas - Informal Hawkers	111510	B	Other Assets	Markets	10,250	2,500	2,445	2,500	1,000	1,000	3	Renewal	
Planning and Economic Development	Upgrading of Existing Processing Facilities - Market	110211	E	Other Assets	Markets	34,600	6,500	6,450	10,650	6,000	5,000	3	Renewal	
Planning and Economic Development	Establish Informal Trade Markets in the Inner City	110488	E	Other Assets	Markets	28,653	6,153	4,500	5,000	5,000	8,000	21	Renewal	
Planning and Economic Development	Upgrading of Cold Rooms - Market	111561	E	Other Assets	Markets	11,650	500	450	2,000	2,500	3,500	3	Renewal	
Planning and Economic Development	Upgrading and Extension of Facilities - Market	110216	E	Other Assets	Other Buildings	20,500	1,992	1,300	5,270	6,000	5,500	3	Renewal	
<i>Sub Total: Planning and Economic Development</i>								51,579	34,827	70,454	129,274	141,522		

Table 62 MBRR 36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project	Program/Project description	Project number	IDP Goal code 3.	Asset Class 4.	Asset Sub-Class 4.	Total Project Estimate	Prior year outcomes		2011/12 Medium Term Revenue & 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
Safety and Security	Acquisition of Fire Fighting Vehicles	110564	C	Community	Fire, safety & emergency	56,500	852	4,000	7,500	10,000	10,000	City Wide	Renewal
Safety and Security	Disaster Operations Centre	111922	C	Community	Fire, safety & emergency	17,500	2,345	7,683	2,800	1,500	1,500	City Wide	Renewal
Safety and Security	Refurbishment of Fire Fighting Vehicles	111454	D	Community	Fire, safety & emergency	Cont	346	4,500	1,000	1,000	1,000	City Wide	Renewal
Safety and Security	Upgrading of Community Safety Offices	111519	C	Community	Security and policing	25,500	-	-	-	1,500	10,000	1,3,7,55	Renewal
Safety and Security	The Establishment of Network Infrastructure (IT and CCTV)	112345	C	Community	Security and policing	55,000	13,898	30,500	2,944	2,000	-	City Wide	Renewal
Safety and Security	Construction of Overload Control Programme	112341	C	Community	Security and policing	19,500	5,000	10,000	2,500	1,000	1,000	City Wide	Renewal
Safety and Security	Upgrading of the Licensing Centers	112106	C	Community	Security and policing	10,800	2,181	3,500	1,900	2,000	1,164	City Wide	New
Safety and Security	Upgrading Control and Operations Room (Phase 1)	112348	C	Community	Security and policing	54,000	1,489	5,500	1,000	1,000	1,000	City Wide	Renewal
Safety and Security	Upgrading of Community Safety Offices in the North	111511	D	Community	Security and policing	30,000	-	-	1,000	5,000	6,800	2,4	New
Safety and Security	Purchasing Speed Law Enforcement Equipment	111524	D	Community	Security and policing	15,150	-	-	3,367	2,737	-	City Wide	Renewal
Safety and Security	Community Safety Offices in the East of the City	112022	D	Community	Security and policing	35,000	7,500	14,000	12,500	1,000	-	21, 22,30, 33, 34, 35, 39	Renewal
Safety and Security	Disaster and Risk Management - Tools and Equipment	112581	C	Other Assets	Computers - hardware/equipment	1,890	-	500	600	-	-	City Wide	Renewal
Safety and Security	Acquisition of Mobile Joint Incident Coordination Unit	112588	C	Other Assets	General vehicles	3,000	-	-	1,500	1,500	-	City Wide	Renewal
Sub Total: Safety and Security							33,611	80,183	38,611	30,237	32,464		
Corporate Services	Contact Centre in the North of the City	112484	D	Community	Other	12,500	-	-	12,500	-	-	8	New
Corporate Services	Implementation of Storage Area Network	110344	D	Infrastructure - Other	Computers - hardware/equipment	Cont	469	10,000	10,000	10,000	10,000	City Wide	Renewal
Corporate Services	Upgrade of IT Infrastructure	110200	E	Infrastructure - Other	Other	Cont	6,948	-	5,000	5,000	5,000	City Wide	Renewal
Corporate Services	Integration Telecommunication Equipment	110341	E	Infrastructure - Other	Other	30,000	6,125	5,000	5,000	5,000	5,000	City Wide	Renewal
Corporate Services	Regional Customer Care Offices	112603	E	Infrastructure - Other	Other	50,000	6,167	10,000	5,000	10,000	10,000	74, 80,51,38, 9,20,31	New
Corporate Services	Upgrading Municipal Buildings	112143	E	Infrastructure - Other	Other	20,000	4,789	2,000	8,000	5,000	-	City Wide	Renewal
Corporate Services	Enterprise Project Management	112139	D	Intangibles	Computers - software & programming	3,700	-	-	200	200	-	City Wide	Renewal
Corporate Services	UPS and Generators for Critical IT Systems	112141	E	Intangibles	Computers - software & programming	4,500	-	500	500	500	1,500	City Wide	Renewal
Corporate Services	Development of a Transaction Based E-Commerce	112142	E	Intangibles	Computers - software & programming	4,000	-	-	200	200	-	City Wide	Renewal
Corporate Services	E-Initiatives	112554	E	Other Assets	Computers - hardware/equipment	30,000	-	-	6,000	6,000	6,000	City Wide	New
Corporate Services	GIS	112446	D	Other Assets	Computers - software & programming	Cont	524	1,000	1,000	1,000	1,000	City Wide	Renewal
Corporate Services	Vehicles	110869	A	Other Assets	General vehicles	Cont	15,352	5,500	5,000	14,043	16,433	City Wide	Renewal
Corporate Services	One Integrated Transaction Processing System	110213	D	Other Assets	Computers - software & programming	Cont	36,789	30,000	30,000	35,000	35,000	City Wide	Renewal
Corporate Services	Computer Equipment Deployment	110268	E	Other Assets	Computers - hardware/equipment	Cont	2,778	9,864	13,317	12,108	13,155	City Wide	Renewal
Sub Total: Corporate Services							79,941	73,864	101,717	104,051	103,088		
Finance Services	Insurance replacements (City Contributions)	112449	A	Other Assets	Furniture and other office equipment	Cont	5,183	7,650	8,000	8,000	8,000	City Wide	Renewal
Finance Services	Insurance replacements (AFR)	112450	A	Other Assets	Furniture and other office equipment	30,000	3,112	4,650	5,000	5,000	5,000	City Wide	Renewal
Finance Services	Electronic Metering Reading	112990	A	Other Assets	Other	60,000	2,256	1,553	1,259	1,200	1,000	City Wide	New
Finance Services	Buildings and equipment	112444	E	Other Assets	Other Buildings	9,100	1,286	1,500	2,000	2,000	2,000	City Wide	Renewal
Sub Total: Finance Services							11,838	15,353	16,259	16,200	16,000		
Health & Social Development	Extension of the Clinic in the North of the City	110201	C	Community	Clinics	13,100	131	4,000	8,500	-	-	17	Renewal
Health & Social Development	Extension of a Clinic in the East of the City	110203	C	Community	Clinics	36,000	149	1,000	10,500	14,738	10,000	7	Renewal
Health & Social Development	Upgrade Workflow System for Health	112028	C	Community	Clinics	35,000	7,496	4,156	7,000	8,762	3,000	City Wide	Renewal
Health & Social Development	Upgrading of Clinic Dispensaries	112218	C	Community	Clinics	25,750	999	2,000	4,216	7,000	9,450	City Wide	New
Health & Social Development	Guardhouses at all Clinics	112558	C	Community	Clinics	2,000	-	-	-	1,000	1,000	City Wide	New
Sub Total: Health & Social Development							8,775	11,156	30,216	31,500	23,450		
Housing	Roads & Stormwater - Low Cost Housing	110865	A	Investment properties	Housing development	200,000	59,193	42,700	9,000	12,500	10,000	33,34,35,36,37,39,49,22	Renewal
Housing	Project Linked - Housing Facilities	110860	A	Investment properties	Housing development	255,000	101,795	93,577	9,100	13,780	13,450	16	Renewal
Housing	Township establishment - Low Cost Housing	110862	A	Investment properties	Housing development	Cont	15,629	2,000	3,000	3,150	3,308	19,21,16,40,30	Renewal
Housing	Water Infrastructure - Low Cost Housing	110863	A	Investment properties	Housing development	Cont	13,469	14,971	33,859	33,000	40,000	City Wide	Renewal
Housing	Sewer Infrastructure - Low Cost Housing	110864	A	Investment properties	Housing development	Cont	16,802	9,313	10,000	15,000	15,000	19,21,16,40,30	Renewal
Housing	Township Establishment - Acquisition of Land	110868	A	Investment properties	Housing development	Cont	2,315	-	1,000	5,250	5,513	48,51,62,63,68,72,71	Renewal
Housing	Township Establishment - Electricity	111119	A	Investment properties	Housing development	Cont	45,999	-	2,000	2,100	2,205	19,21,16,40,30	Renewal
Housing	Land Management Plan	111489	C	Investment properties	Housing development	157,241	10,816	11,000	22,000	28,550	22,500	9,12,22,24	Renewal
Housing	Hostels	111112	C	Investment properties	Housing development	Cont	17,835	18,000	55,000	50,300	54,337	63	Renewal
Sub Total: Housing							283,853	191,561	144,959	163,630	166,312		

Municipal Vote/Capital project	Program/Project description	Project number	IDP Goal code 3.	Asset Class 4.	Asset Sub-Class 4.	Total Project Estimate	Prior year outcomes		2011/12 Medium Term Revenue & 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	
														R thousand
Safety and Security	Acquisition of Fire Fighting Vehicles	110564	C	Community	Fire, safety & emergency	56,500	852	4,000	7,500	10,000	10,000	City Wide	Renewal	
Safety and Security	Disaster Operations Centre	111922	C	Community	Fire, safety & emergency	17,500	2,345	7,683	2,800	1,500	1,500	City Wide	Renewal	
Safety and Security	Refurbishment of Fire Fighting Vehicles	111454	D	Community	Fire, safety & emergency	Cont	346	4,500	1,000	1,000	1,000	City Wide	Renewal	
Safety and Security	Upgrading of Community Safety Offices	111519	C	Community	Security and policing	25,500	-	-	-	1,500	10,000	1,3,7,55	Renewal	
Safety and Security	The Establishment of Network Infrastructure (IT and CCTV)	112345	C	Community	Security and policing	55,000	13,898	30,500	2,944	2,000	-	City Wide	Renewal	
Safety and Security	Construction of Overload Control Programme	112341	C	Community	Security and policing	19,500	5,000	10,000	2,500	1,000	1,000	City Wide	Renewal	
Safety and Security	Upgrading of the Licensing Centers	112106	C	Community	Security and policing	10,800	2,181	3,500	1,900	2,000	1,164	City Wide	New	
Safety and Security	Upgrading Control and Operations Room (Phase 1)	112348	C	Community	Security and policing	54,000	1,489	5,500	1,000	1,000	1,000	City Wide	Renewal	
Safety and Security	Upgrading of Community Safety offices in the North	111511	D	Community	Security and policing	30,000	-	-	1,000	5,000	6,800	2,4	New	
Safety and Security	Purchasing Speed Law Enforcement Equipment	111524	D	Community	Security and policing	15,150	-	-	3,367	2,737	-	City Wide	Renewal	
Safety and Security	Community Safety Offices in the East of the City	112022	D	Community	Security and policing	35,000	7,500	14,000	12,500	1,000	-	21, 22,30, 33, 34, 35, 39	Renewal	
Safety and Security	Disaster and Risk Management - Tools and Equipment	112581	C	Other Assets	Computers - hardware/equipment	1,890	-	500	600	-	-	City Wide	Renewal	
Safety and Security	Acquisition of Mobile Joint Incident Coordination Unit	112588	C	Other Assets	General vehicles	3,000	-	-	1,500	1,500	-	City Wide	Renewal	
Sub Total: Safety and Security								33,611	80,183	38,611	30,237	32,464		
Corporate Services	Contact Centre in the North of the City	112484	D	Community	Other	12,500	-	-	12,500	-	-	8	New	
Corporate Services	Implementation of Storage Area Network	110344	D	Infrastructure - Other	Computers - hardware/equipment	Cont	469	10,000	10,000	10,000	10,000	City Wide	Renewal	
Corporate Services	Upgrade of IT Infrastructure	110200	E	Infrastructure - Other	Other	Cont	6,948	-	5,000	5,000	5,000	City Wide	Renewal	
Corporate Services	Integration Telecommunication Equipment	110341	E	Infrastructure - Other	Other	30,000	6,125	5,000	5,000	5,000	5,000	City Wide	Renewal	
Corporate Services	Regional Customer Care Offices	112603	E	Infrastructure - Other	Other	50,000	6,167	10,000	5,000	10,000	10,000	74,80,51,38,9,20,31	New	
Corporate Services	Upgrading Municipal Buildings	112143	E	Infrastructure - Other	Other	20,000	4,789	2,000	8,000	5,000	-	City Wide	Renewal	
Corporate Services	Enterprise Project Management	112139	D	Intangibles	Computers - software & programming	3,700	-	-	200	200	-	City Wide	Renewal	
Corporate Services	UPS and Generators for Critical IT Systems	112141	E	Intangibles	Computers - software & programming	4,500	-	500	500	500	1,500	City Wide	Renewal	
Corporate Services	Development of a Transaction Based E-Commerce	112142	E	Intangibles	Computers - software & programming	4,000	-	-	200	200	-	City Wide	Renewal	
Corporate Services	E-Initiatives	112554	E	Other Assets	Computers - hardware/equipment	30,000	-	-	6,000	6,000	6,000	City Wide	New	
Corporate Services	GIS	112446	D	Other Assets	Computers - software & programming	Cont	524	1,000	1,000	1,000	1,000	City Wide	Renewal	
Corporate Services	Vehicles	110869	A	Other Assets	General vehicles	Cont	15,352	5,500	5,000	14,043	16,433	City Wide	Renewal	
Corporate Services	One Integrated Transaction Processing System	110213	D	Other Assets	Computers - software & programming	Cont	36,789	30,000	30,000	35,000	35,000	City Wide	Renewal	
Corporate Services	Computer Equipment Deployment	110268	E	Other Assets	Computers - hardware/equipment	Cont	2,778	9,864	13,317	12,108	13,155	City Wide	Renewal	
Sub Total: Corporate Services								79,941	73,864	101,717	104,051	103,088		
Finance Services	Insurance replacements (City Contributions)	112449	A	Other Assets	Furniture and other office equipment	Cont	5,183	7,650	8,000	8,000	8,000	City Wide	Renewal	
Finance Services	Insurance replacements (AFR)	112450	A	Other Assets	Furniture and other office equipment	30,000	3,112	4,650	5,000	5,000	5,000	City Wide	Renewal	
Finance Services	Electronic Metering Reading	112990	A	Other Assets	Other	60,000	2,256	1,553	1,259	1,200	1,000	City Wide	New	
Finance Services	Buildings and equipment	112444	E	Other Assets	Other Buildings	9,100	1,286	1,500	2,000	2,000	2,000	City Wide	Renewal	
Sub Total: Finance Services								11,838	15,353	16,259	16,200	16,000		
Health & Social Development	Extension of the Clinic in the North of the City	110201	C	Community	Clinics	13,100	131	4,000	8,500	-	-	17	Renewal	
Health & Social Development	Extension of a Clinic in the East of the City	110203	C	Community	Clinics	36,000	149	1,000	10,500	14,738	10,000	7	Renewal	
Health & Social Development	Upgrade Workflow System for Health	112028	C	Community	Clinics	35,000	7,496	4,156	7,000	8,762	3,000	City Wide	Renewal	
Health & Social Development	Upgrading of Clinic Dispensaries	112218	C	Community	Clinics	25,750	999	2,000	4,216	7,000	9,450	City Wide	New	
Health & Social Development	Guardhouses at all Clinics	112558	C	Community	Clinics	2,000	-	-	-	1,000	1,000	City Wide	New	
Sub Total: Health & Social Development								6,775	11,156	30,216	31,500	23,450		
Housing	Roads & Stormwater - Low Cost Housing	110865	A	Investment properties	Housing development	200,000	59,193	42,700	9,000	12,500	10,000	33,34,35,36,37,39,49,22	Renewal	
Housing	Project Linked - Housing Facilities	110860	A	Investment properties	Housing development	255,000	101,795	93,577	9,100	13,780	13,450	16	Renewal	
Housing	Township establishment - Low Cost Housing	110862	A	Investment properties	Housing development	Cont	15,629	2,000	3,000	3,150	3,308	19,21,16,40,30	Renewal	
Housing	Water Infrastructure - Low Cost Housing	110863	A	Investment properties	Housing development	Cont	13,469	14,971	33,859	33,000	40,000	City Wide	Renewal	
Housing	Sewer Infrastructure - Low Cost Housing	110864	A	Investment properties	Housing development	Cont	16,802	9,313	10,000	15,000	15,000	19,21,16,40,30	Renewal	
Housing	Township Establishment - Acquisition of Land	110868	A	Investment properties	Housing development	Cont	2,315	-	1,000	5,250	5,513	48,51,62,63,68,72,71	Renewal	
Housing	Township Establishment - Electricity	111119	A	Investment properties	Housing development	Cont	45,999	-	2,000	2,100	2,205	19,21,16,40,30	Renewal	
Housing	Land Management Plan	111489	C	Investment properties	Housing development	157,241	10,816	11,000	22,000	28,550	22,500	9,12,22,24	Renewal	
Housing	Hostels	111112	C	Investment properties	Housing development	Cont	17,835	18,000	55,000	50,300	54,337	63	Renewal	
Sub Total: Housing								283,853	191,561	144,959	163,630	166,312		

Table 62 MBRR SA36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project	Program/Project description	Project number	IDP Goal code 3.	Asset Class 4.	Asset Sub-Class 4.	Total Project Estimate	Prior year outcomes		2011/12 Medium Term Revenue & 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
Governance and Administration	Furniture and Fittings	112158	B	Other Assets	Furniture and other office equipment	5,500	242	50	786	430	275	City Wide	New
Electricity	Upgrading/Strengthening of Existing Network Schemes	110005	A	Infrastructure - Electricity	Generation	Cont	3,807	5,300	5,000	6,000	7,500	City Wide	Renewal
Electricity	Replacement of Obsolete and Dangerous Switchgear	110116	A	Infrastructure - Electricity	Generation	Cont	9,000	11,000	14,000	12,000	15,600	City Wide	Renewal
Electricity	Low Voltage Networks within Townships	110111	A	Infrastructure - Electricity	Generation	Cont	12,000	12,000	16,000	16,000	19,000	City Wide	Renewal
Electricity	Electricity for All	110118	A	Infrastructure - Electricity	Generation	650,000	81,617	98,556	73,286	70,500	80,000	24,9,25,11,9,26,27	New
Electricity	Strengthening of 11kv Cable Network	110480	A	Infrastructure - Electricity	Generation	150,000	14,919	15,625	12,000	11,000	13,000	City Wide	Renewal
Electricity	Strengthening of 11kv Overhead Network	110481	A	Infrastructure - Electricity	Generation	81,300	12,280	11,300	12,300	13,000	13,000	City Wide	Renewal
Electricity	Substations	110484	A	Infrastructure - Electricity	Generation	22,500	1,721	2,100	2,100	3,000	3,200	City Wide	Renewal
Electricity	New Bulk Electricity Infrastructure	112219	A	Infrastructure - Electricity	Generation	1,250,000	119,200	163,612	165,000	180,000	134,744	2,4,7,16,17,42,50,66	New
Electricity	Electrification	112492	A	Infrastructure - Electricity	Generation	Cont	43,324	23,400	10,000	13,000	8,000	24,9,12,22	Renewal
Electricity	Power Station Refurbishment	112862	A	Infrastructure - Electricity	Generation	45,000	-	-	7,000	8,100	10,000	49	New
Electricity	Automated Meter reading	112863	A	Infrastructure - Electricity	Generation	1,200,000	-	15,000	55,950	15,000	55,000	City Wide	New
Electricity	Public Lighting Programme	110556	A	Infrastructure - Electricity	Street Lighting	345,000	24,881	62,452	38,000	31,670	45,000	City Wide	Renewal
Electricity	Payments to Townships for Reticulated Towns	110006	A	Infrastructure - Electricity	Transmission & Reticulation	345,000	2,999	4,300	3,000	4,000	4,500	City Wide	New
Electricity	Substations & Lines	110153	A	Infrastructure - Electricity	Transmission & Reticulation	66,000	14,998	20,000	15,000	15,000	-	40	New
Electricity	Sub Transmission Equipment Refurbishment	110163	A	Infrastructure - Electricity	Transmission & Reticulation	111,500	8,000	9,500	28,000	30,000	35,000	1-76	Renewal
Electricity	11KV Panel Extension in Substations	110164	A	Infrastructure - Electricity	Transmission & Reticulation	37,000	6,000	6,500	5,500	6,000	7,000	7,42	Renewal
Electricity	Communication Upgrade: Optical Fibre Net	110325	A	Infrastructure - Electricity	Transmission & Reticulation	40,000	1,000	13,000	6,100	6,000	6,000	City Wide	Renewal
Electricity	Network Control System Extension	111106	A	Infrastructure - Electricity	Transmission & Reticulation	45,000	4,156	-	5,000	10,000	8,000	City Wide	Renewal
Electricity	Pre- Paid Electricity	111862	A	Infrastructure - Electricity	Transmission & Reticulation	300,000	25,535	27,000	57,000	57,000	57,000	City Wide	New
Electricity	Replacement of Obsolete Protection Equipment	112006	A	Infrastructure - Electricity	Transmission & Reticulation	18,000	4,780	1,000	1,000	1,000	1,000	City Wide	Renewal
Electricity	New Connections	112483	A	Infrastructure - Electricity	Transmission & Reticulation	Cont	27,794	35,000	40,000	42,000	42,000	City Wide	New
Electricity	New Depot in the North of the City	112493	A	Infrastructure - Electricity	Transmission & Reticulation	137,250	12,923	14,000	10,000	10,000	4,000	26	New
Electricity	Stand by Quarters	112601	A	Infrastructure - Electricity	Transmission & Reticulation	9,000	-	-	4,000	2,000	2,000	4	New
Electricity	Energy Consumption Reduction Initiatives	112491	A	Infrastructure - Electricity	Transmission & Reticulation	Cont	2,619	2,000	10,000	10,000	10,000	City Wide	Renewal
<i>Sub Total: Electricity</i>							433,551	552,645	595,236	572,270	580,544		
Waste Water	Upgrading of Sewers	110010	A	Infrastructure - Sanitation	Reticulation	Cont	1,480	4,000	26,000	10,000	5,500	City Wide	Renewal
Waste Water	Construct Waste Water Treatment Works	110411	A	Infrastructure - Sanitation	Reticulation	1,350,000	298,789	345,120	322,063	353,462	365,000	3, 6, 22, 37, 49, 70, 74	New
Waste Water	Upgrade and Maintenance of Waste Water Treatment Works	110999	A	Infrastructure - Sanitation	Reticulation	Cont	97,800	95,622	77,346	50,638	92,739		
Waste Water	Replacement of Sewers	111404	A	Infrastructure - Sanitation	Sewerage Purification	65,000	5,960	3,000	10,000	15,000	15,000	29, 33, 34, 35, 36, 37	Renewal
Waste Water	Outfall Sewer	112121	A	Infrastructure - Sanitation	Sewerage Purification	430,000	97,465	58,996	46,286	42,500	35,000	41, 42, 43, 44, 45, 46	Renewal
<i>Sub Total: Waste Water</i>							501,495	506,738	481,695	471,600	513,239		
Water	Bulk Supply - Reservoir	112142	A	Infrastructure - Water	Dams & Reservoirs	250,000	3,804	19,347	40,304	44,000	47,500	City Wide	New
Water	Township Establishment City Contributions	110022	A	Infrastructure - Water	Reticulation	Cont	4,864	4,000	3,000	3,000	3,000	City Wide	Renewal
Water	Lengthening of Network and Supply Pipelines	110023	A	Infrastructure - Water	Reticulation	Cont	3,952	4,500	4,000	4,000	5,000	City Wide	Renewal
Water	Upgrading of Networks	110024	A	Infrastructure - Water	Reticulation	Cont	7,000	14,500	3,000	13,000	11,000	City Wide	Renewal
Water	Water Supply to Agricultural Holdings	110025	A	Infrastructure - Water	Reticulation	Cont	3,999	2,500	1,500	2,000	2,000	7,49,55,101	Renewal
Water	Replacement of Worn Out Network Pipes	110026	A	Infrastructure - Water	Reticulation	Cont	17,487	15,000	8,500	36,822	44,000	City Wide	Renewal
Water	Backlog Eradication	110818	A	Infrastructure - Water	Reticulation	Cont	58,703	35,735	35,400	75,000	75,000	8, 13, 14, 73, 74, 75, 76	New
Water	Pipe Reinforcement	111331	A	Infrastructure - Water	Reticulation	23,000	8,050	200	3,000	3,000	3,000	9,12	Renewal
Water	Bulk Water Supply in the North of the City	111332	A	Infrastructure - Water	Reticulation	52,500	16,000	9,501	12,000	7,500	7,500	37	New
Water	Replacement and Upgrading of Deficient Bulk Pipeline	111335	A	Infrastructure - Water	Reticulation	850,000	17,612	28,700	48,000	130,000	141,000	41, 45, 46, 47, 53, 54	Renewal
Water	Reduction Water Losses: Water Networks	111542	A	Infrastructure - Water	Reticulation	Cont	2,000	2,000	3,500	3,000	4,500	City Wide	Renewal
Water	Purification Plant Upgrades	111921	A	Infrastructure - Water	Reticulation	189,362	25,038	15,040	34,269	2,500	1,500	45, 46, 47, 49, 50, 73	Renewal
Water	Solar Water Geysers	112688	A	Other Assets	Other	Cont	-	-	15,000	15,000	2,458	City Wide	New
<i>Sub Total: Water</i>							228,510	151,023	211,473	338,822	347,458		

Table 62 MBRR SA36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project	Program/Project description	Project number	IDP Goal code 3.	Asset Class 4.	Asset Sub-Class 4.	Total Project Estimate	Prior year outcomes		2011/12 Medium Term Revenue & 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
Transport and Roads	Cashier Facilities Upgrade - Public Transportation	112195	B	Community	Other	5,800	-	2,800	1,000	1,000	1,000	City Wide	New
Transport and Roads	CBD and Surrounding Areas - BRT	112591	A	Infrastructure - Road transport	Roads, Pavements & Bridges	4,875,000	448,873	693,254	420,450	545,450	410,320	City Wide	New
Transport and Roads	Contributions: Services for Township Development	110115	A	Infrastructure - Road transport	Roads, Pavements & Bridges	Cont	13,054	5,000	12,568	15,000	10,000	City Wide	New
Transport and Roads	Replacement of Traffic Signs	110221	A	Infrastructure - Road transport	Roads, Pavements & Bridges	Cont	1,998	5,000	5,000	5,000	5,000	8,23,28,51,53,56,58,54,60	Renewal
Transport and Roads	Rehabilitation of Bridges	110223	A	Infrastructure - Road transport	Roads, Pavements & Bridges	Cont	943	-	300	500	500	City Wide	Renewal
Transport and Roads	Essential & Unforeseen Road Improvements	110226	A	Infrastructure - Road transport	Roads, Pavements & Bridges	Cont	1,148	1,500	2,000	2,000	2,000	City Wide	Renewal
Transport and Roads	Parking Bays / Bays at Schools	110221	A	Infrastructure - Road transport	Roads, Pavements & Bridges	10,500	799	800	2,000	1,000	1,000	City Wide	New
Transport and Roads	Cycle and Pedestrian Paths	110228	A	Infrastructure - Road transport	Roads, Pavements & Bridges	14,500	1,925	3,000	3,000	3,000	3,000	City Wide	Renewal
Transport and Roads	Traffic Calming and Pedestrian Safety	110229	A	Infrastructure - Road transport	Roads, Pavements & Bridges	25,000	3,322	3,500	3,500	3,500	3,500	City Wide	New
Transport and Roads	Establish Road Reserves for Main Routes	110251	A	Infrastructure - Road transport	Roads, Pavements & Bridges	Cont	69	100	100	100	-	City Wide	New
Transport and Roads	Traffic Lights/Traffic Signal System	110395	A	Infrastructure - Road transport	Roads, Pavements & Bridges	Cont	1,730	900	1,000	1,000	1,000	City Wide	Renewal
Transport and Roads	Traffic Signals to Meet Legal Requirements	110398	A	Infrastructure - Road transport	Roads, Pavements & Bridges	Cont	3,412	1,000	2,000	2,000	2,000	City Wide	Renewal
Transport and Roads	Extension of Alton Traffic Control System	110399	A	Infrastructure - Road transport	Roads, Pavements & Bridges	Cont	796	500	500	500	500	50,56,58	New
Transport and Roads	Implement Real Time Traffic Control	110402	A	Infrastructure - Road transport	Roads, Pavements & Bridges	Cont	-	-	-	500	500	City Wide	New
Transport and Roads	Main Transport Routes	110591	A	Infrastructure - Road transport	Roads, Pavements & Bridges	250,000	52,920	59,000	17,400	30,000	40,600	City Wide	Renewal
Transport and Roads	Major Collector Road North of the City	110901	A	Infrastructure - Road transport	Roads, Pavements & Bridges	10,000	-	-	1,200	1,500	2,000	26,33	Renewal
Transport and Roads	Rehabilitation of Roads	110902	A	Infrastructure - Road transport	Roads, Pavements & Bridges	Cont	20,000	37,250	19,000	54,078	20,000	City Wide	Renewal
Transport and Roads	Access Roads to the North of the City	110931	A	Infrastructure - Road transport	Roads, Pavements & Bridges	2,500	150	250	100	100	100	10	Renewal
Transport and Roads	Doubling of Main Entrance Street to City / CDB	111800	A	Infrastructure - Road transport	Roads, Pavements & Bridges	154,000	1,999	-	30,000	30,000	30,000	40,41	New
Transport and Roads	Internal Roads: Backlog eradication	111863	A	Infrastructure - Road transport	Roads, Pavements & Bridges	750,000	69,594	100	81,995	121,149	75,400	15,18,62,63	New
Transport and Roads	Traffic Flow and Safety on Corridors	112501	A	Infrastructure - Road transport	Roads, Pavements & Bridges	15,000	2,000	1,000	2,500	3,000	2,000	1-76	Renewal
Transport and Roads	Traffic Flow Improvement at Intersections	112502	A	Infrastructure - Road transport	Roads, Pavements & Bridges	Cont	1,372	1,000	1,000	1,000	1,000	City Wide	Renewal
Transport and Roads	Bicycle Project	110609	C	Infrastructure - Road transport	Roads, Pavements & Bridges	12,000	1,371	300	8,000	1,500	-	51,62,63	New
Transport and Roads	Essential/Unforeseen Stormwater Drainage Problems	110116	A	Infrastructure - Road transport	Stormwater	Cont	2,977	2,500	3,000	3,000	2,500	City Wide	Renewal
Transport and Roads	Rehabilitation of Stormwater Systems & Sidewalks	110139	A	Infrastructure - Road transport	Stormwater	Cont	66,048	24,594	36,700	41,365	26,600	City Wide	Renewal
Transport and Roads	Flooding Backlogs: Stormwater Drainage	112219	A	Infrastructure - Road transport	Stormwater	550,000	32,894	49,050	132,485	141,260	102,004	8,13,14,15,18,62,63	New
Transport and Roads	Collector Road Backlogs	112521	A	Infrastructure - Road transport	Stormwater	112,500	2,000	8,651	17,000	50,000	25,000	8,13,14,15,18,62,63	New
Transport and Roads	Major Stormwater System	110129	D	Infrastructure - Road transport	Stormwater	145,000	16,415	11,000	10,500	24,900	12,000	City Wide	New
<i>Sub Total: Transport and Roads</i>							747,808	912,049	814,298	1,083,402	779,524		
<i>Total Capital expenditure</i>							2,638,822	2,657,833	2,614,449	3,136,114	2,918,125		

Table 63 MBRR SA37 - Projects delayed from previous financial year

Municipal Vote/Capital project	Project name	Project number	Asset Class 3.	Asset Sub-Class 3.	Previous target year to complete	Current Year 2010/11		2011/12 Medium Term Revenue & Expenditure Framework		
						Original Budget	Full Year Forecast	Budget Year	Budget Year	Budget Year
								2011/12	+1 2012/13	+2 2013/14
R thousand										
Sport, Recreation, Arts and Culture	Stadium Development	110690	Community	Sports fields & stadia	175,468	66,063	36,542	-	20,000	38,430
Sport, Recreation, Arts and Culture	Libraries	110101	Community	Libraries	1,755	2,000	1,000	16,000	27,000	39,500
Environmental Management and Agriculture	Crematorium: Upgrade of furnaces City Centre	112810	Community	Cemeteries	5,000	2,000	1,000	1,000	1,000	1,000
Environmental Management and Agriculture	Development of a cemetery in the north of the City	112809	Community	Cemeteries	-	5,400	4,000	16,000	15,000	15,000
Environmental Management and Agriculture	Upgrade recreation resort in the CBD	110431	Community	Recreational facilities	2,000	6,250	3,000	5,500	6,000	7,000
Environmental Management and Agriculture	Fencing (Ecological Sensitive & Security Purposes)	112136	Community	Swimming pools	6,000	8,000	6,000	4,000	6,000	6,000
Environmental Management and Agriculture	Garden Refuse Sites	111685	Infrastructure - Other	Waste Management	5,559	3,500	2,500	1,000	2,197	1,500
Environmental Management and Agriculture	Atmospheric Pollution Monitoring Network	111562	Other Assets	Plant & equipment	1,500	3,250	2,000	1,000	4,500	3,750
Planning and Economic Development	Upgrading of Platforms and sales areas - Informal Hawkers	111510	Other Assets	Markets	2,500	3,305	2,445	2,500	1,000	1,000
Planning and Economic Development	Upgrading of cold rooms - Market	111561	Other Assets	Markets	500	1,000	450	2,000	2,500	3,500
Safety and Security	Disaster operations centre	111922	Community	Fire, safety & emergency	2,345	3,750	7,683	2,800	1,500	1,500
Safety and Security	Acquisition of fire fighting vehicles	110564	Community	Fire, safety & emergency	852	7,250	4,000	7,500	10,000	10,000
Safety and Security	The establishment of network infrastructure (IT and CCTV)	112345	Community	Security and policing	13,898	35,500	30,500	2,944	2,000	-
Safety and Security	Disaster and risk management - Tools and equipment	112581	Other Assets	Computers - hardware/equipment	-	1,100	500	600	-	-
Corporate Services	Regional customer care offices	112603	Infrastructure - Other	Other	6,167	14,300	10,000	5,000	10,000	10,000
Corporate Services	Enterprise project management	112139	Intangibles	Computers - software & programming	-	200	-	200	200	-
Corporate Services	E-Initiatives supporting a smart city	112554	Other Assets	Computers - hardware/equipment	-	3,000	-	6,000	6,000	6,000
Corporate Services	One Integrated Transaction Processing System	110213	Other Assets	Computers - software & programming	36,789	35,000	30,000	30,000	35,000	35,000
Finance Services	Electronic Metering Reading	112990	Other Assets	Other	2,256	2,800	1,553	1,259	1,200	1,000
Finance Services	Buildings and equipment	112444	Other Assets	Other Buildings	1,286	1,750	1,500	2,000	2,000	2,000
Health & Social Development	Upgrade workflow system for health-ERP	112028	Community	Clinics	7,496	6,500	4,156	7,000	8,762	3,000
Health & Social Development	Upgrading of clinic dispensaries	112218	Community	Clinics	999	2,875	2,000	4,216	7,000	9,450
Housing	Land Management Plan	111489	Investment properties	Housing development	10,816	20,000	11,000	22,000	28,550	22,500
Electricity	Electricity for All	110118	Infrastructure - Electricity	Generation	81,617	122,500	98,556	73,286	70,500	80,000
Electricity	Strengthening of 11kv cable network	110480	Infrastructure - Electricity	Generation	14,919	17,625	15,625	12,000	11,000	13,000
Electricity	Public lighting programme	110556	Infrastructure - Electricity	Street Lighting	24,881	83,450	62,452	38,000	31,670	45,000
Electricity	Substations & lines	110153	Infrastructure - Electricity	Transmission & Reticulation	14,998	21,000	20,000	15,000	15,000	-
Electricity	Sub transmission equipment refurbishment	110163	Infrastructure - Electricity	Transmission & Reticulation	8,000	19,500	9,500	28,000	30,000	35,000
Electricity	Pre- Paid Electricity	111862	Infrastructure - Electricity	Transmission & Reticulation	25,535	31,250	27,000	57,000	57,000	57,000
Electricity	New Depot in the north of the City	112493	Infrastructure - Electricity	Transmission & Reticulation	12,923	15,250	14,000	10,000	10,000	4,000
Electricity	Stand by quarters	112601	Infrastructure - Electricity	Transmission & Reticulation	-	1,000	-	4,000	2,000	2,000
Electricity	Energy Consumption Reduction Initiatives	112491	Infrastructure - Electricity	Transmission & Reticulation	2,619	3,500	2,000	10,000	10,000	10,000
Waste Water	Upgrading of Sewers	110010	Infrastructure - Sanitation	Reticulation	1,480	5,500	4,000	26,000	10,000	5,500
Waste Water	Construct Waste Water Treatment Works	110411	Infrastructure - Sanitation	Reticulation	298,789	365,500	345,120	322,063	353,462	365,000
Waste Water	Outfall Sewer	112121	Infrastructure - Sanitation	Sewerage Purification	97,465	87,560	58,996	46,286	42,500	35,000
Water	Bulk Supply - Reservoir	112142	Infrastructure - Water	Dams & Reservoirs	3,804	23,500	19,347	40,304	44,000	47,500
Water	Replacement and upgrading of deficient bulk pipeline	111335	Infrastructure - Water	Reticulation	77,612	80,500	28,700	48,000	130,000	141,000
Water	Purification Plant Upgrades	111921	Infrastructure - Water	Reticulation	25,038	21,870	15,040	34,269	2,500	1,500
Water	Solar Water Geysers	112688	Other Assets	Other	-	2,500	-	15,000	15,000	2,458
Transport and Roads	CBD and Surrounding Areas - BRT	112591	Infrastructure - Road transport	Roads, Pavements & Bridges	448,873	758,000	693,254	420,450	545,450	410,320
Transport and Roads	Traffic Calming and Pedestrian Safety	110229	Infrastructure - Road transport	Roads, Pavements & Bridges	3,322	4,250	3,500	3,500	3,500	3,500
Transport and Roads	Main Transport Routes	110591	Infrastructure - Road transport	Roads, Pavements & Bridges	52,920	75,430	59,000	17,400	30,000	40,600
Transport and Roads	Doubling of Main Entrance Street to City / CDB	111800	Infrastructure - Road transport	Roads, Pavements & Bridges	1,999	2,500	-	30,000	30,000	30,000
Transport and Roads	Internal Roads: Northern Areas	111863	Infrastructure - Road transport	Roads, Pavements & Bridges	69,594	22,500	100	81,995	121,149	75,400
Transport and Roads	Traffic Flow Improvement at Intersections	112502	Infrastructure - Road transport	Roads, Pavements & Bridges	1,372	1,500	1,000	1,000	1,000	1,000
Transport and Roads	Flooding Backlogs: Stormwater Drainage	112219	Infrastructure - Road transport	Stormwater	32,894	55,450	49,050	132,485	141,260	102,004

2.13 Legislation compliance status

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

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the City's website.
2. Internship programme
The City is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the five interns one has been appointed permanently from June 2009. The remaining four have completed their two year contract on 28 February 2010, and extension for one year has been granted by National Treasury. Since the introduction of the Internship programme the City has successfully employed and trained 33 interns through this programme and a majority of them were appointed either in the City or other Institutions such as KPMG, Ernest & Young, SARS, Auditor General, National Treasury. Three additional interns have been appointed with effect from 1 March 2011.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2010/11 MTREF in May 2010 directly aligned and informed by the 2011/12 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the City's internal centre and training is ongoing.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.14 Other supporting documents

Table 64 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & 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									
REVENUE ITEMS:									
Property rates									
Total Property Rates	1,764,014	2,246,506	2,364,464	3,039,297	2,913,031	2,913,031	3,157,834	3,524,444	3,943,670
<i>less Revenue Foregone</i>	44,790	61,441	64,840	123,566	123,566	123,566	135,959	155,054	186,800
Net Property Rates	1,719,224	2,185,065	2,299,624	2,915,731	2,789,465	2,789,465	3,021,875	3,369,390	3,756,870
Service charges - electricity revenue									
Total Service charges - electricity revenue	2,695,796	2,951,235	3,501,347	5,010,136	5,000,136	5,000,136	6,105,364	7,177,612	8,445,078
<i>less Revenue Foregone</i>	21,406	24,742	34,740	80,136	80,136	80,136	95,364	115,862	147,522
Net Service charges - electricity revenue	2,674,390	2,926,493	3,466,607	4,930,000	4,920,000	4,920,000	6,010,000	7,061,750	8,297,556
Service charges - water revenue									
Total Service charges - water revenue	1,062,141	1,264,264	1,360,594	1,542,198	1,552,198	1,552,198	1,692,337	1,905,037	2,149,893
<i>less Revenue Foregone</i>	25,440	31,378	35,273	67,198	67,198	67,198	73,937	84,337	101,606
Net Service charges - water revenue	1,036,701	1,232,886	1,325,321	1,475,000	1,485,000	1,485,000	1,618,400	1,820,700	2,048,287
Service charges - sanitation revenue									
Total Service charges - sanitation revenue	256,240	311,914	348,070	374,466	374,466	374,466	414,388	458,696	509,311
<i>less Revenue Foregone</i>	6,673	8,508	10,317	19,686	19,686	19,686	21,845	24,936	30,006
Net Service charges - sanitation revenue	249,567	303,406	337,753	354,780	354,780	354,780	392,543	433,760	479,305
Service charges - refuse revenue									
Total refuse removal revenue	261,310	278,912	332,550	412,522	412,522	412,522	461,169	540,773	636,469
Total landfill revenue	15,424	16,236	17,091	17,990	18,534	18,534	17,896	18,908	19,979
<i>less Revenue Foregone</i>	10,610	11,223	14,545	28,697	28,697	28,697	31,285	35,659	42,960
Net Service charges - refuse revenue	266,124	283,925	335,096	401,815	402,359	402,359	447,780	524,021	613,487
Other Revenue by source									
Fuel levy	701,694	801,935	902,177	969,463	969,463	969,463	1,085,816	1,171,009	1,239,214
Other revenue	541,903	611,312	667,320	617,293	637,235	637,235	753,790	793,384	833,521
Total 'Other' Revenue	1,243,597	1,413,247	1,569,497	1,586,756	1,606,698	1,606,698	1,839,606	1,964,393	2,072,735
EXPENDITURE ITEMS:									
Employee related costs									
Salaries and Wages	1,558,317	1,780,569	1,893,846	2,127,872	2,164,300	2,164,300	2,514,232	2,715,438	2,932,745
Contributions to UIF, pensions, medical aid	483,652	521,636	567,940	674,838	674,494	674,494	707,467	763,497	823,980
Travel, motor car, accom: & other allowances	274,141	295,156	329,540	353,188	352,923	352,923	419,243	443,197	468,587
Housing benefits and allowances	22,155	27,853	32,724	31,379	31,430	31,430	26,120	27,427	28,799
Overtime	135,967	166,269	225,764	136,808	138,879	138,879	152,319	159,939	167,940
Performance bonus	127,691	133,644	146,640	177,353	177,202	177,202	204,541	220,910	238,589
Long service awards	8,629	8,708	8,726	4,647	4,637	4,637	5,507	5,948	6,424
Payments in lieu of leave	65,491	72,342	96,868	48,410	48,373	48,373	58,005	62,647	67,661
Post-retirement benefit obligations	36,909	42,752	47,482	49,055	49,365	49,365	59,082	61,818	64,734
sub-total	2,712,951	3,048,929	3,349,530	3,603,551	3,641,602	3,641,602	4,146,517	4,460,821	4,799,459
<i>Less: Employees costs capitalised to PFE</i>	45,142	49,802	53,786	82,895	79,173	79,173	98,031	106,223	113,495
Total Employee related costs	2,667,809	2,999,127	3,295,744	3,520,655	3,562,430	3,562,430	4,048,486	4,354,598	4,685,963
Contributions recognised - capital									
<i>Developer ABC</i>	4,523	2,713	-	-	-	-	1,365	1,698	1,891
<i>Developer DEF</i>	6,880	-	5,481	-	-	-	8,654	-	-
<i>Developer GHI</i>	-	5,699	-	-	-	-	-	-	-
<i>Developer JKL</i>	-	-	8,950	27,540	7,540	7,540	7,891	11,254	28,978
<i>Developer MNO</i>	32,540	33,870	34,500	45,490	17,650	17,650	35,460	36,789	37,500
<i>Developer PQR</i>	2,891	2,159	2,678	4,560	2,560	2,560	2,891	-	-
Total Contributions recognised - capital	46,834	44,440	51,609	77,590	27,751	27,751	56,261	49,741	68,369
Depreciation & asset impairment									
Depreciation of Property, Plant & Equipment	628,930	574,907	507,006	783,926	723,031	723,031	785,789	842,892	984,464
Lease amortisation	72,782	79,979	87,890	96,653	96,653	96,653	105,042	112,675	131,487
Capital asset impairment	5,880	6,406	6,901	25,047	22,025	22,025	21,500	22,500	23,500
Total Depreciation & asset impairment	707,591	661,292	601,797	905,625	841,709	841,709	912,331	978,067	1,139,451
Bulk purchases									
Electricity Bulk Purchases	1,392,657	1,524,447	2,069,423	2,754,106	2,735,206	2,735,206	3,638,410	4,594,972	5,794,185
Water Bulk Purchases	469,066	429,517	351,720	352,764	350,659	350,659	437,922	497,559	558,869
Total bulk purchases	1,861,723	1,953,963	2,421,143	3,106,870	3,085,866	3,085,866	4,076,332	5,092,531	6,353,054

**Table 64 MBRR Table SA1 - Supporting detail to budgeted financial performance
(Continued)**

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & 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									
Contracted services									
SPCA	5,200	5,300	5,500	5,800	5,800	5,800	6,000	6,300	6,600
Management Information Services	8,239	11,005	13,110	14,250	11,249	11,249	11,688	12,358	13,102
Internal, External and Forensic Audit	16,400	17,840	19,921	22,134	20,785	20,785	21,597	22,834	24,209
Tanker Water Services	6,789	8,400	8,480	16,500	15,993	15,993	16,600	17,500	18,500
CCTV	7,890	9,120	9,416	18,320	16,730	16,730	17,383	18,379	19,486
Cleaning Services	16,513	16,897	17,199	18,900	17,997	17,997	18,700	19,771	20,962
Water Care: Private Contractors	13,754	14,532	14,522	28,256	28,256	28,256	29,360	31,041	32,911
Temporary Services	30,300	31,317	34,040	37,000	29,100	29,100	30,000	30,500	31,000
Internet Fees and Lease of Computer Equipment	34,789	38,307	40,020	43,500	34,416	34,416	35,760	37,808	40,086
Implementation of One Integrated Transaction Processing System	35,989	35,787	29,552	57,500	50,500	50,500	51,000	51,500	52,000
Household Refuse Removal	20,404	23,889	37,890	51,899	51,899	51,899	53,927	57,014	60,450
Private Sector Labour	51,538	53,210	58,420	63,500	59,477	59,477	61,800	65,300	69,200
Electricity Disconnections	19,754	38,790	42,519	56,474	56,474	56,474	58,681	62,040	65,779
Service Providers	17,890	42,101	54,789	85,300	77,977	77,977	81,023	85,662	90,823
Security and Watchman Services	21,632	44,124	58,715	87,200	84,459	84,459	87,758	92,783	98,374
Rental Plant and Equipment	158,178	178,145	249,789	304,250	292,410	292,410	293,442	310,243	328,937
Lease of Vehicles	16,787	69,784	80,000	178,250	131,147	131,147	136,270	144,072	152,753
sub-total	482,046	638,547	773,882	1,089,033	984,669	984,669	1,010,989	1,065,105	1,125,172
Total contracted services	482,046	638,547	773,882	1,089,033	984,669	984,669	1,010,989	1,065,105	1,125,172
Other Expenditure By Type									
Collection Fees	62,994	68,471	72,075	77,500	76,618	76,618	79,611	84,169	89,240
Subsistence and Travelling	6,509	7,232	7,809	14,500	5,000	5,000	5,100	5,200	5,300
Legal Costs	19,877	24,789	22,123	27,450	23,449	23,449	24,365	25,760	27,312
Licenses	26,573	29,201	30,738	33,052	33,052	33,052	34,343	36,309	38,497
Stationery	39,761	45,183	46,580	83,200	55,816	55,816	57,997	61,317	65,012
Telecommunication	57,455	63,138	67,890	94,500	68,541	68,541	71,218	75,296	79,833
Printing	9,689	9,778	9,760	10,500	8,635	8,635	8,972	9,486	10,058
Postage	11,257	12,236	12,880	14,000	13,843	13,843	14,384	15,207	16,124
Advertising, Marketing and Publications	27,654	31,456	31,400	48,500	25,818	25,818	26,827	28,363	30,072
Training Board Fees	20,675	22,720	24,430	26,269	26,269	26,269	27,295	28,858	30,596
City Official Entertainments, Refreshments and Imbizo	13,289	17,655	17,801	22,300	9,972	9,972	10,361	10,954	11,614
Post Employment Benefits, Supplementary Pensions and Medical Aid Fund	125,234	137,620	147,978	157,424	168,424	168,424	181,701	194,420	209,002
Membership Fees: Municipal Associations	10,769	11,456	11,870	13,500	10,500	10,500	10,910	11,535	12,230
Insurance Premiums and Excesses	83,401	122,670	130,500	145,000	93,224	93,224	100,682	110,750	124,040
Compensation Commissioner (IOD)	24,825	26,410	27,800	45,000	30,029	30,029	31,202	32,989	34,976
Project Linked Housing Top Structures	44,321	66,790	67,890	68,967	68,967	68,967	71,662	75,765	80,330
Locomotion Allowance Casual	3,898	4,147	4,320	7,800	5,497	5,497	5,712	6,039	6,403
Uniforms and Protective Clothing	8,977	12,532	14,789	27,500	19,235	19,235	19,986	21,130	22,404
Consultant and Professional Services	27,891	34,091	36,789	87,500	56,957	56,957	59,182	62,570	66,340
Feasibility Studies/Environmental Impact Assessments	18,786	31,467	32,345	45,000	35,788	35,788	26,795	28,329	30,036
General expenses	350,237	773,549	861,169	1,040,753	998,013	998,013	1,057,894	1,121,367	1,177,436
Total 'Other' Expenditure	994,072	1,552,590	1,678,936	2,090,215	1,833,645	1,833,645	1,926,198	2,045,814	2,166,855
Repairs and Maintenance									
by Expenditure Item									
Employee related costs	300,947	315,203	719,975	563,914	573,714	573,714	695,254	748,047	804,931
Other materials	396,812	478,125	367,325	829,158	764,850	764,850	766,120	801,890	845,320
Contracted Services	29,593	101,301	38,206	216,215	206,466	206,466	228,742	259,493	285,642
Total Repairs and Maintenance Expenditure	727,352	894,629	1,125,506	1,609,287	1,545,030	1,545,030	1,690,116	1,809,430	1,935,894

Table 65 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Vote1 - Governance and Administration	Vote2 - Corporate Services	Vote3 - Assessment Rates and Other	Vote4 - Finance Services	Vote5 - Safety and Security	Vote6 - Planning and Economic Development	Vote7 - Health and Social Development	Vote8 - Sport, Recreation and Community	Vote9 - Housing	Vote10 - Environmental Management and Agriculture	Vote11 - Transport and Roads	Vote12 - Electricity	Vote13 - Waste Water	Vote14 - Water	Total
R thousand															
Revenue By Source															
Property rates	-	-	3,021,875	-	-	-	-	-	-	-	-	-	-	-	3,021,875
Property rates - penalties & collection charges	-	-	66,481	-	-	-	-	-	-	-	-	-	-	-	66,481
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	6,010,000	-	-	6,010,000
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	1,618,400	1,618,400
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	392,543	-	392,543
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	447,780	-	-	-	-	447,780
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	12,106	4,500	7,500	24,106
Rental of facilities and equipment	-	41,200	-	-	153	168	-	12,338	-	2,990	48,655	-	-	-	105,503
Interest earned - external investments	-	-	118,819	65	-	-	1,162	-	-	-	35	-	-	-	120,080
Interest earned - outstanding debtors	-	-	132,160	118,988	-	-	-	-	-	-	-	45,000	20,000	35,000	351,148
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	63,428	750	3	-	-	1,504	-	-	-	-	65,686
Licences and permits	-	250	-	-	31,754	2,200	579	-	-	-	-	-	-	-	34,783
Agency services	-	-	-	-	34,208	-	-	-	-	-	-	-	-	-	34,208
Other revenue	-	19,479	-	29,907	15,356	109,657	139,414	-	-	108,741	813,149	170,126	245,789	187,987	1,839,606
Transfers recognised - operational	25,500	-	-	-	-	35,412	15,400	-	58,970	62,200	661,182	-	143,254	-	1,001,918
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	4,500	-	-	-	4,500
Total Revenue (excluding capital transfers and contributions)	25,500	60,929	3,339,335	148,960	144,900	148,187	156,559	12,338	58,970	623,215	1,527,521	6,237,232	806,086	1,848,887	15,138,618
Expenditure By Type															
Employee related costs	51,607	330,833	180,332	304,460	697,413	220,870	211,563	88,745	269,780	384,154	346,658	423,361	230,189	308,520	4,048,487
Remuneration of councillors	56,589	758	758	758	758	758	758	758	758	758	758	758	758	758	66,438
Debt impairment	-	-	1,000	206,588	-	-	13,356	191	1,000	-	1,000	109,252	15,478	84,522	432,387
Depreciation & asset impairment	4,942	84,340	9,496	96,112	50,863	28,586	60,956	97,900	12,659	31,013	174,180	127,031	45,623	88,630	912,332
Finance charges	2,151	18,481	167,206	164	10,604	1,492	34,335	12,034	4,631	20,765	89,520	219,599	32,852	101,785	715,617
Bulk purchases	-	-	-	-	-	-	-	-	-	-	-	3,638,410	-	-	4,076,332
Other materials	-	20,000	-	2,424	4,744	9,323	-	20,011	684	214,696	189,745	449,780	26,451	59,385	997,243
Contracted services	-	49,644	-	92,203	49,789	19,784	12,611	1,604	32,473	378,452	296,098	58,331	4,312	15,688	1,010,989
Transfers and grants	-	-	-	-	-	-	-	-	-	34,570	-	78,580	12,583	300,168	425,901
Other expenditure	220,919	496,145	145,487	98,745	44,712	32,459	24,563	26,510	23,341	290,855	156,821	300,935	36,163	96,542	1,994,198
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	336,208	1,000,200	504,279	801,453	858,883	313,270	358,142	247,753	345,326	1,355,263	1,254,780	5,406,037	404,409	1,493,920	14,679,924
Surplus/(Deficit)	(310,708)	(939,272)	2,835,056	(652,494)	(713,983)	(165,083)	(201,584)	(235,415)	(286,356)	(732,048)	272,740	831,195	401,677	354,968	458,694
Transfers recognised - capital	-	50	69,021	-	15	-	8,082	-	-	20,506	430,340	88,224	289,137	135,676	1,041,051
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	56,261	-	-	-	56,261
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(310,708)	(939,222)	2,904,077	(652,494)	(713,968)	(165,083)	(193,502)	(235,415)	(286,356)	(711,542)	759,341	919,419	690,814	490,644	1,556,006

Table 66 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & 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									
ASSETS									
Call investment deposits									
Call deposits < 90 days	451,350	104,631	66,159	287,038	444,487	444,487	389,320	478,153	728,153
Other current investments > 90 days	–	–	–	–	–	–	–	–	–
Total Call investment deposits	451,350	104,631	66,159	287,038	444,487	444,487	389,320	478,153	728,153
Consumer debtors									
Consumer debtors	2,925,945	3,307,346	3,760,217	3,788,196	4,201,691	4,201,691	4,354,541	4,572,268	4,850,881
Less: Provision for debt impairment	(1,024,162)	(1,162,205)	(1,290,569)	(1,184,690)	(1,281,419)	(1,281,419)	(1,344,996)	(1,389,298)	(1,490,791)
Total Consumer debtors	1,901,782	2,145,141	2,469,648	2,603,506	2,920,272	2,920,272	3,009,545	3,182,970	3,360,090
Debt impairment provision									
Balance at the beginning of the year	830,673	881,558	914,444	1,046,218	1,102,728	1,102,728	1,212,609	1,255,848	1,330,848
Contributions to the provision	193,489	280,647	376,125	138,472	351,601	351,601	482,387	533,450	609,943
Bad debts written off	–	–	–	–	(172,910)	(172,910)	(350,000)	(400,000)	(450,000)
Balance at end of year	1,024,162	1,162,205	1,290,569	1,184,690	1,281,419	1,281,419	1,344,996	1,389,298	1,490,791
Property, plant and equipment (PPE)									
PPE at cost/valuation (excl. finance leases)	11,904,334	13,320,950	16,617,024	19,750,080	18,839,833	18,839,833	21,726,382	24,695,819	27,771,022
Leases recognised as PPE	203,198	247,781	257,123	251,315	407,487	407,487	423,787	440,738	458,368
Less: Accumulated depreciation	2,969,231	3,544,137	4,051,143	4,835,069	4,774,174	4,774,174	5,559,963	6,402,855	7,387,319
Total Property, plant and equipment (PPE)	9,138,300	10,024,593	12,823,004	15,166,326	14,473,146	14,473,146	16,590,206	18,733,702	20,842,071
LIABILITIES									
Current liabilities - Borrowing									
Short term loans (other than bank overdraft)	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities	204,827	346,522	285,390	392,520	392,520	392,520	706,348	792,800	845,810
Total Current liabilities - Borrowing	204,827	346,522	285,390	392,520	392,520	392,520	706,348	792,800	845,810
Trade and other payables									
Trade and other creditors	1,830,233	1,755,706	2,642,490	2,409,566	2,656,933	2,656,933	3,227,144	3,620,856	3,946,733
Unspent conditional transfers	210,991	328,760	420,556	407,787	407,787	407,787	–	–	–
VAT	58,214	104,381	164,585	204,383	204,383	204,383	260,689	308,189	357,202
Total Trade and other payables	2,099,438	2,188,847	3,227,631	3,021,736	3,269,103	3,269,103	3,487,833	3,929,045	4,303,935
Non current liabilities - Borrowing									
Borrowing	2,602,026	2,554,476	3,887,934	4,236,326	4,550,412	4,550,412	4,840,418	5,043,826	5,194,073
Finance leases (including PPP asset element)	110,119	107,049	95,144	154,231	91,146	91,146	94,792	98,584	102,527
Total Non current liabilities - Borrowing	2,712,146	2,661,524	3,983,078	4,390,558	4,641,558	4,641,558	4,935,210	5,142,410	5,296,600
Provisions - non-current									
Retirement benefits	–	838,893	1,004,196	1,050,699	1,104,283	1,104,283	1,170,540	1,240,772	1,315,219
List other major provision items									
Rehabilitation of Landfill Sites	–	63,360	174,512	215,000	224,178	224,178	276,824	332,629	391,783
Rehabilitation of Quarries and Cleaning of Alien Vegetation	–	23,851	30,473	6,328	35,157	35,157	39,533	44,509	49,470
Total Provisions - non-current	–	926,104	1,209,181	1,272,027	1,363,618	1,363,618	1,486,897	1,617,910	1,756,471
CHANGES IN NET ASSETS		87,211	204,985	221,328	259,335	259,335	316,357	377,138	441,252
Accumulated Surplus/(Deficit)									
Accumulated Surplus/(Deficit) - opening balance	1,315,297	421,063	655,253	1,441,321	982,333	982,333	1,849,627	3,646,126	4,835,117
GRAP adjustments	–	(36,239)	(9,102)	–	–	–	–	–	–
Restated balance	1,315,297	384,824	646,151	1,441,321	982,333	982,333	1,849,627	3,646,126	4,835,117
Surplus/(Deficit)	389,578	382,482	955,274	2,026,240	1,582,292	1,582,292	1,556,006	1,723,939	1,823,360
Appropriations to Reserves	(237,803)	(184,721)	(177,593)	(692,456)	(1,002,564)	(1,002,564)	(1,002,564)	(827,476)	(917,108)
Transfers from Reserves	72,229	(151,081)	38,335	14,553	–	–	270,773	–	–
Depreciation offsets	397,172	395,991	222,767	833,263	273,344	273,344	326,345	369,852	428,918
Other adjustments	(284,260)	(369,986)	(646,017)	(816,979)	–	–	–	–	–
Accumulated Surplus/(Deficit)	1,652,213	457,510	1,038,917	2,805,942	1,835,405	1,835,405	4,002,751	4,912,441	6,170,287
Reserves									
Housing Development Fund	141,152	128,920	128,850	128,920	128,850	128,850	128,850	128,850	128,850
Capital replacement	501,153	307,157	219,591	1,006,841	352,173	352,173	226,084	229,475	232,917
Capitalisation	2,008,028	2,239,733	2,220,941	1,383,599	2,123,427	2,123,427	1,665,000	1,705,000	1,747,635
Government grant	3,506,835	3,803,344	4,360,651	5,100,365	5,322,259	5,322,259	5,528,765	6,219,860	6,997,342
Donations and public contributions	–	–	138,622	155,200	155,200	155,200	270,000	330,000	390,000
Self-insurance	65,637	228,951	190,946	170,000	170,000	170,000	150,000	170,000	190,000
COID and Self Insurance Reserve	63,027	69,162	77,229	84,361	87,486	87,486	99,922	112,912	126,461
Revaluation	–	–	–	–	–	–	–	–	–
Total Reserves	6,285,833	6,777,267	7,336,830	8,029,286	8,339,394	8,339,394	8,068,621	8,896,097	9,813,205
TOTAL COMMUNITY WEALTH/EQUITY	7,938,046	7,234,776	8,375,746	10,835,228	10,174,798	10,174,798	12,071,372	13,808,538	15,983,491

Table 67 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Basis of calculation	1996	2001 Census	2007 Survey	2007/8	2008/9	2009/10	Current Year	2011/12 Medium Term Revenue & Expenditure Framework		
		Census						2010/11			
Demographics											
Population	Census 1996, 2001 Census, 2007	1,670	1,986	2,346	2,346	2,346	2,428	2,491	2,556	2,623	2,691
Females aged 5 - 14	Census 1996, 2001 Census, 2007	153	171	251	251	238	184	189	194	199	204
Males aged 5 - 14	Census 1996, 2001 Census, 2007	144	161	236	236	224	173	178	183	187	192
Females aged 15 - 34	Census 1996, 2001 Census, 2007	340	416	441	441	461	473	486	498	511	524
Males aged 15 - 34	Census 1996, 2001 Census, 2007	320	391	415	415	434	446	457	469	481	494
Unemployment	Census 1996, 2001 Census, 2007	186	306	334	334	337	339	343	348	352	357
Household income (households) (1.)											
None	Census 1996, 2001 Census, 2007	28,906	98,704	122,357	118,978	122,357	125,736	129,115	132,494	135,873	139,252
R1 - R4800	Census 1996, 2001 Census, 2007	9,438	24,122	38,808	36,710	38,808	40,906	43,004	45,102	47,200	49,230
R4800 - R9600	Census 1996, 2001 Census, 2007	31,594	65,219	101,847	94,043	98,847	103,651	108,455	113,259	118,063	123,022
Poverty profiles (2.)											
Insert description											
Household/demographics (000)											
Number of people in municipal area	Census 1996, 2001 Census, 2007	1,669,787	1,985,982	2,345,908	2,346	2,346	2,428	2,491	2,556	2,623	2,691
Number of poor people in municipal area	Census 1996, 2001 Census, 2007	802,058	1,159,935	1,214,093	1,206	1,214	1,222	1,230	1,237	1,245	1,253
Number of households in municipal area	Census 1996, 2001 Census, 2007	426,086	562,653	686,640	673	687	713	736	760	784	809
Number of poor households in municipal area	Census 1996, 2001 Census, 2007	28,906	98,704	122,357	119	122	126	129	132	136	139
Definition of poor household (R. per month)	Tshwane indigent policy	-	-	-	1,700	1,700	1,700	1,700	1,700	1,700	1,700
Housing statistics (3.)											
Formal	Census 1996, 2001 Census, 2007	337,609	423,086	486,141	481,528	486,141	512,940	538,254	563,009	589,650	606,608
Informal	Census 1996, 2001 Census, 2007	88,477	139,567	200,499	191,938	200,499	200,467	197,982	196,787	194,459	202,203
Total number of households		426,086	562,653	686,640	673,466	686,640	713,407	736,236	759,796	784,109	808,811
Dwellings provided by municipality (4.)	Internal municipal housing statistics	6,980	7,000	7,609	7,609	6,152	5,642	5,742	6,200	6,250	6,300
Dwellings provided by province/s	Internal municipal housing statistics	4,256	4,120	4,689	4,601	4,667	4,690	5,120	5,250	5,300	5,350
Dwellings provided by private sector (5.)	Internal municipal housing statistics	8,623	8,521	8,874	9,817	11,265	7,421	5,891	5,900	6,000	6,100
Total new housing dwellings		19,859	19,641	21,172	22,027	22,084	17,753	16,753	17,350	17,550	17,750
Economic (6.)											
Inflation/inflation outlook (CPIX)					5.2%	5.5%	6.2%	13.0%	13.0%	13.0%	13.0%
Interest rate - borrowing					13.2%	13.3%	12.0%	12.0%	12.0%	12.0%	12.0%
Interest rate - investment					13.3%	14.1%	10.0%	10.0%	10.0%	10.0%	10.0%
Remuneration increases					0.0%	0.0%	8.3%	8.5%	7.0%	7.0%	7.0%
Consumption growth (electricity)					0.8%	-1.6%	-7.4%	-0.7%	4.0%	4.5%	4.5%
Consumption growth (water)					14.7%	0.9%	-6.2%	-16.4%	5.0%	5.0%	5.0%
Collection rates (7.)											
Property tax/service charges					98.3%	98.0%	96.0%	95.0%	95.0%	95.0%	95.0%
Rental of facilities & equipment					98.4%	97.2%	96.0%	95.6%	97.0%	97.0%	97.0%
Interest - external investments					100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors					0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Revenue from agency services					100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 68 MBRR SA32 – List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
Poverty and Alleviation Program	Yrs	Ongoing	Cutting of grass – Side Walks, Sport Fields, Open Areas (Community Project)	N/A	650
Road Construction (Pty) Ltd	Yrs	2	Rehabilitation of various roads located within the City	30 June 2012	63,129
Pothole Eradication (Pty) Ltd	Yrs	2	Rehabilitation of various roads located within the City	30 June 2012	64,444
Road Surfacing and Maintenance (Pty) Ltd	Yrs	2	Rehabilitation of various roads located within the City	30 June 2012	64,327
Road Marking CC	Yrs	2	Road signage and marking	30 November 2012	4,121
Stormwater Construction and Maintenance CC	Yrs	2	Stormwater cleaning and maintenance	28 February 2012	7,837
ABC Road Maintenance	Yrs	2	Surface repairs to roads and sidewalks	31 March 2012	6,078
DEF Road Maintenance	Yrs	2	Surface repairs to roads and sidewalks	31 March 2012	7,082
GHI Road Maintenance	Yrs	1	Re-construction of existing sidewalks	30 November 2011	10,907
JKL Road Maintenance	Yrs	1	Re-construction of existing sidewalks	30 November 2011	16,013
Best Signal Maintenance	Yrs	3	Minor Signal maintenance	30 June 2013	14,750
Dirty Jobs cc	Yrs	1	Cleaning of municipal buildings	30 June 2012	3,208
Batho Pele Security Services	Yrs	3	Security Services at Municipal Buildings and Pay Points	30 June 2012	24,000
Batho Pele Surveillance	Yrs	3	Operation of the CCTV within the City	30 June 2012	14,500
Batho Pele Electrical	Yrs	2	Repairs and Maintenance of low voltage faults	31 March 2012	36,875
Emerging Contractors (Various)	Yrs	Ongoing	Maintenance of verges and clearing of vacant land	N/A	7,850
Batho Pele City Cleaning	Yrs	3	Waste Removal	31 March 2013	78,500
Meter Reading CC	Yrs	3	Meter Reading	31 December 2012	13,450
Credit Control (Pty) Ltd	Yrs	2	Disconnections and credit control action	28 February 2012	7,540
Meters ABC	Yrs	3	Repair and maintenance of water networks, including meter replacement	28 February 2012	22,500

2.15 Municipal manager's quality certificate

I, municipal manager of Batho Pele City, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal manager of Batho Pele City (GT485)

Signature _____

Date _____