

City of Cape Town



CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012



CITY OF CAPE TOWN | ISIXEKO SASEKAPA | STAD KAAPSTAD

THIS CITY WORKS FOR YOU

Auditor-General: 30 September 2012

The reporting entity (hereinafter 'the Entity') is a local authority established in terms of section 151 of the Constitution of the Republic of South Africa (Act 108 of 1996).

The principal activities of the Entity are to:

- provide democratic and accountable government to the local communities;
- ensure sustainable service delivery to communities;
- promote social and economic development;
- promote a safe and healthy environment; and
- encourage the involvement of communities and community organisations in the matters of local government.

The Entity's operations are governed by the Local Government: Municipal Finance Management Act (Act 56 of 2003), Municipal Structures Act (Act 117 of 1998), Municipal Systems Act (Act 32 of 2000) and various other acts and regulations.

Glossary of abbreviations

AFD	Agence Francaise de Développement
ASB	Accounting Standards Board
CIDs	city improvement district
CMTF	Cape Metropolitan Transport Fund
COID	compensation for occupational injuries and diseases
CPI	consumer price index
CRR	capital replacement reserve
CTICC	Cape Town International Convention Centre (Pty) Ltd
DB	defined benefit
DBSA	Development Bank of Southern Africa
DC	defined-contributions
DMTN	domestic medium-term note
DoRA	Division of Revenue Act
EFF	external finance fund
FBE	free basic electricity
GRAP	Generally Recognised Accounting Practice
IDP	Integrated Development Plan
IRT	integrated rapid transport
JSE	Johannesburg Stock Exchange
KCT	Khayelitsha Community Trust
MAYCO	Mayoral Committee
MFMA	Municipal Finance Management Act
MIG	municipal infrastructure grant
MPAC	Municipal Public Accounts Committee
PAYE	pay-as-you-earn
PGWC	Provincial Government of the Western Cape
PPE	property, plant and equipment
SALGA	South African Local Government Association
SAPS	South African Police Service
SARS	South African Revenue Service
SCM	supply chain management
SCMB	Standard Corporate and Merchant Bank
UIF	Unemployment Insurance Fund
VAT	value-added tax

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Approval of financial statements

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2012, as set out on pages 11 to 81 in terms of section 126(1) of the Municipal Finance Management Act, and have accordingly signed the statements on behalf of the City.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 31 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act (Act 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with the Act.

Achmat Ebrahim
City Manager

Date: **28** September 2012



**Executive Mayor
Alderman P de Lille**

Speaker
Alderman JD Smit
Chief Whip
Alderman AM Serritslev



**Executive Deputy Mayor
Alderman I.D. Neilson**

Members of the Mayoral Committee

- Alderman ID Neilson - Finance
- Alderman JP Smith - Safety and Security Services
- Alderman DL Qually - Corporate Services
- Alderman VM Walker - Economic, Environment and Spatial Planning
- Councillor BA Cortje-Alcock - Social and Early Childhood Development
- Councillor LV James - Health
- Councillor T Gqada - Community Services
- Councillor BN Herron - Transport, Roads and Stormwater
- Councillor GI Pascoe - Tourism, Events and Marketing
- Councillor S Sims - Utility Services
- Councillor EJ Sonnenberg - Housing

Members of the Audit Committee

- Z Manjra Chairperson
- MY Kajee Member
- K Moloko Member
- M Roos Member
- M Burton Member (term expired 31 March 2012)

Auditors

The Auditor-General
Business Connexion Building
Ring Road, Century Boulevard
Century City
7441

Private Bag X1
Chempet
7442

Bankers

ABSA Bank
1st floor, Tijgerpark IV
Willie van Schoor Drive
Tyger Valley
7530

PO Box 4453
Tyger Valley
7536

Registered office

12 Hertzog Boulevard
Cape Town
8001

PO Box 655
Cape Town
8000



City Manager
Achmat Ebrahim



Chief Financial Officer
Kevin Jacoby

Council members of the City of Cape Town

Councillor/Alderman

Abrahams, AN	Green, AM	Mamkeli, S	Purchase, F
Abrahams, A	Griesel, AJ	Mangali, T	Qoba, ZL
Abrahams, FL	Gwangxu, X	March, GW	Qually, DL
Abrahams, MM	Gympies, SC	Marman, PI	Rass, B
Adams, A	Hadebe, B	Matanzima, V	Rau, R
Adams, Y	Hansen, B	Matha, MS	Raymond, FHL
America, D	Hassiem, W	Maxheke, JJ	Rossouw, SJ
Amira, D	Haywood, M	Maxifi, P	Sakathi, T
Andrews, EP	Hebe, LA	Mbandezi, S	Schäfer, BA
Andrews, JA	Hendricks, MGE	Mbonde, ME	Scheepers, CJ
Anstey, E	Herron, BN	McCarthy, J	Serritslev, AM
Arendse, MT	Heuvel, JA	Mfusi, VN	Sikhakhane, N
Arendse, R	Heynes, PC	Mhlanga, C	Siljeur, GR
Arendse, SWP	Hinana, EN	Middleton, JH	Simons, RS
August, SN	Honono, TT	Mkutswana, MA	Sims, S
Badela, DE	Hoosain, J	Mngxunyeni, PM	Sitonga, MC
Bazier, R	Ipser, CW	Mofoko, NM	Slabbert, JD
Beneke, R	Isaacs, LI	Morkel, KH	Smit, JD
Bent, NL	Isaacs, VR	Moses, AC	Smith, J
Bew, CB	Iversen, I	Moses, RM	Sonnenberg, EJ
Bloor, GM	Jackson, IR	Moshani, NA	Sono, NP
Brady, WE	Jacobs, BM	Mphila, D	Sopaqa, MM
Bredenhand, JC	Jacobs, J	Msindwana, ME	Sotashe, X
Brenner, HI	Jaffer, L	Mxolose, WS	Taylor, MJ
Britz, MT	Jafftha, WD	Mzalisi, MN	Thomas, CR
Brunette, EN	James, LV	Ndamase, T	Thomas, GHJ
Bryant, DW	Janse van Rensburg, C	Ndongeni, AX	Thompson, TB
Brynard, CA	Jansen van Vuuren, MI	Ndzulwana, N	Thuynsma, J
Burger, JHH	Jefferies, IK	Neilson, ID	Timm, G
Cavanagh, GV	Jordaan, C	Nenzani, SM	Toko, MS
Chapple, PH	Jordaan, LD	Ngqame, YA	Twigg, GG
Christians, DJ	Justus, CR	Ngqose, NS	Uys, TA
Christians, FC	Kannenbergh, ACK	Ngqu, P	Van Dalen, B
Claasen, CPV	Kearns, F	Nguzo, M	Van der Merwe, B
Clayton, CC	Kemphorne, ML	Nieuwoudt, MJ	Van der Merwe, CG
Cortje-Alcock, BA	Khatshwa, DM	Nikelo, M	Van der Merwe, JFH
Cottee, DG	Kleinsmith, ME	Nkohla, L	Van der Rhee, A
Crous, AC	Komeni, AL	Nkuzana, FM	Van der Walt, ML
D'Alton, DJ	Kopman, NF	Nonkeyizana, S	Van Minnen, BM
Davids, MM	Krynauw, J	Notana, E	Van Wyk, CHS
De Lille, P	Landingwe, NJ	Nqavashe, ML	Velem, M
Diamond, SP	Lategan, KH	Nqulwana, M	Venter, JD
Dudley, DK	Le Roux, B	Ntotoviyane, C	Viljoen, R
Dyantyi, VD	Leputhing, CN	Nyakatya, NC	Visser, J
East, PA	Liell-Cock, SP	O'Connell, RA	Vos, J
Ehrenreich, AJ	Lili, A	Oliver, MJ	Vuba, ST
Elese, D	Limberg, XT	Pakela-Mapasa, XB	Walker, VM
Esau, CJ	Little, SA	Pascoe, GI	Watkyns, BRW
Fourie, A	Mabandla, M	Peter, XG	Weavers, M
Fourie, GD	Maci, L	Petersen, MJ	Williams, A
Francke, P	Mack, CJ	Philander, S	Yalezo, S
Gabier, A	Makanda, MN	Pienaar, S	Yozi, SK
Gabriel, PJ	Makasi, N	Pietersen, MP	Zondani, LG
Gabuza, A	Makeleni, K	Pretorius, IJ	
Gqada, T	Makeleni, LC	Pringle, SB	
Gqola, TL	Mamba, KC	Pupa, T	

FINANCIAL REVIEW

This review sets out highlights of the Entity's financial performance for the past year. Full details appear in the annual financial statements.

OVERVIEW OF ENTITY RESULTS

The Entity once again performed well over the past year despite the economy which remained under pressure in line with global trends. Amidst the mentioned challenging economic environment, the Entity's cash flow has remained strong.

The financial results once again demonstrated that the Entity is committed to support social infrastructure investments, the demand for which continues to outstrip the Entity's resources.

The overall summarised operating results for the Entity in comparison with the approved budget are shown below. The statement of financial performance reflects a summary of income and expenditure, while the segmental operating results per service are shown in appendix C to the consolidated annual financial statements.

	2012		2011	2011-2012
	Actual R'000	Budget R'000	Actual R'000	Growth %
Revenue				
Property rates	4 706 641	4 697 744	4 524 363	4,03
Service charges	12 112 884	12 223 909	10 493 553	15,43
Grants and subsidies–operating	1 626 991	1 750 358	1 385 536	17,43
Fuel levy	1 637 276	1 637 276	1 510 960	8,36
Other	1 544 891	1 385 879	1 375 534	12,31
	21 628 683	21 695 166	19 289 946	12,12
Expenses				
Employee benefits	6 955 786	7 042 977	6 184 573	12,47
Impairment costs	847 513	1 056 640	799 494	6,01
Net depreciation and amortisation expenses –see note 33	871 927	904 526	799 433	9,07
Finance costs	683 166	766 497	719 170	(5,01)
Bulk purchases	5 705 263	5 697 676	4 620 165	23,49
Contract services	2 270 080	2 368 007	2 081 964	9,04
Other	3 444 705	3 497 774	3 099 014	11,15
	20 778 440	21 334 097	18 303 813	13,52
Net operating surplus	877 417	361 069	986 133	
Grants and subsidies–capital	2 194 505	2 343 192	1 330 653	
Grants-funded assets financed from reserve	(522 907)	(482 095)	(484 249)	
Surplus	2 521 841	2 222 166	1 832 537	
Appropriation and taxation	(1 644 424)	(1 699 854)	(683 285)	
Net result	877 417	522 312	1 149 252	

Over the past year, consolidated revenues increased by 12,12% to R21,63 billion. Service charges grew by 15,43% and was the most significant contributor to revenues.

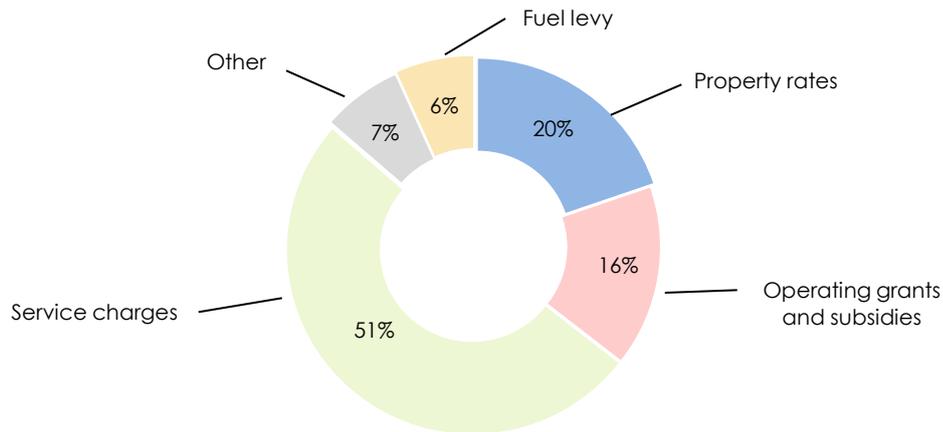
Consolidated operating expenses increased by 13,52% to R20,78 billion. Repairs and maintenance for the Entity were R1,89 billion for the year (2011: R1,71 billion) and constitute the major portion of contracted services. The Entity does not intend to cut back on repairs and maintenance programmes, as they are critical to the organisation. These programmes are monitored closely, because the preservation of assets is essential for continued service delivery.

In addition, the Entity reported a net operating surplus of R877,42 million (2011: R986,13 million) against a budgeted surplus of R361,07 million.

Operating revenue

The major revenue streams that supported the Entity's programmes and activities were:

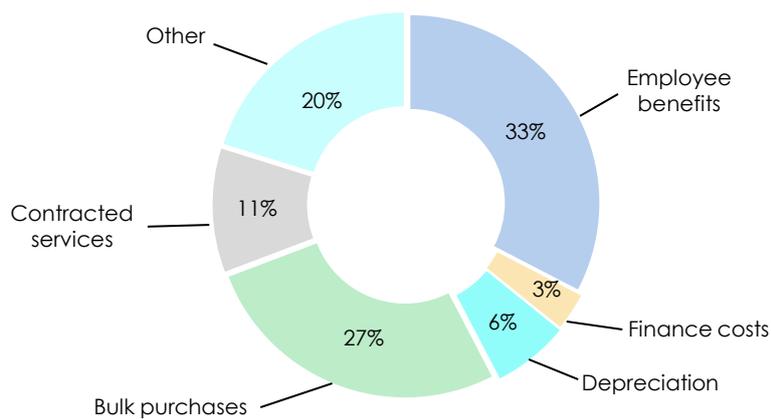
- property rates;
- service charges which are made up of:
 - electricity sales;
 - water sales;
 - wastewater management (sewerage and sanitation); and
 - waste management (solid waste);
- fuel levy;
- government grants and subsidies; and
- other



Further details of service charges are contained in note 23 to the consolidated annual financial statements.

Operating expenditure

The following graph indicates the main categories of expenditure for the year under review. The proactive management control and containment of cost increases remain a key priority for the Entity.



Further details are contained in notes 30 to 37 to the consolidated annual financial statements.

OPERATING RESULTS PER SERVICE

The following is a summary of the operating results of the various services.

Rates and general services

	2012			2011
	Actual R'000	Budget R'000	Variance R'000	Actual R'000
Revenue	11 450 950	11 383 332	(67 618)	10 522 950
Expenditure	(11 495 521)	(11 864 851)	(369 330)	(10 441 351)
Operating deficit for the year	(44 571)	(481 519)	(436 948)	81 599
Capital and subsidies – capital	1 823 210	1 956 290	133 080	1 125 648
Results for the year – see appendix C	1 778 639	1 474 771	(303 868)	1 207 247
Appropriations	(1 372 165)	(1 406 024)	(33 859)	(578 329)
Net results for the year	406 474	68 747	(337 727)	628 918

The higher-than-expected net operating surplus in relation to the budget is mainly due to the Entity's stringent expenditure controls.

Utility services

	2012			2011
	Actual R'000	Budget R'000	Variance R'000	Actual R'000
Revenue	15 274 581	15 422 611	148 030	13 512 174
Expenditure	(14 917 231)	(15 064 989)	(147 758)	(13 099 961)
Operating surplus for the year	357 350	357 622	272	412 213
Capital and subsidies – capital	371 295	386 902	15 607	205 005
Result for the year – see appendix C	728 645	744 524	15 879	617 218
Appropriations	(298 157)	(293 830)	(25 673)	(98 501)
Net results for the year	460 488	450 694	(9 794)	518 716

Subsidiaries (controlled and municipal entities)

	2012			2011
	Actual R'000	Budget R'000	Variance R'000	Actual R'000
Revenue	240 978	150 561	(90 417)	238 910
Expenditure	(226 421)	(147 690)	78 731	(230 837)
Results for the year – see appendix C	14 557	2 871	(11 686)	8 073
Taxation	(4 104)	-	4 104	(6 455)
Net results for the year	10 453	2 871	(7 582)	1 618

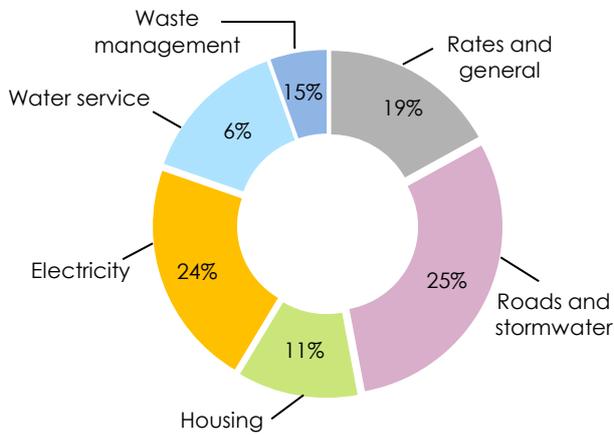
CAPITAL EXPENDITURE

As at 30 June 2012, the Entity's investment in property, plant and equipment amounted to R4,25 billion, compared to R2,89 billion for the previous financial period. This represents a 92,48% (2011: 77,03%) capital spend.

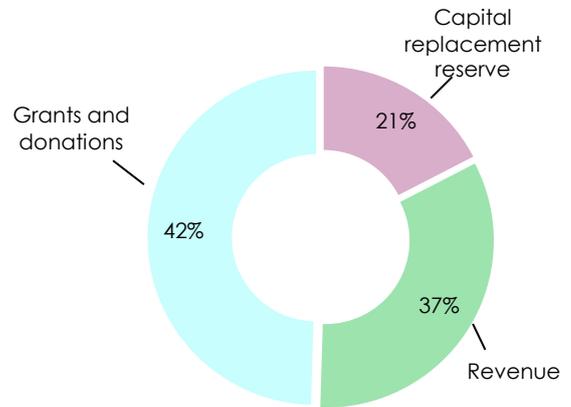
Capital commitments as at 30 June 2012 amounted to R2,03 billion (2011: R1,38 billion).

The aforementioned fixed assets were financed from the following sources:

Property, plant and equipment



Source of finance

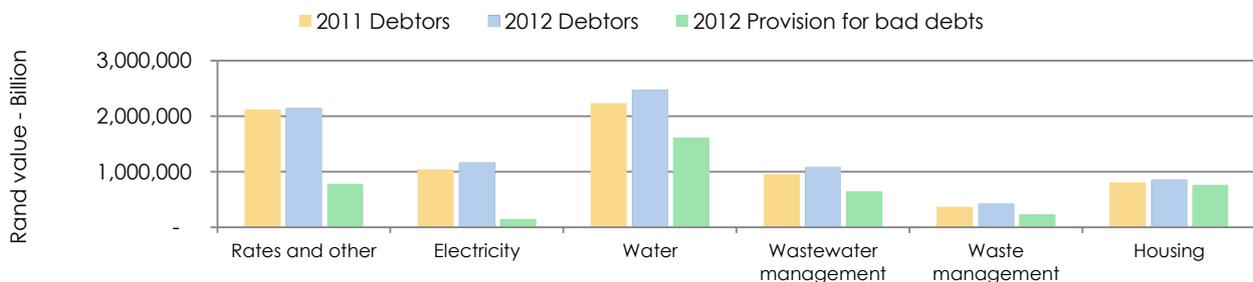


A complete analysis of capital expenditure (budgeted and actual) per functional area is included in appendix C, while appendix B contains details according to asset class. More details regarding external loans used to finance fixed assets are shown in appendix A.

CONSUMER DEBTORS

Outstanding consumer debtors as at 30 June 2012 were R8,16 billion (2011: R7,52 billion). Total provision for impairment increased from R3,82 billion to R4,18 billion, which represents 51,25% of the total outstanding consumer debtors. The increase in debt in arrears is largely due to the raising of interest on arrear indigent debtors. The City is currently embarking on a programme to write off these amounts, subject to the installation of water management devices. In accordance with this policy, an amount of R437,25 million (2011: R272,69 million) has been written off during the year under review.

The outstanding consumer debtors as at 30 June 2012 are represented graphically below, also reflecting the coverage by the provision for impairment.



INVESTMENTS, CASH AND BORROWING

Investments as at 30 June 2012 amounted to R2,99 billion, of which R641,65 million was set aside for the repayment of loans. Cash and cash equivalents, which represent cash and deposits with a maturity term of less than three months, increased by R177,40 million to R3,48 billion.

Interest-bearing debt reduced by R179,16 million for the year ended 30 June 2012. The Entity repaid interest-bearing debt of R200,40 million for the financial year under review.

Additional information regarding investments, cash and cash equivalents and loans is provided in notes 6, 11 and 12 as well as appendix A to the consolidated annual financial statements.

CASH FLOW ANALYSIS

The following table shows information regarding the Entity's consolidated cash flows for the year under review.

	2012 R'million	2011 R'million
Cash from operating activities	5 258	3 703
Cash from investing activities	(4 928)	(4 793)
Cash from financing activities	(152)	(260)

Cash flows from operating activities

The Entity's sources of liquidity are cash flows from operating activities and borrowings. Cash flows from operating activities increased from R3,71 billion to R5,26 billion. The Entity's working capital requirements have steadily increased over the years and are expected to be funded by cash generated from operations, with no shortfall being funded from short-term borrowings.

Cash flows from investing activities

Cash flows from investing activities relate primarily to investments in capital expenditure and short-term investments of longer than three months.

Cash flows from financing activities

In the 2012 financial year cash flows from financing activities were primarily due to the repayment of loans.

CREDIT RATING

The Entity is rated by Moody's Investors Service. During the year under review, Moody rated the Entity as an Aa2.za negative outlook. However, during November 2012, Moody's downgrade of the country's sovereign rating has had a knock-on effect on the City's rating, which has now also been downgraded from Aa2.za to Aa3.za negative outlook. To monitor its credit rating and capacity for long-term financing, the City considers various qualitative and quantitative factors. As at 30 June 2012 and 30 June 2011, the gearing ratio, which is net debt divided by total capital plus net debt, was 18,73% and 21,28% respectively. For the purpose of this calculation, net debt is defined in note 46.4 of the consolidated annual financial statements.

EXPRESSION OF APPRECIATION

I wish to convey my sincere appreciation to the Executive Mayor, the Deputy Executive Mayor, the Mayoral Committee, the chairperson and members of the Finance Portfolio Committee, the Audit Committee, the Municipal Public Accounts Committee, the City Manager and Executive Management Team for their support and cooperation during the year.

A special word of gratitude goes to the accounting staff for their contribution, and to the staff of the Auditor-General, the auditors appointed by the Auditor-General, as well as their staff, for conducting the external audit and for their assistance, support and cooperation during the year.

Finally, a further word of thanks to everybody for the hard work, sacrifices and concerted effort throughout the year to enable the Entity to finalise these consolidated annual financial statements within the prescribed period.



Kevin Jacoby
Chief Financial Officer

		Economic Entity		Municipality of Cape Town	
		2012 R'000	2011 R'000 Restated ¹	2012 R'000	2011 R'000 Restated ¹
ASSETS					
Non-current assets		24 916 058	22 028 520	24 772 497	21 882 359
Property, plant and equipment	1	24 399 586	21 659 720	24 217 257	21 474 791
Heritage assets	2	12 742	11 914	12 742	11 914
Investment property	3	192 478	84 999	192 478	84 999
Intangible assets	4	100 432	44 884	100 432	44 884
Investments	6	111 492	111 477	150 260	150 245
Long-term receivables	7	99 328	115 526	99 328	115 526
Current assets		10 930 435	9 617 108	10 769 233	9 455 791
Assets classified as held for sale	5	43	126	43	126
Inventory	8	254 385	236 634	253 008	235 249
Receivables	9	3 977 942	3 706 347	3 979 256	3 709 111
Receivables from exchange transactions		2 756 953	2 454 401	2 756 953	2 454 401
Receivables from non-exchange transactions		1 220 989	1 251 946	1 222 303	1 254 710
Other receivables	10	313 387	204 083	305 949	194 259
Other receivables from exchange transactions		155 550	96 628	148 112	86 804
Other receivables from non-exchange transactions		157 837	107 455	157 837	107 455
Investments	6	2 883 387	2 146 596	2 883 387	2 146 596
Current portion of long-term receivables	7	19 758	19 193	19 758	19 193
Cash and cash equivalents	11	3 481 533	3 304 129	3 327 832	3 151 257
TOTAL ASSETS		35 846 493	31 645 628	35 541 730	31 338 150
LIABILITIES					
Non-current liabilities		9 276 134	8 882 088	9 252 622	8 856 173
Borrowings	12	5 192 992	5 361 398	5 176 421	5 343 836
Provisions	13	4 076 201	3 512 337	4 076 201	3 512 337
Deferred taxation	38	6 941	8 353	-	-
Current liabilities		7 140 811	5 851 729	7 101 568	5 801 721
Deposits	14	291 441	244 695	274 944	233 492
Provisions	15	1 028 845	777 384	1 025 777	774 911
Payables from exchange transactions	16	3 799 494	3 356 178	3 783 153	3 321 917
Unspent conditional grants and receipts	17	1 665 752	1 108 680	1 665 752	1 108 680
Value added tax	18	57 756	57 368	57 756	57 368
Taxation		1 381	528	-	-
Current portion of borrowings	12	296 142	306 896	294 186	305 353
Total liabilities		16 416 945	14 733 817	16 354 190	14 657 894
NET ASSETS					
Total net assets		19 429 548	16 911 811	19 187 540	16 680 256
Housing Development Fund	19	521 463	539 070	521 463	539 070
Reserves	20	1 770 255	1 771 534	1 770 255	1 771 534
Accumulated surplus	21	17 002 060	14 468 763	16 895 822	14 369 652
Non-controlling interest	22	135 770	132 444	-	-
TOTAL NET ASSETS AND LIABILITIES		35 846 493	31 645 628	35 541 730	31 338 150

1. See note 47 for more details.

		Economic Entity		Municipality of Cape Town	
	Note	2012 R'000	2011 R'000 Restated ¹	2012 R'000	2011 R'000 Restated ¹
REVENUE					
Exchange revenue		13 513 381	11 702 611	13 282 331	11 471 709
Service charges	23	12 112 884	10 493 553	11 986 765	10 359 727
Rental of letting stock and facilities	24	289 736	250 316	289 736	250 316
Finance income	25	569 982	530 589	561 761	522 070
Licences and permits		41 471	37 645	41 471	37 645
Agency services		123 651	115 991	123 651	115 991
Other income	26	331 513	253 906	234 803	165 380
Gains on disposal of property, plant and equipment		44 144	20 611	44 144	20 580
Non-exchange revenue		10 309 807	8 917 988	10 404 464	9 004 966
City Improvement Districts	26	-	-	89 508	81 409
Property rates	27	4 706 641	4 524 363	4 712 098	4 529 932
Fuel levy		1 637 276	1 510 960	1 637 276	1 510 960
Fines		144 394	166 476	144 394	166 476
Government grants and subsidies	28	3 757 835	2 636 469	3 757 835	2 636 469
Public contributions	29	63 661	79 720	63 353	79 720
Total revenue		23 823 188	20 620 599	23 686 795	20 476 675
EXPENDITURE					
Employee-related costs	30	6 955 786	6 184 573	6 916 012	6 147 892
Remuneration of councillors	31	97 916	88 858	97 772	88 621
Impairment costs	32	847 513	799 494	845 842	783 092
Collection costs		166 380	174 755	166 380	174 755
Depreciation and amortisation expenses	33	1 394 834	1 283 682	1 372 096	1 262 100
Finance costs	34	683 166	719 170	681 533	717 475
Bulk purchases	35	5 705 263	4 620 165	5 705 263	4 620 165
Contracted services		2 270 080	2 081 964	2 193 662	2 010 269
Grants and subsidies paid	36	103 502	93 393	103 492	93 382
General expenses	37	3 075 160	2 738 305	3 095 735	2 750 930
Losses on disposal of property, plant and equipment		1 747	3 702	1 724	3 529
Total expenditure ²		21 301 347	18 788 061	21 179 511	18 652 210
Surplus		2 521 841	1 832 538	2 507 284	1 824 465
Taxation	38	(4 104)	(6 455)	-	-
Surplus after taxation		2 517 737	1 826 083	2 507 284	1 824 465
Attributable to owners of the controlling entity		2 514 411	1 827 243		
Attributable to non-controlling interest	22	3 326	(1 160)		
SURPLUS FOR THE YEAR		2 517 737	1 826 083		

1. See note 47 for more details.

2. Includes the repair and maintenance amount of R1,89 billion (2011: R1,71 billion).

Economic Entity

	Housing development fund R'000	Capital replacement reserve R'000	Self-insurance reserve R'000	Accumulated surplus R'000	Non-controlling interest R'000	Total R'000
2011						
Balance as at 30 June 2010	531 472	1 180 916	658 175	12 581 561	133 604	15 085 728
Restated surplus at 01 July 2010 ¹	-	-	-	1 827 243	-	1 827 243
Surplus at 30 June 2011 - previously reported	-	-	-	1 734 960	(1 160)	(1 160)
Correction of errors	-	-	-	92 283	-	-
Transfer to/(from)	30 453	570 495	(73 012)	(527 936)	-	-
Property, plant and equipment purchased	(22 855)	(565 040)	-	587 895	-	-
Balance as at 30 June 2011	539 070	1 186 371	585 163	14 468 763	132 444	16 911 811
2012						
Surplus for the year	-	-	-	2 514 411	3 326	2 517 737
Transfer to/(from)	(9 088)	818 572	(88 981)	(720 503)	-	-
Property, plant and equipment purchased	(8 519)	(730 870)	-	739 389	-	-
Balance as at 30 June 2012	521 463	1 274 073	496 182	17 002 060	135 770	19 429 548

Municipality of Cape Town

	Housing development fund R'000	Capital replacement reserve R'000	Self-insurance reserve R'000	Accumulated surplus R'000	Total R'000
2011					
Balance at 30 June 2010	531 472	1 180 916	658 175	12 485 228	14 855 791
Restated surplus at 1 July 2010 ¹	-	-	-	1 824 465	1 824 465
Surplus at 30 June 2011 - previously reported	-	-	-	1 732 182	-
Correction of errors	-	-	-	92 283	-
Transfer to/(from)	30 453	570 495	(73 012)	(527 936)	-
Property, plant and equipment purchased	(22 855)	(565 040)	-	587 895	-
Balance at 30 June 2011	539 070	1 186 371	585 163	14 369 652	16 680 256
2012					
Surplus for the year	-	-	-	2 507 284	2 507 284
Transfer to/(from)	(9 088)	818 572	(88 981)	(720 503)	-
Property, plant and equipment purchased	(8 519)	(730 870)	-	739 389	-
Balance at 30 June 2012	521 463	1 274 073	496 182	16 895 822	19 187 540

1. See note 47 for more details.

	Economic Entity		Municipality of Cape Town	
Note	2012 R'000	2011 R'000	2012 R'000	2011 R'000 Restated ¹
CASH FLOW FROM OPERATING ACTIVITIES				
Cash receipts from ratepayers, government and other	22 486 566	19 154 392	22 359 438	19 018 393
Cash paid to suppliers and employees	(17 132 808)	(15 242 390)	(17 019 721)	(15 160 258)
Cash generated from operations	5 353 758	3 912 002	5 339 717	3 858 135
Finance income	572 094	512 376	563 873	503 857
Finance costs	(663 394)	(710 888)	(661 761)	(709 193)
Taxation	(4 663)	(9 981)	-	-
NET CASH FROM OPERATING ACTIVITIES	5 257 795	3 703 509	5 241 829	3 652 799
CASH FLOW FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment and other	(4 253 098)	(2 895 348)	(4 233 245)	(2 857 761)
Proceeds on disposal of assets	45 983	63 604	45 983	63 278
Decrease/(increase) in assets held-for-sale	83	(60)	83	(60)
Decrease in non-current receivables	15 633	1 819	15 633	1 819
(Increase) in investments	(736 806)	(1 962 720)	(736 806)	(1 962 720)
NET CASH FROM INVESTING ACTIVITIES	(4 928 205)	(4 792 705)	(4 908 352)	(4 755 444)
CASH FLOW FROM FINANCING ACTIVITIES				
New loans raised	431	335	-	-
Loans repaid	(199 363)	(262 568)	(198 354)	(261 609)
Increase in deposits	46 746	2 102	41 452	4 332
NET CASH FROM FINANCING ACTIVITIES	(152 186)	(260 131)	(156 902)	(257 277)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	177 404	(1 349 327)	176 575	(1 359 922)
Cash and cash equivalents at the beginning of the year	3 304 129	4 653 456	3 151 257	4 511 179
Cash and cash equivalents at the end of the year	3 481 533	3 304 129	3 327 832	3 151 257

Statement of comparison of budget and actual amounts for the year ended 30 June 2012

	Note	Actuals	Approved budget	Final budget	Variance: Final budget and actual amounts	Variance
		R'000	R'000	R'000	R'000	%
STATEMENT OF FINANCIAL POSITION 42.2.1						
Total non-current assets		24 916 058	27 199 565	25 328 852	412 794	1,63
Total current assets	i	10 930 435	7 664 200	6 916 319	(4 014 116)	(58,04)
Total assets		35 846 493	34 863 765	32 245 171	(3 601 322)	(11,17)
Total non-current liabilities		9 276 134	10 488 998	9 085 680	(190 454)	(2,10)
Total current liabilities	ii	7 140 811	5 282 869	4 248 021	(2 892 790)	(68,10)
Total liabilities		16 416 945	15 771 867	13 333 701	(3 083 244)	(23,12)
Total net assets		19 429 548	19 091 898	18 911 470	(518 078)	(2,74)
Total net assets and liabilities		35 846 493	34 863 765	32 245 171	(3 601 322)	(11,17)
STATEMENT OF FINANCIAL PERFORMANCE 42.2.2						
Service charges		12 112 884	12 532 716	12 223 909	111 025	0,91
Rental of letting stock and facilities	i	289 736	264 043	263 608	(26 128)	(9,91)
Finance income	ii	569 982	416 261	416 261	(153 721)	(36,93)
Licences and permits	iii	41 471	30 046	30 046	(11 425)	(38,03)
Agency services	iv	123 651	115 993	115 993	(7 658)	(6,60)
Other income	v	331 513	278 009	302 008	(29 505)	(9,77)
Gains on disposal of property, plant and equipment	vi	44 144	105 000	85 000	40 856	48,07
Property rates		4 706 641	4 667 744	4 697 744	(8 897)	(0,19)
Fuel levy		1 637 276	1 637 276	1 637 276	-	-
Fines	vii	144 394	186 892	172 963	28 569	16,52
Government grants and subsidies	viii	3 757 835	4 539 536	4 009 151	251 316	6,27
Public contributions	ix	63 661	73 639	84 399	20 738	24,57
Total revenue		23 823 188	24 847 155	24 038 358	215 170	0,90
Employee-related costs		6 955 786	7 131 487	7 042 977	87 191	1,24
Remuneration of councillors	i	97 916	109 156	109 156	11 240	10,30
Impairment costs	ii	847 513	1 072 226	1 056 640	209 127	19,79
Collection costs		166 380	201 229	170 729	4 349	2,55
Depreciation and amortisation expenses		1 394 834	1 386 621	1 386 621	(8 213)	(0,59)
Finance costs	iii	683 166	766 497	766 497	83 331	10,87
Bulk purchases		5 705 263	5 785 576	5 697 676	(7 587)	(0,13)
Contracted services		2 270 080	2 399 092	2 368 007	97 927	4,14
Grants and subsidies paid		103 502	96 419	106 248	2 746	2,58
General expenses		3 075 160	3 340 762	3 111 641	36 481	1,17
Losses on disposal of property, plant and equipment		1 747	-	-	(1 747)	-
Total expenditure		21 301 347	22 289 065	21 816 192	514 845	2,36
Surplus for the year		2 521 841	2 558 090	2 222 166	(299 675)	(13,49)
CASH FLOW STATEMENT 42.2.3						
Net cash from (used) operating	i	5 257 795	4 187 458	2 211 783	(3 046 012)	(137,72)
Net cash from (used) investing	ii	(4 928 205)	(5 171 557)	(2 646 102)	2 282 103	(86,24)
Net cash from (used) financing	iii	(152 186)	1 325 535	(180 184)	(27 998)	15,54
Net (decrease)/increase in cash and cash equivalents		177 404	341 436	(614 503)	(791 907)	128,87
CAPITAL EXPENDITURE 42.2.4						
City Health		22 801	24 848	22 972	171	0,74
City Manager	i	122	422	142	20	14,08
Community Services		162 772	136 857	168 893	6 121	3,62
Corporate Services		204 771	205 871	211 269	6 498	3,08
Deputy City Manager	ii	13 962	24 419	16 945	2 983	17,60
Economic, Environment and Spatial Planning	iii	36 727	52 694	42 841	6 114	14,27
Finance		119 902	155 232	120 821	919	0,76
Safety and Security		67 079	41 101	68 175	1 096	1,61
Social and Early Childhood Development	iv	9 446	11 350	12 330	2 884	23,39
Tourism, Events and Marketing	v	62 875	54 779	72 695	9 820	13,51
Transport, Roads and Stormwater	vi	1 280 796	1 824 558	1 430 884	150 088	10,49
Human Settlements	vii	490 725	751 081	553 787	63 062	11,39
Waste Management		229 903	284 271	230 653	750	0,33
Water and wastewater management	viii	605 156	691 214	643 257	38 101	5,92
Electricity		926 208	831 170	965 548	39 340	4,07
Subsidiaries	ix	19 853	37 587	37 587	17 734	47,18
Total ¹		4 253 098	5 127 454	4 598 799	345 701	7,52

1. The Actual amount does not include the contributed assets amount of R76,43 million. See Appendix B.

ACCOUNTING POLICIES

GENERAL INFORMATION

The address of the Economic Entity's registered office and principal place of business is disclosed under "General information" while the Entity's principal activities are described under "Reporting entity's mandate" at the start of these annual financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Entity's principal accounting policies, which are in all material respects consistent with those applied in the previous year, except as stated in note 47, are set out below. The historical cost convention has been used, except where indicated otherwise. Management has used assessments and estimates in preparing the annual financial statements – these are based on the best information available at the time of preparation. The financial statements have been prepared on a going-concern basis.

Basis of presentation

The financial statements have been prepared in accordance with the standards of GRAP, issued by the ASB and approved by the Minister of Finance as effective.

The ASB has issued a directive that sets out the principles for the application of the GRAP 3 guidelines in determining the GRAP Reporting Framework hierarchy, as set out in the "Standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors".

In the process of applying the Entity's accounting policies, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Entity as lessor

Leases where risks and rewards of ownership are not transferred to the lessee are classified as operating leases. Payments received under operating leases are recognised in the statement of financial performance on a straight-line basis over the period of the lease.

Pension and other post-employment benefits

The cost of defined-benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments. This was performed per service-identifiable categories across all debtor classes.

Impairment of property, plant and equipment

The calculation in respect of the impairment of property, plant and equipment is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This was performed across all classes of property, plant and equipment.

Provisions and contingent liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities, as set out in note 13 and 49.2 respectively. Provisions are discounted where the effect of discounting is material, using actuarial valuations.

Useful lives of property, plant and equipment

The useful lives of assets are based on management's estimates. Management considers the impact of technology, service requirements and required return on assets to determine the optimum useful-life expectation, where appropriate. The estimated residual values of assets is also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

Budget information

Deviations between budget and actual amounts are regarded as material when a 5% difference exists.

All material differences are explained in the notes to the annual financial statements.

Adoption of new and revised standards

In the current year, the Entity has adopted all new and revised standards and interpretations issued by the ASB that are relevant to its operations and are effective. The adoption of these new and revised standards and interpretations has resulted in changes to the accounting policies.

The Entity has not adopted any GRAP standard that is not yet effective, but has based its accounting policies on such standards, except for GRAP 18 and 20. Effective dates have been given for some of the standards, while for others no effective dates have yet been determined. At the date of submission of these financial statements for the year ended 30 June 2012, the following standards had been issued but were not yet effective:

- Annual periods commencing on or after 1 April 2012:
 - GRAP 21 - Impairment of non-cash-generating assets
 - GRAP 23 - Revenue from non-exchange transactions (taxes and transfers)
 - GRAP 24 - Presentation of budget information
 - GRAP 26 - Impairment of cash-generating assets
 - GRAP 103 - Heritage assets
 - GRAP 104 - Financial instruments
- Annual periods commencing on or after 1 April 2013:
 - GRAP 25 - Employee benefits
- No effective dates provided as yet:
 - GRAP 18 - Segment reporting
 - GRAP 20 - Related-party disclosures (revised)
 - GRAP 105 - Transfers of functions between entities under common control
 - GRAP 106 - Transfers of functions between entities not under common control
 - GRAP 107 - Mergers

All the above standards, where applicable, will be complied with in the financial statements once the standards take effect. Preliminary investigations indicated that the impact of the standards on the financial statements will be minimal.

CONSOLIDATION

The Entity's financial statements incorporate the financial statements of the parent entity, i.e. the City of Cape Town, and all its subsidiaries and joint ventures, presented as a single economic entity, and consolidated at the same reporting date as the parent entity.

Subsidiaries

Subsidiaries are entities controlled by the Entity. The existence and effect of potential voting rights that are currently exercisable or convertible without restriction are considered when assessing whether the Entity controls another entity. Subsidiaries are consolidated from the date that effective control is transferred to the Entity and are no longer consolidated from the date that effective control ceases. For certain entities, the Entity has entered into contractual arrangements that afford the Entity power to exercise control over the operations of such entities. Because the group controls such entities in this manner, they are considered to be subsidiaries and are therefore consolidated in the annual financial statements.

All intergroup transactions, balances and unrealised gains and losses are eliminated as part of the consolidated process. The interests of non-controlling shareholders in the consolidated equity and results of the group are shown separately in the consolidated statement of financial position and statement of financial performance respectively. Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest, even if doing so causes the non-controlling interest to have a deficit balance.

HOUSING FUNDS

The housing development fund was established in terms of the Housing Act (Act 107 of 1997).

Housing development fund

Sections 15(5) and 16 of the Housing Act, which came into effect on 1 April 1998, required the Entity to maintain a separate housing operating account. This legislated separate operating account is known as the housing development fund and is fully cash-backed.

In terms of section 14(4)(d)(ii)(aa), read with, inter alia, section 16(2), the Housing Act also requires that the net proceeds of any letting, sale or alienation of property previously financed from government housing funds, be paid into a separate operating account, and be utilised by the Entity for housing development in accordance with the National Housing Policy.

Unrealised housing proceeds

In order to comply with section 14(4)(d)(i) and (ii) of the Housing Act, in terms of which all net proceeds need to be paid into the housing development fund, it was necessary to create a holding account that represents the unrealised funds due by long-term housing selling developments and sponsored loan debtors. This account is reduced when debtors are billed for their current loan repayments.

RESERVES

The Entity creates and maintains reserves in terms of specific requirements.

Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR.

The following provisions are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised.
- The CRR may only be utilised for purchasing items of property, plant and equipment, and may not be used for their maintenance.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR, and the accumulated surplus is credited by a corresponding amount.

Insurance reserve**Self-insurance reserve**

A general insurance reserve has been established and covers claims that may occur, subject to reinsurance where deemed necessary. Premiums are charged to the respective services, taking into account claims history and replacement value of the insured assets.

Reinsurance premiums paid to external reinsurers are regarded as an expense, and are shown as such in the statement of financial performance. The net surplus or deficit on the insurance operating account is transferred to or from the insurance reserve via the statement of changes in net assets.

An actuarial valuation is obtained each year to assess the adequacy of the insurance reserve at year-end.

Compensation for occupational injuries and diseases (COID) reserve

The Entity has been exempted from making contributions to the Compensation Commissioner for occupational injuries and diseases in terms of section 84 of the COID Act (Act 130 of 1993).

The certificate of exemption issued by the Commissioner, and as prescribed by the COID Act, requires the Entity to deposit cash and/or securities with the Commissioner, of which the total market values in aggregate shall not be less than the capitalised value of the Entity's continuing liability as at 31 December of each year.

The continuing liability is that of annual pensions, the capitalised value of which is determined on the basis of an actuarial determination prescribed by the Commissioner. A COID reserve has been established to equate to the value of the continuing liability. The market value of the securities is determined annually by the Commissioner, and the Entity is required to meet any shortfall in the aggregate value of the securities as at 31 December. Monthly pensions are funded by transferring funds from the reserve to the expense account in the statement of financial performance.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. Where property, plant and equipment are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the assets are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, it is regarded as repairs and maintenance, and is expensed.

The Entity maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for any economic gain, and thus no residual values are determined other than for vehicles.

The gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value, and is recognised in the statement of financial performance.

Depreciation rates

Depreciation is calculated at cost, using the straight-line method, over the estimated useful lives of the assets. The residual value, depreciation method and useful life, if not insignificant, are reassessed annually with the effect of any changes in estimate accounted for on a prospective basis. The depreciation rates are based on the following estimated useful lives:

	Years		Years
Infrastructure		Other	
Roads and paving	10–50	Buildings	6–50
Electricity	20–30	Specialist vehicles	10–20
Water	15–30	Other vehicles	4–8
Sewerage	15–20	Office equipment	3–10
Housing	30	Furniture and fittings	6–10
		Watercraft	10
Community		Bins and containers	5
Recreational facilities	20–30	Plant and equipment	5–10
Security	5–10	Landfill sites	30
		Central processing units	4
		Library books	1

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is ready for its use as intended by management. Freehold land is not depreciable as it has an indefinite useful life. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where appropriate, the term of the relevant lease, and are recognised in the statement of financial performance.

HERITAGE ASSETS

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset that qualifies for recognition as an asset shall be measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

Heritage assets are not depreciated, since their long economic life and high residual value mean that any depreciation would be immaterial.

INVESTMENT PROPERTIES

Investment properties are held to earn rental income and/or for capital appreciation, and are stated at cost less accumulated depreciation and accumulated impairment losses. Investment property excludes owner-occupied property that is used in the production or supply of goods or services or for administrative purposes, or property held to provide a social service.

Investment property other than vacant land is depreciated on the straight-line basis over the useful lives of the assets, estimated at 20 to 50 years.

An investment property is derecognised upon disposal or when it is permanently withdrawn from use, and when no future economic benefits or service potential are expected from its disposal. Any gain or loss arising from the retirement or disposal of investment property is included in surplus or deficit in the period of the retirement or disposal.

INTANGIBLE ASSETS

An intangible asset is defined as an identifiable non-monetary asset without physical substance, held for use in the production or supply of goods or services, for rental to others or for administrative purposes.

The Entity recognises computer development software costs as intangible assets if the costs are clearly associated with an identifiable and unique system controlled by the Entity, and have a probable benefit exceeding one year. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

Direct computer software development costs recognised as assets are amortised on the straight-line basis over the useful lives of the assets, estimated at three to five years.

NON-CURRENT ASSETS HELD-FOR-SALE

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to a plan to sell the asset, and the sale should be expected to qualify for recognition as a complete sale within one year from the date of classification.

If committed to a sales plan involving the loss of control in a controlled entity, the Entity shall classify all the assets and liabilities of that controlled entity as held-for-sale when the criteria described above are met.

Non-current assets and disposal groups classified as held-for-sale will cease to be classified as such when the recognition criteria are no longer met.

Assets classified as held-for-sale are measured at the lower of the asset's carrying amount or fair value less cost to sell.

IMPAIRMENT OF CASH AND NON-CASH-GENERATING ASSETS

The Entity classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. All other assets are classified as non-cash-generating assets.

At the end of each reporting period, carrying amounts of cash-generating and non-cash-generating assets are reviewed to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount or recoverable service amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual cash-generating asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Cash-generating units shall be identified consistently from period to period for the same asset or types of assets, unless a change is justified.

Intangible assets with indefinite useful lives as well as intangible assets not yet available for use are tested for impairment annually at the same time every year as well as whenever there is an indication that the asset may be impaired.

The recoverable amount of a cash-generating asset is the higher of fair value less cost to sell and value in use. The value in use is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

The recoverable service amount of a non-cash-generating asset is the higher of fair value less cost to sell and value in use. The value in use is the present value of the remaining service potential of the asset, and is determined using the most appropriate of the depreciated replacement cost, restoration cost or service units approach.

The discount rate used is a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount or recoverable service amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount or recoverable service amount. An impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount or recoverable service amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash with banks, and call deposits. Cash equivalents are short-term bank deposits with a maturity of three months or less from inception, readily convertible to cash without significant change in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

INVENTORIES

Inventories consist of raw materials, work in progress, consumables and finished goods that are valued at the lower of cost (determined on the weighted-average basis) and net realisable value, except for plants and compost, which are valued at the tariffs charged. Where they are held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost and current replacement value.

Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Redundant and slow-moving inventories are identified and written down to their estimated net realisable values, and are recognised as an expense in the period in which the write-down or loss occurs. Consumables are written down according to their age, condition and utility.

VALUE-ADDED TAX

The Entity accounts for value-added tax on the payment basis.

GRANTS AND RECEIPTS

Income received from conditional grants, donations and subsidies is recognised in so far as the Entity has complied with all of the criteria, conditions or obligations embodied in the applicable agreement. In so far as the criteria, conditions or obligations have not been met, a liability is recognised, and should the funds not be committed for future use, that such funds be repaid.

Interest earned on the investment is treated in accordance with grant conditions.

Unconditional grants are immediately recognised as revenue.

Grants and receipts of a revenue nature

Income is transferred to the statement of financial performance as revenue to the extent that the criteria, conditions or obligations have been met.

Grants and receipts of a capital nature

Income is transferred to the statement of financial performance to the extent that the criteria, conditions or obligations have been met.

PROVISIONS

A provision is recognised when the Entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and can be reliably estimated the amount of the obligation.

When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the statement of financial performance as a finance cost.

ENVIRONMENTAL REHABILITATION PROVISIONS

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the Entity's policy, taking into account current technological, environmental and regulatory requirements.

The provision for rehabilitation is recognised as and when the environmental liability arises. In so far as the obligations relate to assets, they are capitalised as part of the cost of those assets. Any unwinding of discount is charged to the statement of financial performance. The discount rate has not been risk-adjusted.

EMPLOYEE BENEFITS**Retirement benefit plans**

The Entity provides retirement benefits for its employees and councillors. Defined-contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans. The defined-benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year in which they become payable.

Post-retirement pension funds

Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The Entity contributes monthly to the funds.

These contributions are charged to the operating account when employees have rendered the service entitling them to the contributions. Actuarial valuation of the liability is performed on an annual basis. The projected unit credit method has been used to value the obligations.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the actuarial gains and losses, and past service costs.

Actuarial gains or losses are fully accounted for in the statement of financial performance in the year that they occur.

Medical aid: Continued members

The Entity provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds with which the Entity is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the Entity will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract and the Entity's decision on protected rights. Post-retirement medical contributions paid by the Entity, depending on the employee's contract, could be 60%, 70% or a subsidy indicated on a sliding scale. In each case the employee is responsible for the balance of post-retirement medical contributions. External appointments after December 2000 do not qualify for a post-retirement medical aid subsidy.

These contributions are charged to the operating account when employees have rendered the service entitling them to the contribution.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the unrecognised actuarial gains and losses, and past service costs.

Actuarial gains or losses are fully accounted for in the statement of financial performance in the year that they occur. The projected unit credit method has been used to value the obligation.

Short-term and long-term employee benefits

The cost of all short-term employee benefits, such as leave pay, is recognised during the period in which the employee renders the related service. The Entity recognises the expected cost of performance bonuses only when the Entity has a present legal or constructive obligation to make such payment, and a reliable estimate can be made.

The Entity provides long-term incentives to eligible employees, payable on completion of years of employment. The Entity's liability is based on an actuarial valuation. The projected unit credit method has been used to value the obligation. Actuarial gains and losses on the long-term incentives are fully accounted for in the statement of financial performance.

REVENUE RECOGNITION

Revenue is recognised net of indirect taxes, rebates and trade discounts, and consists primarily of rates, grants from National and Provincial Government, service charges, rentals, interest received and other services rendered. Revenue is recognised when it is probable that future economic benefits or services potential will flow to the Entity, and when these benefits can be reliably measured. Revenue arising from the application of the approved tariff charges is recognised when the relevant service is rendered, by applying the relevant authorised tariff. This includes the issuing of licences and permits.

Revenue from exchange transactions

- Service charges relating to solid waste, sanitation and sewerage are levied in terms of the approved tariffs.
- Service charges relating to electricity and water are based on consumption. Meters are read on a periodic basis, and revenue is recognised providing that the benefits can be measured reliably. Estimates of consumption are made every other month based on consumption history. Such estimated consumption is recognised as income when invoiced, and adjusted every following month that the meter is read. An accrual on the basis of a determined consumption factor is made for consumption not measured as at the end of the financial year.
- Services provided on a prepayment basis are recognised at the point of sale. An adjustment for an unutilised portion is made at year-end, based on the average consumption history.
- Income in respect of housing rental and instalment sale agreements is accrued monthly.
- Interest earned on investments is recognised in the statement of financial performance on a time-proportionate basis, which takes into account the effective yield on the investment. Interest may be transferred from the accumulated surplus to the housing development fund or the insurance reserve.

Interest earned on the following investments is not recognised in the statement of financial performance:

- Interest earned on trust funds is allocated directly to the fund.
- Interest earned on unutilised conditional grants is allocated directly to the creditor "Unutilised conditional grants" if the grant conditions indicate that interest is payable to the funder.
- Dividends are recognised when the Entity's right to receive payment is established.
- Income for agency services is recognised on a monthly basis once the income collected on behalf of agents is earned. The income is recognised in terms of the agency agreement.
- Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
 - The Entity has transferred to the buyer the significant risks and rewards of ownership of the goods.
 - The Entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

- The amount of revenue can be reliably measured.
- The costs incurred or to be incurred in respect of the transaction can be reliably measured.
- Prepaid electricity sold is only recognised as income once the related units are consumed.

Revenue from non-exchange transactions

- Revenue from rates is recognised when the legal entitlement to this revenue arises and ratepayers have been duly notified. Collection charges are recognised when such amounts are legally enforceable. Interest on unpaid rates is recognised on a time-proportionate basis with reference to the principal amount receivable and the effective interest rate applicable.

A composite rating system, charging different rate tariffs, is used. Rebates are granted to certain categories of ratepayers, and are deducted from revenue.

- Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with management's best estimate of the probable inflows from the amounts not yet collected.
- Donations are recognised on a cash receipt basis, at fair value, or, where the donation is in the form of property, plant and equipment, when the risks or rewards of ownership have transferred to the Entity.
- Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act 56 of 2003), and is recognised when the recovery thereof from the responsible councillors or officials is probable.

LEASES**The Entity as lessee**

- Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Entity.

Assets subject to finance lease agreements are capitalised at their cash cost equivalent, and the corresponding liabilities are raised. The cost of the assets is depreciated at appropriate rates on the straight-line basis over the estimated useful lives of the assets. Lease payments are allocated between the lease finance cost and the capital repayment, using the effective interest rate method. Lease finance costs are expensed when incurred.

- Operating leases are those leases that do not fall within the scope of the above definition. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease.

The Entity as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

GRANTS-IN-AID

The Entity transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the Entity does not:

- receive any goods or services directly in return as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period in which the events giving rise to the transfer occurred.

FINANCIAL INSTRUMENTS

Financial instruments are recognised when the Entity becomes a party to the contractual provisions of the instrument, and are initially measured at fair value. In the case of a financial instrument not measured at fair value through the statement of financial performance, transaction costs that are directly attributable to the acquisition or issue of the instrument are added to, or deducted from, the fair value, as appropriate on initial recognition.

Financial assets

The classification of financial assets depends on their nature and purpose, and is determined at the time of initial recognition.

- **Investments at fair value**

Non-derivative investments held without the positive intent or ability to hold to maturity. Subsequent to initial recognition, all changes to fair value are recognised through the statement of financial performance.

- **Investments at amortised cost**

Non-derivative investments with fixed or determinable payments and fixed maturity dates, which the Entity has the positive intent and ability to hold to maturity. Subsequent to initial recognition, such investments are measured at amortised cost using the effective interest method less any impairment.

- **Investments at cost**

Residual interests that do not have a quoted market price in an active market, and the fair value of which cannot be reliably measured. Subsequent to initial recognition, such investments are measured at cost, less any impairment.

Financial assets other than those at fair value are assessed for indicators of impairment at the end of each reporting period. Impairment is considered when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Entity has transferred substantially all risks and rewards of ownership, or when the enterprise loses control of contractual rights that comprise the assets.

Financial liabilities

After initial recognition, the Entity measures all financial liabilities, including payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities (excluding provisions) and payables (excluding provisions). Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis.

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or when it expires.

PAYABLES

Payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off in the year in which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Interest is charged on overdue amounts.

UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted for expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003). Unauthorised expenditure is accounted for as an expense in the statement of financial performance and, where recovered, is subsequently accounted for as revenue in the same statement.

IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act, Municipal Systems Act (Act 32 of 2000), and Remuneration of Public Office Bearers Act (Act 20 of 1998), or that is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the statement of financial performance and, where recovered, is subsequently accounted for as revenue in the same statement.

SERVICES IN-KIND

The Entity does not recognise services in-kind as revenue or as an asset, but separately discloses the nature and type of major classes of services in-kind as a note to the financial statements.

FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain, and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the statement of financial performance and, where recovered, is subsequently accounted for as revenue in the same statement.

FOREIGN-CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from reporting of creditors at rates different from those at which they were initially recorded during the period, are recognised as income or expenses in the period in which they arise.

BORROWING COSTS

Borrowing costs are capitalised against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalised over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalisation ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

RELATED PARTIES

The Entity regards a related party as a person or an entity with the ability to control individually or jointly, or exercise significant influence over the Entity, or vice versa.

Management is regarded as a related party, and comprises the councillors, Executive Mayor, Mayoral Committee members, City Manager, Deputy City Manager and executive directors.

CONSTRUCTION CONTRACTS

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with that construction contract are recognised as revenue and expenses respectively, by reference to the stage of completion of the contract activity at the reporting date.

The stage of completion is based on the proportion of contract costs incurred to date relative to the estimated total costs.

When the outcome of a construction contract cannot be reliably measured, revenue is recognised only to the extent that contract costs incurred are likely to be recovered. Contract costs are recognised as expenses in the period in which they are incurred.

In some cases, certain construction activities and technical supervision have been subcontracted to private-sector contractors for a fixed completion-of-contract fee. Where this has occurred, the subcontracted costs are recognised by way of the percentage-of-completion method for each subcontract.

Amounts received before the related work is performed are included in the statement of financial position as a liability, under unspent conditional grants and receipts

BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standards, and are consistent with the accounting policies adopted by Council for the preparation of these financial statements. The amounts are scheduled as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comments are provided in the notes to the annual financial statements, firstly stating reasons for overall growth or decline in the budget, and, secondly, motivating over-spending or under-spending on line items.

The annual budget figures included in the financial statements are for the Entity. These figures are those approved by Council both at the beginning and during the year following a period of consultation with the public as part of the IDP.

OFFSETTING

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amount, and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

COMPARATIVE INFORMATION

Comparative figures are reclassified or restated as necessary to afford a proper and more meaningful comparison of results, as set out in the affected notes to the financial statements.

1. PROPERTY, PLANT AND EQUIPMENT

	Economic entity						Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	Depreciation R'000	Impairment R'000	
As at 30 June 2012							
Land and buildings	2 049 221	(348 522)	73 596	(48)	(81 381)	(20 327)	1 672 539
Infrastructure	11 578 408	(204 000)	2 645 556	-	(590 791)	(234)	13 428 939
Community	5 072 370	591 269	232 914	-	(220 508)	-	5 676 045
Leased assets	65 592	(65 592)	-	-	-	-	-
Other	2 282 583	(186 682)	1 085 892	(2 797)	(457 276)	(6 831)	2 714 889
Housing rental stock	611 546	171 872	152 690	(727)	(28 207)	-	907 174
TOTAL	21 659 720	(41 655)	4 190 648	(3 572)	(1 378 163)	(27 392)	24 399 586

(See appendix B for more details)

As at 30 June 2011							
Land and buildings	1 823 409	202 606	125 292	(395)	(91 825)	(9 866)	2 049 221
Infrastructure	10 259 317	(37 920)	1 832 881	(1)	(475 869)	-	11 578 408
Community	5 042 870	45 817	216 014	-	(232 331)	-	5 072 370
Leased assets	113 735	(34 955)	-	-	(13 188)	-	65 592
Other	2 272 944	(198 856)	699 216	(43 627)	(431 002)	(16 092)	2 282 583
Housing rental stock	621 457	7 732	11 621	(2 602)	(26 662)	-	611 546
TOTAL	20 133 732	(15 576)	2 885 024	(46 625)	(1 270 877)	(25 958)	21 659 720

	Municipality of Cape Town						Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	Depreciation R'000	Impairment R'000	
As at 30 June 2012							
Land and buildings	1 898 806	(348 522)	69 758	(25)	(67 202)	(20 327)	1 532 488
Infrastructure	11 578 408	(204 000)	2 645 556	-	(590 791)	(234)	13 428 939
Community	5 072 370	591 269	232 914	-	(220 508)	-	5 676 045
Leased assets	65 592	(65 592)	-	-	-	-	-
Other	2 248 069	(186 682)	1 069 569	(2 797)	(448 717)	(6 831)	2 672 611
Housing rental stock	611 546	171 872	152 690	(727)	(28 207)	-	907 174
TOTAL	21 474 791	(41 655)	4 170 487	(3 549)	(1 355 425)	(27 392)	24 217 257

(See appendix B for more details)

As at 30 June 2011							
Land and buildings	1 675 651	201 077	110 386	(241)	(78 201)	(9 866)	1 898 806
Infrastructure	10 259 317	(37 920)	1 832 881	(1)	(475 869)	-	11 578 408
Community	5 042 870	45 817	216 014	-	(232 331)	-	5 072 370
Leased assets	113 735	(34 955)	-	-	(13 188)	-	65 592
Other	2 235 219	(197 327)	676 535	(43 314)	(423 044)	-	2 248 069
Housing rental stock	621 457	7 732	11 621	(2 602)	(26 662)	-	611 546
TOTAL	19 948 249	(15 576)	2 847 437	(46 158)	(1 249 295)	(9 866)	21 474 791

Provision has been made for the estimated cost of rehabilitation of waste sites, included in other assets, as described in note 13.

The Entity is required to measure the residual value of all items of property, plant and equipment. Management has determined that none of its infrastructural assets has any active market value, and the value of the amount at the end of their lives would therefore be nil or insignificant. During the current financial year, the Entity reviewed the estimated useful lives and residual values of property, plant and equipment, where appropriate.

Fully depreciated assets at an original cost of R1,30 billion (2011: R1,94 billion) are still in use.

2. HERITAGE ASSETS

	Economic entity				Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	
As at 30 June 2012					
Assets under construction	3 552	(268)	350	-	3 634
Paintings and art galleries	8 362	750	-	(4)	9 108
TOTAL	11 914	482	350	(4)	12 742

(See appendix B for more details)

As at 30 June 2011					
Assets under construction	1 660	(9)	1 901	-	3 552
Paintings and art galleries	8 342	-	30	(10)	8 362
TOTAL	10 002	(9)	1 931	(10)	11 914

	Municipality of Cape Town				Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	
As at 30 June 2012					
Assets under construction	3 552	(268)	350	-	3 634
Paintings and art galleries	8 362	750	-	(4)	9 108
TOTAL	11 914	482	350	(4)	12 742

(See appendix B for more details)

As at 30 June 2011					
Assets under construction	1 660	(9)	1 901	-	3 552
Paintings and art galleries	8 342	-	30	(10)	8 362
TOTAL	10 002	(9)	1 931	(10)	11 914

3. INVESTMENT PROPERTY

	Economic entity				Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Depreciation R'000	
As at 30 June 2012					
Vacant land	38 366	-	109 132	-	147 498
Land and buildings	46 633	-	-	(1 653)	44 980
TOTAL	84 999	-	109 132	(1 653)	192 478

(See appendix B for more details)

As at 30 June 2011					
Vacant land	38 366	-	-	-	38 366
Land and buildings	48 694	537	-	(2 598)	46 633
TOTAL	87 060	537	-	(2 598)	84 999

	Municipality of Cape Town				Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Depreciation R'000	
As at 30 June 2012					
Vacant land	38 366	-	109 132	-	147 498
Land and buildings	46 633	-	-	(1 653)	44 980
TOTAL	84 999	-	109 132	(1 653)	192 478

(See appendix B for more details)

As at 30 June 2011					
Vacant land	38 366	-	-	-	38 366
Land and buildings	48 694	537	-	(2 598)	46 633
TOTAL	87 060	537	-	(2 598)	84 999

Rental income has been received on various properties during the year.

4. INTANGIBLE ASSETS

	Economic entity				Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Amortisation R'000	
As at 30 June 2012					
Computer software (acquired separately)	44 884	41 163	29 403	(15 018)	100 432

(See appendix B for more details)

As at 30 June 2011					
Computer software (acquired separately)	31 709	14 989	8 393	(10 207)	44 884

	Municipality of Cape Town				Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Amortisation R'000	
As at 30 June 2012					
Computer software (acquired separately)	44 884	41 163	29 403	(15 018)	100 432

(See appendix B for more details)

As at 30 June 2011					
Computer software (acquired separately)	31 709	14 989	8 393	(10 207)	44 884

The capitalised computer software was estimated to have a finite life of five years at acquisition. The software is therefore amortised using the straight-line method over a period of five years.

5. ASSETS CLASSIFIED AS HELD-FOR-SALE

	Economic entity			Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Disposals R'000	
As at 30 June 2012				
Land held for sale	126	10	(93)	43

(See appendix B for more details)

As at 30 June 2011				
Land held for sale	66	61	(1)	126

	Municipality of Cape Town			Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Disposals R'000	
As at 30 June 2012				
Land held for sale	126	10	(93)	43

(See appendix B for more details)

As at 30 June 2011				
Land held for sale	66	61	(1)	126

Various properties have been presented as held-for-sale following a Council decision to dispose of properties that are no longer required for municipal purposes. These properties are identified for sale as and when the need arises.

6. INVESTMENTS

As at 30 June 2012

RSA Government stock	50 013	-	-	50 013
Sinking-fund deposits – see note 41	71 064	570 587	-	641 651
Other fixed deposits	1 608 681	-	-	1 608 681
Deposits held with fund managers	-	4 024 813	-	4 024 813
	1 729 758	4 595 400	-	6 325 158
Provision for impairment	(9 616)	-	-	(9 616)
Net investments	1 720 142	4 595 400	-	6 315 542
Current portion transferred to short-term investments	(37)	(2 883 350)	-	(2 883 387)
Current portion transferred to cash and cash equivalents – see note 11	(1 608 613)	(1 712 050)	-	(3 320 663)

TOTAL

Economic entity			
Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
50 013	-	-	50 013
71 064	570 587	-	641 651
1 608 681	-	-	1 608 681
-	4 024 813	-	4 024 813
1 729 758	4 595 400	-	6 325 158
(9 616)	-	-	(9 616)
1 720 142	4 595 400	-	6 315 542
(37)	(2 883 350)	-	(2 883 387)
(1 608 613)	(1 712 050)	-	(3 320 663)
111 492	-	-	111 492

Investments detailed as follows:

Balance at the beginning of the year	1 746 054	3 638 038	-	5 384 092
Capital invested	17 604 030	700 000	-	18 304 030
Investments matured	(17 660 010)	-	-	(17 660 010)
Recognised in the statement of financial performance	30 068	257 362	-	287 430
Finance income	30 068	260 933	-	291 001
Gains on valuation of investments	-	1 543	-	1 543
Transaction cost	-	(5 114)	-	(5 114)

Balance at the end of the year

Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
1 746 054	3 638 038	-	5 384 092
17 604 030	700 000	-	18 304 030
(17 660 010)	-	-	(17 660 010)
30 068	257 362	-	287 430
30 068	260 933	-	291 001
-	1 543	-	1 543
-	(5 114)	-	(5 114)
1 720 142	4 595 400	-	6 315 542

As at 30 June 2011

RSA Government stock	48 472	-	-	48 472
Sinking-fund deposits – see note 41	113 233	363 765	-	476 998
Other fixed deposits	1 593 966	-	-	1 593 966
Deposits held with fund managers	-	3 274 273	-	3 274 273
	1 755 671	3 638 038	-	5 393 709
Provision for impairment	(9 616)	-	-	(9 616)
Net investments	1 746 055	3 638 038	-	5 384 093
Current portion transferred to short-term investments	(50 294)	(2 096 302)	-	(2 146 596)
Current portion transferred to cash and cash equivalents – see note 11	(1 584 284)	(1 541 736)	-	(3 126 020)

TOTAL

Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
48 472	-	-	48 472
113 233	363 765	-	476 998
1 593 966	-	-	1 593 966
-	3 274 273	-	3 274 273
1 755 671	3 638 038	-	5 393 709
(9 616)	-	-	(9 616)
1 746 055	3 638 038	-	5 384 093
(50 294)	(2 096 302)	-	(2 146 596)
(1 584 284)	(1 541 736)	-	(3 126 020)
111 477	-	-	111 477

Investments detailed as follows:

Balance at the beginning of the year	3 263 195	1 522 542	-	4 785 737
Capital invested	11 151 539	3 000 000	-	14 151 539
Investments matured	(12 683 695)	(1 038 110)	-	(13 721 805)
Recognised in the statement of financial performance	15 016	153 606	-	168 622
Finance income	15 016	146 740	-	161 756
Gains on valuation of investments	-	11 100	-	11 100
Transaction cost	-	(4 234)	-	(4 234)

Balance at the end of the year

Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
3 263 195	1 522 542	-	4 785 737
11 151 539	3 000 000	-	14 151 539
(12 683 695)	(1 038 110)	-	(13 721 805)
15 016	153 606	-	168 622
15 016	146 740	-	161 756
-	11 100	-	11 100
-	(4 234)	-	(4 234)
1 746 055	3 638 038	-	5 384 093

	Municipality of Cape Town			
	Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
As at 30 June 2012				
RSA Government stock	50 013	-	-	50 013
Sinking-fund deposits – see note 41	71 064	570 587	-	641 651
Other fixed deposits	1 482 345	-	-	1 482 345
Deposits held with fund managers	-	4 024 813	-	4 024 813
Shares in CTICC	-	-	284 000	284 000
	1 603 422	4 595 400	284 000	6 482 822
Provision for impairment	(9 616)	-	(245 232)	(254 848)
Net investments	1 593 806	4 595 400	38 768	6 227 974
Current portion transferred to short-term investments	(37)	(2 883 350)	-	(2 883 387)
Current portion transferred to cash and cash equivalents – see note 11	(1 482 277)	(1 712 050)	-	(3 194 327)
TOTAL	111 492	-	38 768	150 260

Investments detailed as follows:

	Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
Balance at the beginning of the year	1 625 197	3 638 038	38 768	5 302 003
Capital invested	17 170 387	700 000	-	17 870 387
Investments matured	(17 231 846)	-	-	(17 231 846)
Recognised in the statement of financial performance	30 068	257 362	-	287 430
Finance income	30 068	260 933	-	291 001
Gains on valuation of investments	-	1 543	-	1 543
Transaction cost	-	(5 114)	-	(5 114)
Balance at the end of the year	1 593 806	4 595 400	38 768	6 227 974

As at 30 June 2011

	Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
RSA Government stock	48 472	-	-	48 472
Sinking-fund deposits – see note 41	113 233	363 765	-	476 998
Other fixed deposits	1 473 108	-	-	1 473 108
Deposits held with fund managers	-	3 274 273	-	3 274 273
Shares in CTICC	-	-	284 000	284 000
	1 634 813	3 638 038	284 000	5 556 851
Provision for impairment	(9 616)	-	(245 232)	(254 848)
Net investments	1 625 197	3 638 038	38 768	5 302 003
Current portion transferred to short-term investments	(50 294)	(2 096 302)	-	(2 146 596)
Current portion transferred to cash and cash equivalents – see note 11	(1 463 426)	(1 541 736)	-	(3 005 162)
TOTAL	111 477	-	38 768	150 245

Investments detailed as follows:

	Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
Balance at the beginning of the year	3 145 737	1 522 542	38 768	4 707 047
Capital invested	10 770 000	3 000 000	-	13 770 000
Investments matured	(12 305 556)	(1 038 110)	-	(13 343 666)
Recognised in the statement of financial performance	15 016	153 606	-	168 622
Finance income	15 016	146 740	-	161 756
Gains on valuation of investments	-	11 100	-	11 100
Transaction cost	-	(4 234)	-	(4 234)
Balance at the end of the year	1 625 197	3 638 038	38 768	5 302 003

Collateral deposits for staff housing loans

Included in other fixed deposits above are fixed deposits with a carrying value of R0,47 million (2011: R0,47 million), which were pledged as security deposits for securing staff home loans with financial institutions.

These pledges are repaid as soon as the employees' outstanding home loan balance is below 80% of the approved loan amount. The Entity has not issued fixed deposits as security since 2000. The Entity's exposure to risk is minimised by an assurance policy taken out by the employee and ceded to the Entity to cover the guaranteed deposit.

7. LONG-TERM RECEIVABLES

Sporting bodies
Housing land sales

Public organisations
Provision for impairment

Housing selling developments
Provision for impairment

Current portion transferred to current receivables

TOTAL**Reconciliation of impairment provision**

Balance at beginning of the year
Contributions (from) provisions
Transfers to provisions

Balance as at 30 June**Sporting bodies**

To facilitate the development of sporting facilities, loans were made to provide the necessary financial assistance. These loans attract interest at a rate of 4% to 19% per annum, and are repayable over a maximum period of 20 years.

Housing land sale

Long term loan to the KCT (sale of portion 1–3, erf 58856) repayable over 18 years. Annual payments made, with the final payment due in 2024.

Public organisations

Loans to public organisations are granted in terms of the National Housing Policy. At present, these loans attract interest at 1% and 11,25% for buildings and infrastructure respectively, and are repayable over 30 years. With the implementation of new legislation (MFMA and Housing Act 107) no further loans have been awarded and the final loan repayments are scheduled for 2032. Examples of public organisations are the National War Memorial and the Alta du Toit School.

Housing selling development loans

Housing loans were historically granted to qualifying individuals in terms of the National Housing Policy. These loans currently attract interest at 9,0% per annum, and are repayable over 20 years. The interest rate is determined by Council policy.

Economic entity		Municipality of Cape Town	
2012	2011	2012	2011
R'000	R'000	R'000	R'000
1 194	1 363	1 194	1 363
1 026	1 104	1 026	1 104
16 569	23 798	16 569	23 798
20 756	28 657	20 756	28 657
(4 187)	(4 859)	(4 187)	(4 859)
100 297	108 454	100 297	108 454
178 591	200 655	178 591	200 655
(78 294)	(92 201)	(78 294)	(92 201)
119 086	134 719	119 086	134 719
(19 758)	(19 193)	(19 758)	(19 193)
99 328	115 526	99 328	115 526
97 060	118 401	97 060	118 401
(14 579)	(21 510)	(14 579)	(21 510)
-	169	-	169
82 481	97 060	82 481	97 060

Sporting bodies

To facilitate the development of sporting facilities, loans were made to provide the necessary financial assistance. These loans attract interest at a rate of 4% to 19% per annum, and are repayable over a maximum period of 20 years.

Housing land sale

Long term loan to the KCT (sale of portion 1–3, erf 58856) repayable over 18 years. Annual payments made, with the final payment due in 2024.

Public organisations

Loans to public organisations are granted in terms of the National Housing Policy. At present, these loans attract interest at 1% and 11,25% for buildings and infrastructure respectively, and are repayable over 30 years. With the implementation of new legislation (MFMA and Housing Act 107) no further loans have been awarded and the final loan repayments are scheduled for 2032. Examples of public organisations are the National War Memorial and the Alta du Toit School.

Housing selling development loans

Housing loans were historically granted to qualifying individuals in terms of the National Housing Policy. These loans currently attract interest at 9,0% per annum, and are repayable over 20 years. The interest rate is determined by Council policy.

8. INVENTORY

Consumable stores
Medical supplies
Spare parts and meters
Water
Other goods held for resale
Green-electricity rights

TOTAL

Economic entity		Municipality of Cape Town	
2012	2011	2012	2011
R'000	R'000	R'000	R'000
207 628	197 484	206 251	196 099
310	492	310	492
22 634	14 351	22 634	14 351
15 070	18 293	15 070	18 293
8 743	3 549	8 743	3 549
-	2 465	-	2 465
254 385	236 634	253 008	235 249

Inventory to the value of R5,40 million was scrapped during the year (2011: R1,24 million was scrapped). Inventories (excluding bulk water) that were recognised as issues during the year amounted to R840,19 million (2011: R659,04 million), of which a portion was capitalised. Green-electricity rights are rights to sell 'green' units at 'green' tariffs to consumers who request 'green' electricity.

9. RECEIVABLES

	Economic entity					
	As at 30 June 2012			As at 30 June 2011		
	Gross balance R'000	Provision for impairment R'000	Net balance R'000	Gross balance R'000	Provision for impairment R'000	Net balance R'000
From exchange transactions	6 171 246	(3 414 293)	2 756 953	5 522 855	(3 068 454)	2 454 401
Service debtors	5 156 925	(2 640 642)	2 516 283	4 592 489	(2 334 751)	2 257 738
Housing rental stock	470 135	(419 818)	50 317	421 713	(377 366)	44 347
Housing selling stock	389 288	(343 309)	45 979	389 461	(347 178)	42 283
Other exchange debtors	154 898	(10 524)	144 374	119 192	(9 159)	110 033
From non-exchange transactions	1 987 952	(766 963)	1 220 989	1 999 025	(747 079)	1 251 946
Rates debtors	1 928 182	(734 060)	1 194 122	1 939 105	(712 937)	1 226 168
Other non-exchange debtors	59 770	(32 903)	26 867	59 920	(34 142)	25 778
TOTAL	8 159 198	(4 181 256)	3 977 942	7 521 880	(3 815 533)	3 706 347

Consumer debtors to the amount of R2,56 billion (2011: R1,47 billion) are only due after 30 days. Included in the outstanding balances are consumer debtors to the value of R634,76 million (2011: R497,97 million) who have made arrangements to repay their outstanding debt over a renegotiated period. As at 30 June 2012, the City's receivables balance included an amount of approximately R120,36 million (2011: R173 million) owed by National Government and the Provincial Government.

Reconciliation of impairment provision

Balance at beginning of the year
Contributions to provisions
Transfers (from)/to provisions
Bad debts written off

Balance as at 30 June

2012	2011
R'000	R'000
3 815 533	3 299 430
803 015	785 503
(40)	3 292
(437 252)	(272 692)
4 181 256	3 815 533

In determining the recoverability of a receivable, the Entity considers any change in the credit quality of the receivable from the date on which the credit was initially granted, up to the reporting date. The concentration of credit risk is limited, as the customer base is large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

Economic entity
Analysis of receivables' age in days

As at 30 June 2012	Total R'000	Not due R'000	0-30 R'000	31-60 R'000	61-90 R'000	91-365 R'000	+365 R'000
From exchange transactions							
Electricity	1 173 436	801 427	103 708	39 641	(5 071)	107 584	126 147
Provision for impairment	(148 768)	(17 311)	(2 240)	(856)	110	(2 324)	(126 147)
	1 024 668	784 116	101 468	38 785	(4 961)	105 260	-
Water	2 470 316	371 358	11 459	75 677	89 868	484 636	1 437 318
Provision for impairment	(1 613 858)	(63 465)	(1 959)	(12 933)	(15 359)	(82 824)	(1 437 318)
	856 458	307 893	9 500	62 744	74 509	401 812	-
Waste management	426 645	93 148	4 168	14 187	15 853	84 303	214 986
Provision for impairment	(230 606)	(6 874)	(308)	(1 047)	(1 170)	(6 221)	(214 986)
	196 039	86 274	3 860	13 140	14 683	78 082	-
Wastewater management	1 086 528	224 820	(38 637)	41 093	48 588	230 265	580 399
Provision for impairment	(647 410)	(29 766)	5 116	(5 441)	(6 433)	(30 487)	(580 399)
	439 118	195 054	(33 521)	35 652	42 155	199 778	-
Housing rental stock	470 135	34 033	13 521	9 116	9 030	82 991	321 444
Provision for impairment	(419 818)	(22 516)	(8 946)	(6 031)	(5 974)	(54 907)	(321 444)
	50 317	11 517	4 575	3 085	3 056	28 084	-
Housing selling stock	389 288	35 447	7 026	2 659	2 526	36 518	305 112
Provision for impairment	(343 309)	(16 150)	(3 038)	(1 222)	(1 160)	(16 627)	(305 112)
	45 979	19 297	3 988	1 437	1 366	19 891	-
Other exchange debtors	154 898	260 869	(25 755)	(28 807)	(22 447)	(25 711)	(3 251)
Provision for impairment	(10 524)	(22 722)	2 243	2 509	1 955	2 240	3 251
	144 374	238 147	(23 512)	(26 298)	(20 492)	(23 471)	-
Gross exchange debtors	6 171 246	1 821 102	75 490	153 566	138 347	1 000 586	2 982 155
Provision for impairment	(3 414 293)	(178 804)	(9 132)	(25 021)	(28 031)	(191 150)	(2 982 155)
From non-exchange transactions							
Rates debtors	1 928 182	688 885	(6 195)	66 451	113 065	350 984	714 992
Provision for impairment	(734 060)	(10 836)	97	(1 043)	(1 775)	(5 511)	(714 992)
	1 194 122	678 049	(6 098)	65 408	111 290	345 473	-
Other non-exchange debtors	59 770	49 432	(29 541)	1 508	1 685	6 347	30 339
Provision for impairment	(32 903)	(4 306)	2 573	(131)	(147)	(553)	(30 339)
	26 867	45 126	(26 968)	1 377	1 538	5 794	-
Gross non-exchange debtors	1 987 952	738 317	(35 736)	67 959	114 750	357 331	745 331
Provision for impairment	(766 963)	(15 142)	2 670	(1 174)	(1 922)	(6 064)	(745 331)
Gross debtors	8 159 198	2 559 419	39 754	221 525	253 097	1 357 917	3 727 486
Total provision for impairment	(4 181 256)	(193 946)	(6 462)	(26 195)	(29 953)	(197 214)	(3 727 486)
TOTAL	3 977 942	2 365 473	33 292	195 330	223 144	1 160 703	-

	Economic entity						
	Analysis of receivables' age in days						
As at 30 June 2011	Total R'000	Not due R'000	0-30 R'000	31-60 R'000	61-90 R'000	91-365 R'000	+365 R'000
From exchange transactions							
Electricity	1 035 999	612 027	131 884	40 547	19 886	109 009	122 646
Provision for impairment	(144 384)	(14 566)	(3 139)	(965)	(473)	(2 595)	(122 646)
	891 615	597 461	128 745	39 582	19 413	106 414	-
Water	2 233 811	191 120	157 288	75 002	58 744	449 114	1 302 543
Provision for impairment	(1 438 228)	(27 846)	(22 917)	(10 927)	(8 559)	(65 436)	(1 302 543)
	795 583	163 274	134 371	64 075	50 185	383 678	-
Waste management	367 479	43 328	28 845	17 284	12 899	83 099	182 024
Provision for impairment	(194 023)	(2 803)	(1 866)	(1 118)	(835)	(5 377)	(182 024)
	173 456	40 525	26 979	16 166	12 064	77 722	-
Wastewater management	955 200	100 707	69 942	37 535	34 103	217 407	495 506
Provision for impairment	(558 116)	(13 716)	(9 526)	(5 112)	(4 645)	(29 611)	(495 506)
	397 084	86 991	60 416	32 423	29 458	187 796	-
Housing rental stock	421 713	23 432	12 033	9 295	9 204	80 422	287 327
Provision for impairment	(377 366)	(15 699)	(8 062)	(6 228)	(6 167)	(53 883)	(287 327)
	44 347	7 733	3 971	3 067	3 037	26 539	-
Housing selling stock	389 461	30 076	5 845	2 667	2 560	36 352	311 961
Provision for impairment	(347 178)	(13 254)	(3 061)	(1 225)	(1 175)	(16 502)	(311 961)
	42 283	16 822	2 784	1 442	1 385	19 850	-
Other exchange debtors	119 192	(26 927)	210 123	(16 594)	(10 479)	(37 514)	583
Provision for impairment	(9 159)	1 947	(15 192)	1 199	758	2 712	(583)
	110 033	(24 980)	194 931	(15 395)	(9 721)	(34 802)	-
Gross exchange debtors	5 522 855	973 763	615 960	165 736	126 917	937 889	2 702 590
Provision for impairment	(3 068 454)	(85 937)	(63 763)	(24 376)	(21 096)	(170 692)	(2 702 590)
From non-exchange transactions							
Rates debtors	1 939 105	480 935	270 028	108 203	45 160	392 267	642 512
Provision for impairment	(712 937)	(26 216)	(14 636)	(5 864)	(2 448)	(21 261)	(642 512)
	1 226 168	454 719	255 392	102 339	42 712	371 006	-
Other non-exchange debtors	59 920	13 566	3 448	3 505	867	6 401	32 133
Provision for impairment	(34 142)	(981)	(249)	(253)	(63)	(463)	(32 133)
	25 778	12 585	3 199	3 252	804	5 938	-
Gross non-exchange debtors	1 999 025	494 501	273 476	111 708	46 027	398 668	674 645
Provision for impairment	(747 079)	(27 197)	(14 885)	(6 117)	(2 511)	(21 724)	(674 645)
Gross debtors	7 521 880	1 468 264	889 436	277 444	172 944	1 336 557	3 377 235
Total provision for impairment	(3 815 533)	(113 134)	(78 648)	(30 493)	(23 607)	(192 416)	(3 377 235)
TOTAL	3 706 347	1 355 130	810 788	246 951	149 337	1 144 141	-

Municipality of Cape Town

	As at 30 June 2012			As at 30 June 2011		
	Gross balance R'000	Provision for impairment R'000	Net balance R'000	Gross balance R'000	Provision for impairment R'000	Net balance R'000
From exchange transactions	6 171 246	(3 414 293)	2 756 953	5 522 855	(3 068 454)	2 454 401
Service debtors	5 156 925	(2 640 642)	2 516 283	4 592 489	(2 334 751)	2 257 738
Housing rental stock	470 135	(419 818)	50 317	421 713	(377 366)	44 347
Housing selling stock	389 288	(343 309)	45 979	389 461	(347 178)	42 283
Other exchange debtors	154 898	(10 524)	144 374	119 192	(9 159)	110 033
From non-exchange transactions	1 989 266	(766 963)	1 222 303	2 001 789	(747 079)	1 254 710
Rates debtors	1 929 496	(734 060)	1 195 436	1 941 869	(712 937)	1 228 932
Other non-exchange debtors	59 770	(32 903)	26 867	59 920	(34 142)	25 778
TOTAL	8 160 512	(4 181 256)	3 979 256	7 524 644	(3 815 533)	3 709 111

2012	2011
R'000	R'000

Reconciliation of impairment provision

Balance at beginning of the year	3 815 533	3 299 430
Contributions to provisions	803 015	785 503
Transfers (from)/to provisions	(40)	3 292
Bad debts written off	(437 252)	(272 692)
Balance as at 30 June	4 181 256	3 815 533

Municipality of Cape Town
Analysis of receivables' age in days

As at 30 June 2012	Total R'000	Not due R'000	0-30 R'000	31-60 R'000	61-90 R'000	91-365 R'000	+365 R'000
From exchange transactions							
Electricity	1 173 436	801 427	103 708	39 641	(5 071)	107 584	126 147
Provision for impairment	(148 768)	(17 311)	(2 240)	(856)	110	(2 324)	(126 147)
	1 024 668	784 116	101 468	38 785	(4 961)	105 260	-
Water	2 470 316	371 358	11 459	75 677	89 868	484 636	1 437 318
Provision for impairment	(1 613 858)	(63 465)	(1 959)	(12 933)	(15 359)	(82 824)	(1 437 318)
	856 458	307 893	9 500	62 744	74 509	401 812	-
Waste management	426 645	93 148	4 168	14 187	15 853	84 303	214 986
Provision for impairment	(230 606)	(6 874)	(308)	(1 047)	(1 170)	(6 221)	(214 986)
	196 039	86 274	3 860	13 140	14 683	78 082	-
Wastewater management	1 086 528	224 820	(38 637)	41 093	48 588	230 265	580 399
Provision for impairment	(647 410)	(29 766)	5 116	(5 441)	(6 433)	(30 487)	(580 399)
	439 118	195 054	(33 521)	35 652	42 155	199 778	-
Housing rental stock	470 135	34 033	13 521	9 116	9 030	82 991	321 444
Provision for impairment	(419 818)	(22 516)	(8 946)	(6 031)	(5 974)	(54 907)	(321 444)
	50 317	11 517	4 575	3 085	3 056	28 084	-
Housing selling stock	389 288	35 447	7 026	2 659	2 526	36 518	305 112
Provision for impairment	(343 309)	(16 150)	(3 038)	(1 222)	(1 160)	(16 627)	(305 112)
	45 979	19 297	3 988	1 437	1 366	19 891	-
Other exchange debtors	154 898	260 869	(25 755)	(28 807)	(22 447)	(25 711)	(3 251)
Provision for impairment	(10 524)	(22 722)	2 243	2 509	1 955	2 240	3 251
	144 374	238 147	(23 512)	(26 298)	(20 492)	(23 471)	-
Gross exchange debtors	6 171 246	1 821 102	75 490	153 566	138 347	1 000 586	2 982 155
Provision for impairment	(3 414 293)	(178 804)	(9 132)	(25 021)	(28 031)	(191 150)	(2 982 155)
From non-exchange transactions							
Rates debtors	1 929 496	690 199	(6 195)	66 451	113 065	350 984	714 992
Provision for impairment	(734 060)	(10 836)	97	(1 043)	(1 775)	(5 511)	(714 992)
	1 195 436	679 363	(6 098)	65 408	111 290	345 473	-
Other non-exchange debtors	59 770	49 432	(29 541)	1 508	1 685	6 347	30 339
Provision for impairment	(32 903)	(4 306)	2 573	(131)	(147)	(553)	(30 339)
	26 867	45 126	(26 968)	1 377	1 538	5 794	-
Gross non-exchange debtors	1 989 266	739 631	(35 736)	67 959	114 750	357 331	745 331
Provision for impairment	(766 963)	(15 142)	2 670	(1 174)	(1 922)	(6 064)	(745 331)
Gross debtors	8 160 512	2 560 733	39 754	221 525	253 097	1 357 917	3 727 486
Total provision for impairment	(4 181 256)	(193 946)	(6 462)	(26 195)	(29 953)	(197 214)	(3 727 486)
TOTAL	3 979 256	2 366 787	33 292	195 330	223 144	1 160 703	-

Analysis of receivables' age in days

As at 30 June 2011	Total R'000	Not due R'000	0-30 R'000	31-60 R'000	61-90 R'000	91-365 R'000	+365 R'000
From exchange transactions							
Electricity	1 035 999	612 027	131 884	40 547	19 886	109 009	122 646
Provision for impairment	(144 384)	(14 566)	(3 139)	(965)	(473)	(2 595)	(122 646)
	891 615	597 461	128 745	39 582	19 413	106 414	-
Water	2 233 811	191 120	157 288	75 002	58 744	449 114	1 302 543
Provision for impairment	(1 438 228)	(27 846)	(22 917)	(10 927)	(8 559)	(65 436)	(1 302 543)
	795 583	163 274	134 371	64 075	50 185	383 678	-
Waste management	367 479	43 328	28 845	17 284	12 899	83 099	182 024
Provision for impairment	(194 023)	(2 803)	(1 866)	(1 118)	(835)	(5 377)	(182 024)
	173 456	40 525	26 979	16 166	12 064	77 722	-
Wastewater management	955 200	100 707	69 942	37 535	34 103	217 407	495 506
Provision for impairment	(558 116)	(13 716)	(9 526)	(5 112)	(4 645)	(29 611)	(495 506)
	397 084	86 991	60 416	32 423	29 458	187 796	-
Housing rental stock	421 713	23 432	12 033	9 295	9 204	80 422	287 327
Provision for impairment	(377 366)	(15 699)	(8 062)	(6 228)	(6 167)	(53 883)	(287 327)
	44 347	7 733	3 971	3 067	3 037	26 539	-
Housing selling stock	389 461	30 076	5 845	2 667	2 560	36 352	311 961
Provision for impairment	(347 178)	(13 254)	(3 061)	(1 225)	(1 175)	(16 502)	(311 961)
	42 283	16 822	2 784	1 442	1 385	19 850	-
Other exchange debtors	119 192	(26 927)	210 123	(16 594)	(10 479)	(37 514)	583
Provision for impairment	(9 159)	1 947	(15 192)	1 199	758	2 712	(583)
	110 033	(24 980)	194 931	(15 395)	(9 721)	(34 802)	-
Gross exchange debtors	5 522 855	973 763	615 960	165 736	126 917	937 889	2 702 590
Provision for impairment	(3 068 454)	(85 937)	(63 763)	(24 376)	(21 096)	(170 692)	(2 702 590)
Rates debtors	1 941 869	483 699	270 028	108 203	45 160	392 267	642 512
Provision for impairment	(712 937)	(26 216)	(14 636)	(5 864)	(2 448)	(21 261)	(642 512)
	1 228 932	457 483	255 392	102 339	42 712	371 006	-
Other non-exchange debtors	59 920	13 566	3 448	3 505	867	6 401	32 133
Provision for impairment	(34 142)	(981)	(249)	(253)	(63)	(463)	(32 133)
	25 778	12 585	3 199	3 252	804	5 938	-
Gross non-exchange debtors	2 001 789	497 265	273 476	111 708	46 027	398 668	674 645
Provision for impairment	(747 079)	(27 197)	(14 885)	(6 117)	(2 511)	(21 724)	(674 645)
Gross debtors	7 524 644	1 471 028	889 436	277 444	172 944	1 336 557	3 377 235
Total provision for impairment	(3 815 533)	(113 134)	(78 648)	(30 493)	(23 607)	(192 416)	(3 377 235)
TOTAL	3 709 111	1 357 894	810 788	246 951	149 337	1 144 141	-

10. OTHER RECEIVABLES

	Economic entity					
	As at 30 June 2012			As at 30 June 2011		
	Gross balance R'000	Provision for impairment R'000	Net balance R'000	Gross balance R'000	Provision for impairment R'000	Net balance R'000
From exchange transactions	203 687	(48 137)	155 550	157 944	(61 316)	96 628
Payments made in advance	2 273	-	2 273	1 034	-	1 034
Property rentals	71 678	(38 354)	33 324	55 808	(54 527)	1 281
Other exchange debtors	129 736	(9 783)	119 953	101 102	(6 789)	94 313
From non-exchange transactions	157 837	-	157 837	107 455	-	107 455
Government subsidies	106 883	-	106 883	35 723	-	35 723
Other non-exchange debtors	50 954	-	50 954	71 732	-	71 732
TOTAL	361 524	(48 137)	313 387	265 399	(61 316)	204 083

Included in other exchange debtors is an amount of R24,80 million (2011: R2,61 million) for VAT owed by SARS.

Reconciliation of impairment provision

Balance at beginning of the year
Contributions (from)/to provision
Transfer (from) provisions
Bad debts written off

Balance as at 30 June

2012	2011
R'000	R'000
61 316	54 369
(13 059)	10 509
-	(3 562)
(120)	-
48 137	61 316

In determining the recoverability of other receivables, the City of Cape Town considers any change in the credit quality of other receivables from the date on which the credit was initially granted up to the reporting date.

	Economic entity						
	Analysis of other receivables' age in days						
As at 30 June 2012	Total R'000	Not due R'000	0-30 R'000	31-60 R'000	61-90 R'000	91-365 R'000	+365 R'000
From exchange transactions							
Payments made in advance	2 273	2 273	-	-	-	-	-
	2 273	2 273	-	-	-	-	-
Property rentals	71 678	5 397	15 449	2 446	2 455	12 443	33 488
Provision for impairment	(38 354)	(987)	(729)	(444)	(446)	(2 260)	(33 488)
	33 324	4 410	14 720	2 002	2 009	10 183	-
Other exchange debtors	129 736	107 438	9 081	300	440	5 245	7 232
Provision for impairment	(9 783)	(52)	(2 323)	(1)	(9)	(166)	(7 232)
	119 953	107 386	6 758	299	431	5 079	-
Gross exchange debtors	203 687	115 108	24 530	2 746	2 895	17 688	40 720
Provision for impairment	(48 137)	(1 039)	(3 052)	(445)	(455)	(2 426)	(40 720)
From non-exchange transactions							
Government subsidies	106 883	106 883	-	-	-	-	-
Other non-exchange debtors	50 954	50 954	-	-	-	-	-
Gross non-exchange debtors	157 837	157 837	-	-	-	-	-
Gross debtors	361 524	272 945	24 530	2 746	2 895	17 688	40 720
Total provision for impairment	(48 137)	(1 039)	(3 052)	(445)	(455)	(2 426)	(40 720)
TOTAL	313 387	271 906	21 478	2 301	2 440	15 262	-

		Economic entity						
		Analysis of other receivables' age in days						
		Total	Not due	0-30	31-60	61-90	91-365	+365
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
As at 30 June 2011								
From exchange transactions								
Payments made in advance		1 034	1 034	-	-	-	-	-
		1 034	1 034	-	-	-	-	-
Property rentals		55 808	3 744	7 824	1 881	1 348	(13 438)	54 449
Provision for impairment		(54 527)	(2 463)	(7 824)	(1 881)	(1 348)	13 438	(54 449)
		1 281	1 281	-	-	-	-	-
Other exchange debtors		101 102	79 298	9 872	124	189	5 811	5 808
Provision for impairment		(6 789)	(1)	(109)	(12)	(13)	(846)	(5 808)
		94 313	79 297	9 763	112	176	4 965	-
Gross exchange debtors		157 944	84 076	17 696	2 005	1 537	(7 627)	60 257
Provision for impairment		(61 316)	(2 464)	(7 933)	(1 893)	(1 361)	12 592	(60 257)
From non-exchange transactions								
Government subsidies		35 723	24 225	6 047	1 206	375	3 870	-
Other non-exchange debtors		71 732	71 732	-	-	-	-	-
Gross non-exchange debtors		107 455	95 957	6 047	1 206	375	3 870	-
Gross debtors		265 399	180 033	23 743	3 211	1 912	(3 757)	60 257
Total provision for impairment		(61 316)	(2 464)	(7 933)	(1 893)	(1 361)	12 592	(60 257)
TOTAL		204 083	177 569	15 810	1 318	551	8 835	-

		Municipality of Cape Town					
		As at 30 June 2012			As at 30 June 2011		
		Gross balance	Provision for impairment	Net balance	Gross balance	Provision for impairment	Net balance
		R'000	R'000	R'000	R'000	R'000	R'000
From exchange transactions		193 911	(45 799)	148 112	147 453	(60 649)	86 804
Payments made in advance		497	-	497	130	-	130
Property rentals		71 678	(38 354)	33 324	55 808	(54 527)	1 281
Other exchange debtors		121 736	(7 445)	114 291	91 515	(6 122)	85 393
From non-exchange transactions		157 837	-	157 837	107 455	-	107 455
Government subsidies		106 883	-	106 883	35 723	-	35 723
Other non-exchange debtors		50 954	-	50 954	71 732	-	71 732
TOTAL		351 748	(45 799)	305 949	254 908	(60 649)	194 259

Reconciliation of impairment provision

	2012	2011
	R'000	R'000
Balance at beginning of the year	60 649	50 749
Contributions (from)/to provisions	(14 730)	9 900
Transfers to provisions	(120)	-
Balance as at 30 June	45 799	60 649

Municipality of Cape Town
Analysis of other receivables' age in days

As at 30 June 2012	Total R'000	Not due R'000	0-30 R'000	31-60 R'000	61-90 R'000	91-365 R'000	+365 R'000
From exchange transactions							
Payments made in advance	497	497	-	-	-	-	-
	497	497	-	-	-	-	-
Property rentals	71 678	5 397	15 449	2 446	2 455	12 443	33 488
Provision for impairment	(38 354)	(987)	(729)	(444)	(446)	(2 260)	(33 488)
	33 324	4 410	14 720	2 002	2 009	10 183	-
Other exchange debtors	121 736	107 438	4 229	92	123	2 622	7 232
Provision for impairment	(7 445)	(52)	15	(1)	(9)	(166)	(7 232)
	114 291	107 386	4 244	91	114	2 456	-
Gross exchange debtors	193 911	113 332	19 678	2 538	2 578	15 065	40 720
Provision for impairment	(45 799)	(1 039)	(714)	(445)	(455)	(2 426)	(40 720)
From non-exchange transactions							
Government subsidies	106 883	106 883	-	-	-	-	-
Other non-exchange debtors	50 954	50 954	-	-	-	-	-
Gross non-exchange debtors	157 837	157 837	-	-	-	-	-
Gross debtors	351 748	271 169	19 678	2 538	2 578	15 065	40 720
Total provision for impairment	(45 799)	(1 039)	(714)	(445)	(455)	(2 426)	(40 720)
TOTAL	305 949	270 130	18 964	2 093	2 123	12 639	-

Analysis of other receivables' age in days

As at 30 June 2011	Total R'000	Not due R'000	0-30 R'000	31-60 R'000	61-90 R'000	91-365 R'000	+365 R'000
From exchange transactions							
Payments made in advance	130	130	-	-	-	-	-
	130	130	-	-	-	-	-
Property rentals	55 808	3 744	7 824	1 881	1 348	(13 438)	54 449
Provision for impairment	(54 527)	(2 463)	(7 824)	(1 881)	(1 348)	13 438	(54 449)
	1 281	1 281	-	-	-	-	-
Other exchange debtors	91 515	79 747	3 758	167	221	1 814	5 808
Provision for impairment	(6 122)	(1)	(45)	(12)	(13)	(243)	(5 808)
	85 393	79 746	3 713	155	208	1 571	-
Gross exchange debtors	147 453	83 621	11 582	2 048	1 569	(11 624)	60 257
Provision for impairment	(60 649)	(2 464)	(7 869)	(1 893)	(1 361)	13 195	(60 257)
From non-exchange transactions							
Government subsidies	35 723	24 225	6 047	1 206	375	3 870	-
Other non-exchange debtors	71 732	71 732	-	-	-	-	-
Gross non-exchange debtors	107 455	95 957	6 047	1 206	375	3 870	-
Gross debtors	254 908	179 578	17 629	3 254	1 944	(7 754)	60 257
Total provision for impairment	(60 649)	(2 464)	(7 869)	(1 893)	(1 361)	13 195	(60 257)
TOTAL	194 259	177 114	9 760	1 361	583	5 441	-

	Economic entity		Municipality of Cape Town	
	2012	2011	2012	2011
	R'000	R'000	R'000	R'000
11. CASH AND CASH EQUIVALENTS (BANK AND CASH)				
Bank balance	125 939	148 803	98 651	116 877
ABSA - Primary bank account 40-5658-4470	97 705	116 867	97 705	116 867
Salary bank account 40-5658-4496	-	-	-	-
Cashier's bank account 40-5658-4527	-	-	-	-
General income account (primary) 40-5658-4569	-	-	-	-
Traffic fines bank account 40-7261-8663	-	-	-	-
IRT funding account 5435522023983015	301	10	301	10
IRT funding account 5435522024946011	325	-	325	-
IRT funding account 5435522024948017	320	-	320	-
Other - Subsidiaries	27 288	31 926	-	-
Year-end accruals	(246)	(194)	(246)	(194)
Interest accrual	275	291	275	291
Bank charges accrual	(521)	(485)	(521)	(485)
	125 693	148 609	98 405	116 683
Cash on hand and in transit	35 177	29 500	35 100	29 412
Call and short-term deposits – see note 6	1 608 613	1 584 284	1 482 277	1 463 426
Amortised cost	1 769 483	1 762 393	1 615 782	1 609 521
Call and short-term deposits – see note 6	1 712 050	1 541 736	1 712 050	1 541 736
Fair value	1 712 050	1 541 736	1 712 050	1 541 736
TOTAL	3 481 533	3 304 129	3 327 832	3 151 257

Subsidiaries have separate bank accounts that are not listed separately.

Cash and cash equivalents comprise cash held and short-term deposits.

12. LONG-TERM BORROWINGS

Local registered stock loans	4 279 186	4 278 903	4 279 186	4 278 903
Concessionary loans	27 392	30 357	27 392	30 357
Other loans	1 182 556	1 292 753	1 164 029	1 273 648
Finance leases	-	66 281	-	66 281
Subtotal – see appendix A for more details	5 489 134	5 668 294	5 470 607	5 649 189
Current portion transferred to current liabilities	(296 142)	(306 896)	(294 186)	(305 353)
TOTAL	5 192 992	5 361 398	5 176 421	5 343 836

A total of R641,65 million (2011: R477,00 million) has been ring-fenced for the repayment of long-term liabilities – see note 6 and 41 for more details.

LOCAL REGISTERED STOCK

ABSA Investor Services

Secured bond paying fixed interest semi-annually. As security, a sinking fund was established, which, together with interest capitalised, will be used to settle the original loan liability on 31 March 2014.

Listed bonds

In terms of the Entity's DMTN programme registered on the JSE unsecured bonds totalling R4,20 billion are listed on the JSE. Interest is payable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date. Certain bond raising costs have been capitalised and offset against the proceeds thereof, and are being written off over the periods of the respective bonds. Sinking funds have been established for the repayment of the bonds.

4 279 186	4 278 903	4 279 186	4 278 903
7 047	7 047	7 047	7 047
4 272 139	4 271 856	4 272 139	4 271 856

	Economic entity		Municipality of Cape Town	
	2012	2011	2012	2011
	R'000	R'000	R'000	R'000
CONCESSIONARY LOANS	27 392	30 357	27 392	30 357
DBSA	27 376	30 343	27 376	30 343
An unsecured fixed-term concessionary loan repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan will be fully paid on 30 June 2020.				
Nedcor Bank	16	14	16	14
An unsecured fixed-rate loan, interest payable annually, and loan capital repayable on 31 August 2019.				
OTHER LOANS	1 182 556	1 292 753	1 164 029	1 273 648
Development Bank of Southern Africa (DBSA)	683 284	731 991	683 284	731 991
Unsecured fixed-interest loans, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. These loans have various final redemptions, ranging from 30 June 2015 to 31 December 2022.				
FirstRand Bank	176 329	183 268	176 329	183 268
A structured 15-year loan to the value of R220 million, of which R200 million is repayable semi-annually in equal instalments of capital and fixed-rate interest over 15 years, and the balance of R20 million payable in one instalment, together with fixed-rate interest, on 30 June 2017. The bullet repayment of the R20 million capital and interest will be made out of the guaranteed investment portfolios of two 15-year sinking-fund investment policies purchased from Momentum Group.				
As part of the loan structure, the Entity purchased two 15-year sinking-fund policies from Momentum Group for an upfront premium of R220 million. R20 million of the premium was invested in the guaranteed investment portfolio referred to above. The balance of the premium, i.e. R200 million, was invested in a linked investment (unguaranteed) portfolio. The maturity proceeds of this unguaranteed portfolio were sold in advance to FirstRand Bank for R200 million on the acceptance of the policies. The Entity has ceded and pledged the sinking-fund policies to FirstRand Bank as security for the Entity's obligations to FirstRand Bank under the policies and any other debt liability.				
FirstRand Bank	20 625	41 643	20 625	41 643
A structured 15-year loan to the value of R150 million, repayable semi-annually in equal instalments of capital and fixed interest.				
As part of the loan structure, the Entity entered into a loan-and-leaseback agreement. The Entity leased moveable electricity assets with a market value of R150 million to FirstRand Bank for 20 years. Rental was payable in three instalments from 1998 to 2000, with a nominal annual rental thereafter. The rentals have been payable into a deposit account with FirstRand Bank, which attracts a fixed rate of interest. FirstRand Bank leased the assets back to the Entity over 15 years, with rentals payable out of the deposit account from 2003 to 2013, which will reduce to zero on 30 June 2013. The Entity has ceded its rights to repayment of the deposit to FirstRand Bank as security for its obligations to FirstRand Bank under the original loan and any other indebtedness.				
The loan is secured by items of plant, to the carrying value of R15,83 million (2011: R20,89 million).				

Economic entity		Municipality of Cape Town	
2012	2011	2012	2011
R'000	R'000	R'000	R'000

ABSA Bank

An unsecured fixed-interest loan, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. Final redemption on 30 June 2018.

120 000	140 000	120 000	140 000
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FirstRand Bank

A structured 15-year loan to the value of R300 million, of which R74,30 million is repayable semi-annually in equal instalments of capital and fixed-rate interest over 15 years, and the balance of R225,70 million payable in one instalment together with capitalised fixed-rate interest on 30 June 2018. The bullet repayment of the R225,70 million capital and interest will be made out of a 15-year sinking-fund investment policy purchased from Momentum Group.

163 791	176 746	163 791	176 746
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As part of the loan structure, the Entity purchased a 15-year sinking-fund policy from Momentum Group for a premium of R228,40 million, which was invested in an unguaranteed investment portfolio. The premium is payable semi-annually over 15 years through a series of promissory notes issued by the Entity to Momentum, later sold on to FirstRand Bank and Future Growth. In terms of a put-option agreement, the maturity proceeds of this unguaranteed portfolio were sold in advance to FirstRand Bank for a fixed-option price of R894,60 million, payable on 30 June 2018. The Entity has ceded and pledged the sinking-fund policy to FirstRand Bank as security for the Entity's obligations to FirstRand Bank under the put-option agreement and any other debt liability.

DBSA – Claremont Road Bypass Company

Interest is charged at a nominal fixed rate of R186 plus 154 basis points per annum.

Repayable in 28 equal six-monthly instalments, commencing on 30 September 2009.

Secured by an agreement of cession from Claremont CID Company (association incorporated under section 21) (cedent) over their right and title to the levies collected by the City of Cape Town from the Claremont CID ratepayers in terms of the cooperation agreement.

The cedent, the company and the City of Cape Town concluded a cooperation agreement in terms of which the City of Cape Town undertook to pay to the cedent levies collected from the ratepayers within the Claremont CID.

17 706	18 621	-	-
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Loans from members – Zwaanswyk CID

The loans bear interest at 9% and are payable by 30 June 2014.

431	-	-	-
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Standard Bank Ltd – Epping CID

The average lease term is three years, and the average effective borrowing rate was 12,79%.

Interest rates are fixed at the contract date. All leases have fixed repayments, and no arrangements have been entered into for contingent rent.

The Entity's obligations under finance leases are secured by the lessor's charge over the leased assets.

390	484	-	-
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Economic entity		Municipality of Cape Town	
2012	2011	2012	2011
R'000	R'000	R'000	R'000

FINANCE LEASES**Nedbank**

A sale-and-leaseback, structured 15-year loan to the value of R55,30 million was funded by Nedbank through an infrastructure trust. Lease rentals equated to fixed-rate interest were payable semi-annually over 15 years; a bullet rental amount of R55,30 million was paid on 3 January 2012 out of the proceeds of a sinking fund in settlement of the loan. The Entity deposited equal amounts with Nedbank semi-annually, which, together with compounded interest over 15 years, equated to the original loan capital. The Entity ceded its rights under the deposit agreement to Nedbank as security for repayment of the loan capital.

-	66 281	-	66 281
-	61 997	-	61 997

Investec

A sale-and-leaseback, structured 15-year loan to the value of R54,80 million was funded by Investec Bank. Lease rentals equated to loan fixed-rate interest plus capital was payable semi-annually over 15 years. Investec granted the Entity the right to acquire the assets at the expiry of the lease at an agreed option price of R47,60 million. The Entity deposited with Investec an amount, which, together with compound interest, equated to the option price paid on 31 December 2011. The Entity ceded its rights under the deposit agreement to Investec as security for repayment of the lease and the option price.

-	4 284	-	4 284
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TOTAL – see appendix A for more details

5 489 134	5 668 294	5 470 607	5 649 189
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The rates of interest payable on the abovementioned structured loans and finance leases are based on certain underlying assumptions relating to the lenders' statutory costs, and the admissibility of deductions by the lenders for income tax purposes in connection with these loans. In the event of amendments to, or interpretation of, the Income Tax Act (Act 58 of 1962) or any other relevant legislation that affects the loan structure costs, the lenders have the right to increase or decrease the future rates of interest payable on the loans over their remaining lives, in order to absorb the increase or decrease in costs.

SHORT-TERM DEBT FACILITIES

The Municipality had the following short-term debt facilities with the Entity's main banker:

	2012	2011
	R'000	R'000
Performance guarantee and/or letter of credit	15 000	15 000
Business travel card	2 000	2 000
Daylight limit	1 000 000	1 000 000
Business credit card	50	50

The short-term debt facilities are reviewed annually and can be explained as follows:

Performance guarantee and/or letters of credit

A guarantee issued by the bank is an undertaking that, should the Entity fail to fulfil its obligations in terms of a contract or an agreement, the bank will pay specific amounts as stated on the guarantee. The monies are due and payable on the written demand from the beneficiary.

Business credit card/travel card

A card issued by the bank enables the Entity to obtain goods and services on credit. It entails monies lent and advanced.

Daylight limit

A daylight limit is a facility that enables the Entity to transact even if there are insufficient funds on that particular day. It entails monies lent and advanced during the day, provided it is settled by the end of that business day.

13. PROVISIONS (NON-CURRENT)

	Economic entity				Total R'000
	Long-service leave benefits R'000	Environmental rehabilitation R'000	Post- retirement medical aid benefits R'000	Post-retirement pension benefits R'000	
As at 30 June 2012					
Balance at the beginning of the year	312 294	342 871	2 841 340	15 832	3 512 337
Interest cost	26 905	35 350	254 270	1 536	318 061
Service cost	39 775	(74 882)	79 194	651	44 738
Benefit payments	(40 927)	-	(126 316)	(1 505)	(168 748)
Actuarial losses/(gains)	37 535	-	376 394	(1 475)	412 454
Transferred from current provisions (prior-year)	37 489	32 000	141 553	1 965	213 007
	413 071	335 339	3 566 435	17 004	4 331 849
Transfer to current provision	(36 256)	(6 500)	(211 176)	(1 716)	(255 648)
TOTAL	376 815	328 839	3 355 259	15 288	4 076 201

	Municipality of Cape Town				Total R'000
	Long-service leave benefits R'000	Environmental rehabilitation R'000	Post- retirement medical aid benefits R'000	Post-retirement pension benefits R'000	
As at 30 June 2012					
Balance at the beginning of the year	312 294	342 871	2 841 340	15 832	3 512 337
Interest cost	26 905	35 350	254 270	1 536	318 061
Service cost	39 775	(74 882)	79 194	651	44 738
Benefit payments	(40 927)	-	(126 316)	(1 505)	(168 748)
Actuarial losses/(gains)	37 535	-	376 394	(1 475)	412 454
Transferred from current provisions (prior-year)	37 489	32 000	141 553	1 965	213 007
	413 071	335 339	3 566 435	17 004	4 331 849
Transfer to current provision	(36 256)	(6 500)	(211 176)	(1 716)	(255 648)
TOTAL	376 815	328 839	3 355 259	15 288	4 076 201

Long-service leave benefits

An actuarial valuation has been performed of the Entity's liability for long-service leave benefits relating to vested leave benefits to which employees may become entitled upon completion of ten years' service and every five years thereafter. The provision is utilised when eligible employees receive the value of the vested benefits.

Discount rate

The fund benefit liability as at 30 June 2012 has been discounted at the market yields on government bonds consistent with the estimated term of the liability. A discount rate of 6,28% (2011: 8,16%) per annum has been used.

2012	2011
%	%

Key financial assumptions

Discount rate	6,3	8,2
General inflation rate (consumer price index)	5,9	6,3
Salary increase	5,0	6,5

Environmental rehabilitation

Provision is made in terms of the Entity's licensing stipulations on waste landfill sites, for the estimated cost of rehabilitating waste sites. The provision has been determined on the basis of a recent independent study. The cost factors derived from the study by a firm of consulting engineers have been applied and projected at an annual inflation rate of 5,2% (2011: 5,6%) and discounted to present value at the average borrowing cost of 10,59% (2011: 10,97%) – hence the difference. The payment dates of total closure and rehabilitation are uncertain, but are currently expected to be between 2013 and 2025.

Post-retirement medical aid and pension benefits

An actuarial valuation has been performed of the Entity's liability in respect of benefits to its eligible retirees and retrenched employees. The provision is utilised when eligible employees receive the value of the vested benefits – see note 48 for more details.

	Economic entity		Municipality of Cape Town	
	2012	2011	2012	2011
	R'000	R'000	R'000	R'000
14. DEPOSITS				
Electricity and water	272 795	233 248	272 795	233 248
Other deposits	18 646	11 447	2 149	244
TOTAL	291 441	244 695	274 944	233 492

Guarantees held in lieu of electricity and water deposits were R38,60 million (2011: R29,26 million). Deposits are released when the owner/occupant of a property terminates the contract with the Entity to supply water and electricity to the property, or when certain contractual services are delivered.

15. PROVISIONS (CURRENT)

	Economic entity				
	Opening balance 2012	Raised from statement of financial performance	Reversed to statement of financial performance	Transfers from non-current	Closing balance 2012
	R'000	R'000	R'000	R'000	R'000
Other provisions	149 217	223 132	(45 807)	-	326 542
Insurance claims	4 986	8 976	(4 986)	-	8 976
Post-retirement benefits	143 518	-	(143 518)	212 892	212 892
Legal fees	2 003	-	(2 003)	-	-
Environmental rehabilitation	32 000	-	(32 000)	6 500	6 500
Leave benefits	443 192	28 908	(37 489)	36 256	470 867
Performance bonuses	2 468	3 068	(2 468)	-	3 068
TOTAL	777 384	264 084	(268 271)	255 648	1 028 845

	Municipality of Cape Town				
	Opening balance 2012	Raised from statement of financial performance	Reversed to statement of financial performance	Transfers from non-current	Closing balance 2012
	R'000	R'000	R'000	R'000	R'000
Other provisions	149 212	223 132	(45 802)	-	326 542
Insurance claims	4 986	8 976	(4 986)	-	8 976
Post-retirement benefits	143 518	-	(143 518)	212 892	212 892
Legal fees	2 003	-	(2 003)	-	-
Environmental rehabilitation	32 000	-	(32 000)	6 500	6 500
Leave benefits	443 192	28 908	(37 489)	36 256	470 867
TOTAL	774 911	261 016	(265 798)	255 648	1 025 777

Insurance and COID claims

Provision has been made for outstanding insurance claims as at 30 June 2012, funded out of the insurance reserve. The assessment of claims is based on the assessed quantum of claims received.

Legal fees

Legal costs relating to the process of defending the Entity in Labour Appeal Court and Labour Court cases for which court dates have already been set. The calculation of these amounts is based on attorney assessments.

Staff leave

Annual leave accrues to employees on a monthly basis, subject to certain conditions. The provision is an estimate of the amount due to staff as at the financial year-end, based on the value of statutory and non-statutory leave.

Performance bonuses

Performance bonuses accrue to staff on an annual basis based on the achievement of predetermined performance standards. The provision is an estimate of the amount due to staff in the service of CTICC at the reporting date.

16. PAYABLES FROM EXCHANGE TRANSACTIONS

	Economic entity		Municipality of Cape Town	
	2012	2011	2012	2011
	R'000	R'000	R'000	R'000
Trade creditors	2 599 475	2 170 658	2 589 119	2 152 151
Payments received in advance	800 480	785 846	800 480	785 846
Inter-company advances	69 746	76 489	69 746	76 489
Third-party payments	238 908	215 034	238 908	215 034
Other creditors	90 885	108 151	84 900	92 397
TOTAL	3 799 494	3 356 178	3 783 153	3 321 917

Payables are non-interest-bearing and are normally settled on 30-day terms, except for retentions which are settled in terms of the contract agreement.

Payments received in advance are non-interest-bearing and normally settled on 30-day terms.

Management policies are in place to ensure that all payables are paid within a reasonable timeframe.

17. UNSPENT CONDITIONAL GRANTS AND RECEIPTS**Conditional grants from other spheres of government**

	1 603 821	1 040 996	1 603 821	1 040 996
Municipal infrastructure grant	-	63 547	-	63 547
National Government	1 378 915	586 486	1 378 915	586 486
Provincial Government of the Western Cape	224 906	390 963	224 906	390 963
Other conditional receipts	61 931	67 684	61 931	67 684
Public contributions	61 931	67 684	61 931	67 684
TOTAL	1 665 752	1 108 680	1 665 752	1 108 680

These amounts are separately invested in terms of section 12 of the MFMA. See note 28 and 29 for more details on grants from National and Provincial Government as well as public contributions.

The unspent portion of the conditional grant will be spent over the next two or three years to the conclusion of the projects for which they were intended. Substantial portions of the grants were provided in advance for the IRT system.

In many instances, the launch of projects is a protracted process due to interest groups' participation. No amounts are due for repayment to the donors, for the reasons set out above.

18. VAT

	303 077	273 431	303 077	273 431
VAT payable	420 687	435 785	420 687	435 785
Impairment	(117 610)	(162 354)	(117 610)	(162 354)
VAT receivable	(245 321)	(216 063)	(245 321)	(216 063)
TOTAL	57 756	57 368	57 756	57 368

The City of Cape Town is registered for VAT on the payment basis. The VAT liability was impaired as a result of impairment against debtors.

	Economic entity		Municipality of Cape Town	
	2012	2011	2012	2011
	R'000	R'000	R'000	R'000
19. HOUSING DEVELOPMENT FUND				
Realised housing proceeds				
Balance at beginning of the year	406 818	397 648	406 818	397 648
Income	47 781	54 437	47 781	54 437
Land sales	6 513	2 917	6 513	2 917
Repayments long-term debtors	29 775	31 342	29 775	31 342
Repayments public organisations	2 031	3 024	2 031	3 024
Service contributions	5 321	5 591	5 321	5 591
Subsidy refunds and other	4 141	11 563	4 141	11 563
Interest	19 912	21 761	19 912	21 761
Expenditure	(55 333)	(51 055)	(55 333)	(51 055)
Funding capital projects	(8 519)	(22 855)	(8 519)	(22 855)
Funding operating projects	(46 814)	(28 200)	(46 814)	(28 200)
Non-cash transfer to provision for impairment	(14 581)	(15 973)	(14 581)	(15 973)
Balance at end of the year	404 597	406 818	404 597	406 818
Unrealised housing proceeds				
Balance at beginning of the year	132 252	133 824	132 252	133 824
Loans realised	(29 963)	(22 914)	(29 963)	(22 914)
Long-term housing loans	(22 063)	(21 395)	(22 063)	(21 395)
Long-term loans public organisations	(7 900)	(1 519)	(7 900)	(1 519)
Transfer to impairment provision – long-term selling schemes	13 906	21 510	13 906	21 510
Transfer to impairment provision – long-term public organisations	671	(168)	671	(168)
Balance at end of the year	116 866	132 252	116 866	132 252
TOTAL	521 463	539 070	521 463	539 070
Unrealised housing proceeds represent loan repayments not yet due in terms of the debtors loan agreement.				
20. RESERVES				
Capital replacement reserve	1 274 073	1 186 371	1 274 073	1 186 371
Insurance reserve	496 182	585 163	496 182	585 163
Self-insurance reserve	438 556	534 055	438 556	534 055
COVID reserve	57 626	51 108	57 626	51 108
TOTAL	1 770 255	1 771 534	1 770 255	1 771 534
The CRR and the self-insurance reserve are fully funded and invested in ring-fenced financial instruments.				
21. ACCUMULATED SURPLUS				
Accumulated surplus	17 002 060	14 468 763	16 895 822	14 369 652
Receipts from acquired grant-funded assets to the value of R12,23 billion (2011: R10,57 billion) are included and earmarked to fund the depreciation charges over the assets' useful lives.				
22. NON-CONTROLLING INTEREST				
Balance at beginning of the year	132 444	133 604		
Share of net surplus attributable to non-controlling interest	3 326	(1 160)		
TOTAL	135 770	132 444		
23. SERVICE CHARGES				
Sale of electricity	8 052 945	6 807 930	8 061 911	6 815 178
Sale of water	1 816 317	1 648 459	1 817 183	1 649 307
Waste management (solid waste)	710 609	651 966	710 609	651 966
Wastewater management (sewerage and sanitation)	1 002 897	903 205	1 002 897	903 205
Other	530 116	481 993	394 165	340 071
TOTAL	12 112 884	10 493 553	11 986 765	10 359 727

	Economic entity		Municipality of Cape Town	
	2012	2011	2012	2011
	R'000	R'000	R'000	R'000
24. RENTAL OF LETTING STOCK AND FACILITIES				
Rental agreements	288 019	246 658	288 019	246 658
Hire/rentals	36 037	37 006	36 037	37 006
	324 056	283 664	324 056	283 664
Income forgone*	(34 320)	(33 348)	(34 320)	(33 348)
TOTAL	289 736	250 316	289 736	250 316
25. FINANCE INCOME				
Interest receivable – external investments	442 416	343 704	434 195	335 217
Interest transferred to external funds (conditional grants)	(102 446)	(50 404)	(102 446)	(50 404)
	339 970	293 300	331 749	284 813
Interest receivable – outstanding debtors	228 425	230 391	228 425	230 391
Net finance income	568 395	523 691	560 174	515 204
Gains on foreign-exchange transactions	44	32	44	-
Gains on valuation of investments	1 543	6 866	1 543	6 866
TOTAL	569 982	530 589	561 761	522 070
26. OTHER INCOME				
Exchange transactions	331 513	253 906	234 803	165 380
Insurance recoveries	2 621	1 098	2 322	1 093
Bulk infrastructure levies	56 426	54 926	56 426	54 926
Skills development levy	23 272	22 195	23 272	22 195
City improvement districts	89 508	81 409	-	-
Other income	159 686	94 278	152 783	87 166
Non-exchange transactions	-	-	89 508	81 409
City improvement districts	-	-	89 508	81 409
TOTAL	331 513	253 906	324 311	246 789
27. PROPERTY RATES				
Actual				
Residential	}	}	}	}
Commercial				
State				
Penalties				
	5 514 246	5 272 137	5 519 703	5 277 706
	89 657	94 168	89 657	94 168
	5 603 903	5 366 305	5 609 360	5 371 874
Income forgone*	(897 262)	(841 942)	(897 262)	(841 942)
TOTAL	4 706 641	4 524 363	4 712 098	4 529 932
Exempt properties are excluded from the property rates valuation.				
Valuations				
Rateable properties	764 031 600	772 100 106	764 031 600	772 100 106
Non-rateable properties	25 790 827	25 648 841	25 790 827	25 648 841
Total property valuations	789 822 427	797 748 947	789 822 427	797 748 947
Valuations as at July				
Residential	534 173 358	549 409 889	534 173 358	549 409 889
Commercial	180 500 237	172 957 965	180 500 237	172 957 965
Agriculture	8 777 516	8 784 443	8 777 516	8 784 443
State	42 076 739	42 907 205	42 076 739	42 907 205
Municipal	24 294 577	23 689 445	24 294 577	23 689 445
Total property valuations	789 822 427	797 748 947	789 822 427	797 748 947

The last general valuation came into effect on 1 July 2010, and is based on market-related values. Supplementary valuations are processed when completed by the Valuations Department, annually to take into account changes to individual property values due to alterations and subdivisions. Rates are levied on a daily basis and are payable monthly. Interest is raised monthly on accounts in arrears at prime plus 1% per annum.

*Income forgone can be defined as any income that the City of Cape Town is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

28. GOVERNMENT GRANTS AND SUBSIDIES**Unconditional grants**

Equitable share
Other

Conditional grants

Municipal infrastructure grant (MIG)
Provincial health subsidies
Provincial: Other
Cape Metropolitan Transport Fund (CMTF)
National projects
Provincial projects – other
Other

TOTAL

The Entity does not foresee a significant decrease in the level of grant funding.

Unconditional grants

These grants are used to subsidise the provision of basic services to indigent communities.

Analysis of government grants and subsidies

Operating
Capital

Municipal infrastructure grant projects

Balance unspent at beginning of the year
Regrouping adjustment
Current-year receipts
Adjustments
Conditions met – transferred to revenue

Conditions still to be met – transferred to liabilities – see note 17

This grant was used to fund the construction of infrastructural assets for the Entity. The conditions of the grant have been met. No funds have been withheld.

Provincial health subsidies

Balance unspent at beginning of the year
Current-year receipts – included in public health vote
Conditions met – transferred to revenue

Conditions still to be met – transferred to liabilities

The Entity renders health services on behalf of the Provincial Government, and is refunded partially for expenditure incurred. This grant has been used exclusively to fund clinic services. The conditions of the grant have been met. There were no delays in payment of the subsidies, nor were any amounts withheld.

Provincial projects and CMTF

Balance unspent at beginning of the year
Regrouping adjustment
Reclassification
Current-year receipts
Interest earned
Adjustments
Conditions met – transferred to revenue
Amounts still to be claimed

Conditions still to be met – transferred to liabilities – see note 17

Economic entity		Municipality of Cape Town	
2012	2011	2012	2011
R'000	R'000	R'000	R'000
970 474	910 437	970 474	910 437
970 474	836 662	970 474	836 662
-	73 775	-	73 775
2 787 361	1 726 032	2 787 361	1 726 032
-	249 772	-	249 772
136 113	129 925	136 113	129 925
-	3 843	-	3 843
30 049	32 824	30 049	32 824
1 919 890	705 761	1 919 890	705 761
700 901	592 282	700 901	592 282
408	11 625	408	11 625
3 757 835	2 636 469	3 757 835	2 636 469

1 626 991	1 385 536	1 626 991	1 385 536
2 130 844	1 250 933	2 130 844	1 250 933
3 757 835	2 636 469	3 757 835	2 636 469

(63 547)	-	(63 547)	-
-	70 407	-	70 407
-	(383 726)	-	(383 726)
63 547	-	63 547	-
-	249 772	-	249 772
-	(63 547)	-	(63 547)

-	-	-	-
(136 113)	(129 925)	(136 113)	(129 925)
136 113	129 925	136 113	129 925
-	-	-	-

(390 963)	(246 903)	(390 963)	(246 903)
68 302	1 545	68 302	1 545
-	3 843	-	3 843
(523 637)	(719 762)	(523 637)	(719 762)
(7 384)	(6 597)	(7 384)	(6 597)
1 646	(18 241)	1 646	(18 241)
730 950	625 106	730 950	625 106
(103 820)	(29 954)	(103 820)	(29 954)
(224 906)	(390 963)	(224 906)	(390 963)

National Government projects

	Economic entity		Municipality of Cape Town	
	2012	2011	2012	2011
	R'000	R'000	R'000	R'000
Balance unspent at beginning of the year	(586 486)	(702 923)	(586 486)	(702 923)
Regrouping adjustment	11 381	2 848	11 381	2 848
Reclassification	-	73 775	-	73 775
Current-year receipts	(2 625 891)	(640 032)	(2 625 891)	(640 032)
Interest earned	(90 070)	(37 312)	(90 070)	(37 312)
Adjustments	(7 531)	11 397	(7 531)	11 397
Conditions met – transferred to revenue	1 919 890	705 761	1 919 890	705 761
Amounts still to be claimed	(208)	-	(208)	-
Conditions still to be met – transferred to liabilities – see note 17	(1 378 915)	(586 486)	(1 378 915)	(586 486)

These grants received from National Government are for operating and capital expenditure (such as budget reform, restructuring, urban renewal, and so forth). Other than the amounts unspent, the conditions of the grants have been met – see appendix D.

29. PUBLIC CONTRIBUTIONS

Public contributions: Consumer connections	36 984	40 383	36 984	40 383
Other	26 677	39 337	26 369	39 337
TOTAL	63 661	79 720	63 353	79 720

Public contributions and other third-party funds

Balance unspent at beginning of the year	(67 684)	(98 614)	(67 684)	(98 614)
Regrouping adjustment	(613)	6 390	(613)	6 390
Reclassification	-	17 900	-	17 900
Current-year receipts	(58 587)	(44 529)	(58 587)	(44 529)
Interest earned	(802)	(1 372)	(802)	(1 372)
Adjustments	6 259	(3 509)	6 259	(3 509)
Conditions met – transferred to revenue	62 353	61 820	62 353	61 820
Amounts still to be claimed	(2 857)	(5 770)	(2 857)	(5 770)
Conditions still to be met – transferred to liabilities – see note 17	(61 931)	(67 684)	(61 931)	(67 684)

The Entity receives grants from various private donors for operating and capital projects. Included in these funds are monies held on behalf of third parties. Other than the amounts unspent, the conditions of the grants have been met. No funds have been withheld.

30. EMPLOYEE-RELATED COSTS

Salaries and wages	4 341 494	3 990 865	4 305 903	3 959 861
Social contributions – UIF, pensions and medical aid	1 129 270	1 034 405	1 125 294	1 031 092
Travel, car, accommodation, subsistence and other allowances	287 457	273 051	287 457	273 051
Housing benefits and allowances	31 061	31 315	31 061	31 315
Overtime payments	310 412	277 658	310 205	277 174
Performance bonus – net contribution	-	1 880	-	-
Contribution: Post-retirement and long-service	878 229	600 062	878 229	600 062
	6 977 923	6 209 236	6 938 149	6 172 555
Expenditure recharged to capital projects	(22 137)	(24 663)	(22 137)	(24 663)
TOTAL	6 955 786	6 184 573	6 916 012	6 147 892

	Economic entity		Municipality of Cape Town	
	2012	2011	2012	2011
	R'000	R'000	R'000	R'000
31. REMUNERATION OF COUNCILLORS				
Executive Mayor	1 050	971	1 050	971
Deputy Executive Mayor	740	766	740	766
Speaker	740	766	740	766
Chief Whip	695	719	695	719
Mayoral Committee members	7 350	6 497	7 350	6 497
Subcouncil chairpersons	15 206	15 117	15 206	15 117
Councillors	67 924	54 274	67 924	54 274
Councillors' pension contributions	4 067	9 511	4 067	9 511
Board members (CTICC)	144	237	-	-
TOTAL	97 916	88 858	97 772	88 621
32. IMPAIRMENT COSTS				
Allowances for impairment losses	820 121	773 536	818 450	773 226
Impairment of property, plant and equipment	27 392	25 958	27 392	9 866
TOTAL	847 513	799 494	845 842	783 092
33. DEPRECIATION AND AMORTISATION EXPENSES				
Depreciation of property, plant and equipment	1 378 163	1 270 877	1 355 425	1 249 295
Depreciation of investment property	1 653	2 598	1 653	2 598
Amortisation of intangible assets	15 018	10 207	15 018	10 207
TOTAL DEPRECIATION AND AMORTISATION EXPENSES	1 394 834	1 283 682	1 372 096	1 262 100
- see notes 1, 3, 4 and appendix B				
Grants-funded assets financed from reserves	(522 907)	(484 249)	(522 907)	(484 249)
NET TOTAL DEPRECIATION AND AMORTISATION	871 927	799 433	849 189	777 851
34. FINANCE COSTS				
Interest expenses	647 526	685 283	645 900	683 588
Borrowings (amortised cost)	642 664	663 565	641 038	661 870
Finance leases (amortised cost)	4 862	21 718	4 862	21 718
Unwinding of discount	35 350	33 604	35 350	33 604
Amortisation of bond issue expenses	283	283	283	283
Loss on foreign-exchange transactions	7	-	-	-
TOTAL	683 166	719 170	681 533	717 475
35. BULK PURCHASES				
Electricity	5 385 001	4 326 842	5 385 001	4 326 842
Water	320 262	293 323	320 262	293 323
TOTAL	5 705 263	4 620 165	5 705 263	4 620 165
36. GRANTS AND SUBSIDIES PAID				
Ad hoc	10	11	-	-
Community development and upliftment	9 384	9 315	9 384	9 315
Economic development and promotion of tourism	71 238	65 953	71 238	71 307
Education institutions	1 239	1 204	1 239	1 204
Health forum/health, HIV/Aids and TB programmes	3 675	4 909	3 675	4 909
Senior citizens – facilities for the aged	289	456	289	456
Social development and arts and culture	5 438	5 647	5 438	5 647
Sporting bodies	2 229	544	2 229	544
Wesgro	10 000	5 354	10 000	-
Khayelitsha Community Trust	-	-	-	-
TOTAL	103 502	93 393	103 492	93 382

	Economic entity		Municipality of Cape Town	
	2012	2011	2012	2011
	R'000	R'000	R'000	R'000
37. GENERAL EXPENSES				
Chemicals	99 450	91 898	99 450	91 898
Communication and publication	31 821	28 515	28 743	26 255
Computer services and software	30 629	22 632	25 508	19 174
Consultants	150 960	145 448	147 364	141 440
ESKOM – FBE*	93 874	71 025	93 563	70 981
Fuel	191 191	144 049	190 792	143 758
Furniture and fittings	36	15	36	15
Hire charges	147 652	119 064	147 134	118 739
Legal fees	35 260	36 294	34 698	35 941
Levy: Skills development	48 398	43 499	48 398	43 499
Licences and permits	70 303	70 869	70 303	70 869
Materials and consumables	290 487	298 897	273 402	279 307
CIDs	-	-	86 823	78 967
Minor tools and equipment	51 175	50 291	51 172	50 283
Pharmaceutical supplies	71 874	75 441	71 874	75 441
Postage and courier	26 599	25 993	26 572	25 973
Printing and stationery	62 049	57 496	61 545	56 958
Rental	57 806	64 085	56 561	62 849
Inventory: Scrapping	5 402	1 243	5 402	1 243
Security services	316 400	276 722	311 703	272 550
Sewerage services – disposals external	47 450	35 209	47 450	35 209
Telecommunications	115 442	115 859	113 985	114 246
Training	70 109	53 728	69 676	52 179
Insurance: Claims	26 659	26 611	26 659	26 611
Insurance: Underwriting	25 557	26 217	25 557	26 217
Indigent relief	369 226	338 696	369 226	338 696
Contributions, transfers and other	641 748	521 762	614 536	494 885
	3 077 557	2 741 558	3 098 132	2 754 183
Expenditure recharged to capital projects	(2 397)	(3 253)	(2 397)	(3 253)
TOTAL	3 075 160	2 738 305	3 095 735	2 750 930
38. TAXATION				
Deferred taxation				
CTICC				
Deferred income taxes are calculated on all temporary differences under the balance sheet method, using a tax rate of 28% (2011: 28%).				
At beginning of the year	8 318	9 240		
Temporary differences	(1 403)	(922)		
At end of the year	6 915	8 318		
CIDs				
At beginning of the year	35	-		
Reverse temporary differences on finance lease obligations	(9)	35		
At end of the year	26	35		
The balance comprises				
Capital allowance (non-deductible temporary differences)	6 915	8 318		
Reverse temporary differences on finance lease obligations	26	35		
Total	6 941	8 353		
Statement of financial performance charge				
Taxation				
Current year: CTICC	4 113	6 426		
CIDs	(9)	29		
	4 104	6 455		

*Payment to ESKOM to subsidise the FBE portion supplied by ESKOM to residences in the municipal area of the City of Cape Town.

	Economic entity		Municipality of Cape Town	
	2012	2011	2012	2011
	R'000	R'000	R'000	R'000
39. CASH GENERATED FROM OPERATIONS				
Surplus for the year	2 521 841	1 832 538	2 507 284	1 824 465
Adjustment for:	2 584 447	2 503 151	2 566 316	2 475 011
Depreciation	1 394 834	1 283 682	1 372 096	1 262 100
Contributed assets	(76 435)	-	(76 127)	-
Impairment	27 392	25 958	27 392	9 866
Gains and losses on disposal of assets	(42 397)	(16 909)	(42 420)	(17 051)
Contribution to provisions	815 325	498 789	814 730	498 688
Contribution to impairment provision	352 544	523 050	350 873	526 003
Finance income	(569 982)	(530 589)	(561 761)	(522 070)
Finance costs	683 166	719 170	681 533	717 475
Operating surplus before working capital changes	5 106 288	4 335 689	5 073 600	4 299 476
(Increase) in inventories	(17 751)	(37 076)	(17 759)	(38 169)
(Increase) in receivables	(639 430)	(843 276)	(637 980)	(845 591)
(Increase)/decrease in other receivables	(96 125)	118 515	(96 840)	116 942
Increase in unspent conditional grants and receipts	557 072	60 240	557 072	60 240
Increase in payables	443 316	271 703	461 236	259 030
Increase in net VAT	388	6 207	388	6 207
Cash generated from operations	5 353 758	3 912 002	5 339 717	3 858 135
40. CASH AND CASH EQUIVALENTS				
Balance at end of the year	3 481 533	3 304 129	3 327 832	3 151 257
Balance at beginning of the year	3 304 129	4 653 456	3 151 257	4 511 179
Net increase/(decrease) in cash and cash equivalents – see note 11	177 404	(1 349 327)	176 575	(1 359 922)
41. RECONCILIATION OF UTILISATION OF LONG-TERM BORROWINGS				
Borrowings raised – see appendix A	431	335	-	-
EFF earmarked capital expenditure	(3 801 138)	(2 700 480)	(3 801 138)	(2 700 480)
2010/11 and prior years	(2 700 480)	(1 720 913)	(2 700 480)	(1 720 913)
Current year	(1 100 658)	(979 567)	(1 100 658)	(979 567)
Total EFF (overdrawn)	(3 800 707)	(2 700 145)	(3 801 138)	(2 700 480)
Cash set aside for the repayment of borrowings – see note 6 and 12	641 651	476 998	641 651	476 998
Cash overdrawn	(3 159 056)	(2 223 147)	(3 159 487)	(2 223 482)
42. BUDGET INFORMATION				
42.1 Explanation of variances between approved and final budget amounts				
The variances between the approved and final budgets are mainly due to virements, the negative effect of the abnormal high electricity and solid waste tariff increases on consumer debtors, the decrease in the expected capital expenditure, and the reprioritising of capital projects, with corresponding changes to funding sources.				
42.2 Explanation of variances greater than 5%: Final budget and actual amounts				
42.2.1 Statement of financial position				
i) Current assets	The cash available was much higher than anticipated due to under-spending of capital and operating expenditure, as well as higher-than-expected payables.			
ii) Current liabilities	The actual payables were higher than the budgeted figures due to much higher capital spend in June 2012 than what was budgeted for.			

42.2.2 Statement of financial performance

Revenue

- i) Rental of letting stock and facilities
The variance is the result of improved processes relating to rental of property and facilities.
- ii) Finance income
Interest earned on the continuous favourable cash/investment balance during the year.
- iii) Licences and permits
The variance is the result of an increased number of licences and permits issued and an improvement in administrative processes relating to the issue of licences and permits.
- iv) Agency services
The variance is the result of an increase in the number of transactions processed on behalf of Provincial Government.
- v) Other income
The variance is the result of a refund on water levies paid in the previous financial year and a VAT refund on IRT-related transactions, as agreed with SARS.
- vi) Gains on disposal of property, plant and equipment
The variance is due to difficulties in planning the finalisation date of various property sales and transactions that are still in progress.
- vii) Fines
The variance is the result of fines reviewed by traffic courts and the number of fines issued by the respective departments.
- viii) Government grants and subsidies
Spending on these projects was influenced by a number of factors, such as delays in the implementation of various projects, community dynamics, change in contract scope, contract award objection processes, environmental issues, delays in delivery of materials/goods and contractor performance, thus resulting in under-spending for the year. Various projects will be completed in the 2012/13 financial year, and the funding will be rolled over in the August 2012 adjustments budget.
- ix) Public contributions
The variance is mainly due to slower-than-expected property development as a result of the economic downturn, which has led to less development levies collected.

Expenditure

- i) Remuneration of councillors
The variance is due to less-than-anticipated transport claims submitted by councilors, and the impact of the Member of the Executive Council's revised implementation date for the conversion of the section 79 committee chairpersons to full-time councillors.
- ii) Impairment costs
The variance is due to lower-than-anticipated debt impairment, mainly on rates and electricity services, resulting from an improved actual collection ratio achieved and maintained during the year, and the impact of the energy savings campaign.
- iii) Finance costs
The variance is mainly due to the provision made for a long-term external loan that has not been taken up, as the City had maintained a favourable cash position throughout the financial year.

42.2.3 Cash flow statement

- i) Net cash from operating activities
Mainly due to the cash paid to suppliers and employees being lower than expected due to an under-spending on operating expenditure and higher-than-expected payables at year-end.
- ii) Net cash from investing activities
Investments increased rather than decreased as expected due to an under-spending on capital and operating expenditure. Another contributing factor is the higher-than-expected payables at year-end, as more expenditure had been deferred to the 2012/13 financial year than anticipated.
- iii) Net cash from financing activities
Mainly due to a higher-than-expected increase in the consumer deposits.

42.2.4 Capital expenditure

- i) City Manager
Under-expenditure as a result of the contingency provisions which are only utilised for the replacement of assets as and when insurance claims are settled.
- ii) Deputy City Manager
Due to project delays, which are caused by poor-performing contractors who fail to meet project deadlines. Due to the adjustment made to the specifications of the contract, further approval from Treasury and SCM was required, which resulted in a temporary suspension in operations. Also due to contingency provisions, which are only utilised for the replacement of assets as and when insurance claims are settled.
- iii) Economic, Environment and Spatial Planning
Under-expenditure as a result of the delay in signing contracts with relevant stakeholders on certain projects, and appeals against tenders, awarded for certain projects.
- iv) Social and Early Childhood Development
Under-expenditure on capital projects was caused by cash flow problems experienced by contractors, delays experienced in land transfers, and community interference in the implementation of certain projects.
- v) Tourism, Events and Marketing
The variance in expenditure was primarily caused by delays in the commencement of projects due to environmental and legal requirements; factors beyond the control of the Department, such as bad weather; the prolonged adjudication of tenders, and the extension of contract periods.
- vi) Transport, Roads and Stormwater
Under-expenditure is mainly as a result of slower implementation of the IRT inner-city bus stop infrastructure and other IRT contracts, due to frequent design changes being required as a result of the presence of existing services where these had not been indicated on service plans; community disruptions and delays on some housing-related projects; delivery of fewer IRT buses than had been programmed by the end of June 2012, and delays in the appeal authority's resolution of section 62 appeals against the awards of some major road contracts.
- vii) Human Settlements
Expenditure variations on the variety of integrated human settlements developments undertaken by the City of Cape Town were due to, inter alia, matters associated with comprehensive community engagement that took longer than anticipated, unseasonal weather, project planning approvals, and the like. Beneficial savings on land acquisitions also resulted in a level of under-spend against this budget item.
- viii) Water and wastewater management
As a result of departmental constraints, such as lack of adequate staff to supervise projects, delays were experienced in completing certain projects. Inefficiencies from other departments within the City also led to the delay in the commencement of projects, such as the approval of tenders by SCM and the time taken by the Legal Department to resolve appeals against tenders awarded. Other reasons for the variances include under-performance of contractors and supply constraints; environmental impact analyses and obtaining way leaves; bad weather experienced during the year, which led to project backlogs, and better cost management techniques, which resulted in cost savings on projects completed.
- ix) Subsidiaries
The capital expenditure projects were 92% completed or in progress as at year-end. The variances relate mainly to savings on completed projects and projects in progress as at year-end.

Economic entity		Municipality of Cape Town	
2012	2011	2012	2011
R'000	R'000	R'000	R'000

43. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE, MATERIAL LOSSES**43.1 Irregular expenditure**

Opening balance	187 164	102 496	187 164	101 106
Irregular expenditure – SCM regulations (see incidents below)	17 625	96 020	14 915	86 058
Ratified by Accounting Officer and noted by Council	(79 511)	-	(79 511)	-
Ratified by the board of directors	(2 710)	(11 352)	-	-
Closing balance	122 568	187 164	122 568	187 164

The City Manager has subsequent to the year-end ratified additional prior year breaches to the value of R98,36 million, which will reduce the closing balance to R24,21 million.

Incidents	2012	2011	2012	2011
• Deviation from SCM regulations due to nature of business	2 710	9 962	-	-
• Proper tender procedures not followed due to oversight	214	-	214	-
• SCM policy on declarations of interest for quotations below R200 000 not fully adhered to in respect of suppliers found to be in the employ of the state	325	9 166	325	9 166
• SCM policy on declarations of interest for quotations below R200 000 not fully adhered to in respect of goods only	1 786	36 772	1 786	36 772
• Declaration of interest of suppliers in the employ of the state overlooked	12 446	210	12 446	210
• Business conducted with 2 staff members (2011 represents with a Councillor due to a delay in remedial action as a result of an overlap of election processes, and with 11 staff due to omission of detail in their declarations)	90	1 275	90	1 275
• Business conducted with a supplier of whom a City staff member is a non-executive director	54	-	54	-
• One instance of a supplier prohibition and another of a legitimate company with a prohibited shareholder not detected	-	5 272	-	5 272
• Contracts not advertised for the full 30-day period as required, mainly due to not having given regard to the weekend at the end of the 30 days	-	33 363	-	33 363
Incidents for the year	17 625	96 020	14 915	86 058

43.2 Fruitless and wasteful expenditure

Opening balance	986	431	431	431
Fruitless expenditure current-year (see incidents below)	-	731	-	-
Amount recovered	(267)	(176)	-	-
Certified as irrecoverable by Council	(431)	-	(431)	-
Closing balance	288	986	-	431

Incident	Disciplinary steps/criminal proceedings
Misappropriation of funds	Reported to SAPS
Fraudulent supplier payment	Reported to SAPS

Incidents for the year

-	322
-	409
-	731

43.3 Material losses

Water losses	76 965	90 050	76 965	90 050
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Water losses

In the current year, the reticulation losses were 8,6% (2011: 10,7%). These losses are predominantly due to metering inefficiencies, which constitutes an apparent loss. A major reduction has been achieved since the previous financial year by addressing metering inconsistencies. The material losses disclosed in 2011 have been restated, due to the Entity's incorrect interpretation of section 125 of the MFMA regarding the losses to be disclosed. Only losses of a non-technical nature should be disclosed, and not losses that are by nature regarded as normal production losses. Such production losses amounting to R93,97 million (2011: R109,73 million) are quantified and factored into the tariffs. The comparative amount of R90,05 million has been restated from R506,54 million.

Economic entity		Municipality of Cape Town	
2012	2011	2012	2011
R'000	R'000	R'000	R'000
225 049	101 529	225 049	101 529

Electricity losses

Electricity losses

In the current year, the energy losses were 10,75% (2011: 8,85%). These losses are the result of theft and vandalism. The material losses disclosed in 2011 have been restated due to the Entity's incorrect interpretation of section 125 of the MFMA regarding the losses to be disclosed. Only losses of a non-technical nature should be disclosed, and not losses that are by nature regarded as normal production losses. Such production losses amounting to R352,74 million (2011: R280,36 million) are quantified and factored into the tariffs. The comparative amount of R101,53 million has been restated from R689,27 million.

44. COMMITMENTS**44.1 CAPITAL COMMITMENTS**

Commitments in respect of capital expenditure

Approved and contracted for:

Infrastructure

Community

Other

1 418 983	1 203 958	1 418 983	1 203 958
21 302	166 267	21 302	166 267
587 050	8 990	587 050	8 990

TOTAL

2 027 335	1 379 215	2 027 335	1 379 215
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The 2011 comparative amount of R1,380 billion has been restated from R898,53 million due to the basis of determination being changed from one year in value after year-end to the full commitment in value.

44.2 OPERATING LEASE COMMITMENTS**The Entity as lessee**

Future minimum lease payments under non-cancellable operating leases

Land and buildings

Payable within one year

Payable within two to five years

68 442	57 055	68 279	56 420
25 785	45 031	25 622	44 559
42 657	12 024	42 657	11 861

Vehicles and other equipment

Payable within one year

Payable within two to five years

Payable after five years

56	439	56	439
56	116	56	116
-	254	-	254
-	69	-	69

68 498	57 494	68 335	56 859
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Minimum lease payments recognised as an expense during the period amount to R44,68 million (2011: R62,63 million). Leased premises are contracted for remaining periods of between one and four years, with renewal options available in certain instances.

The Entity has minimal current lease arrangements for photocopy and fax machines over a period of one year, without being subject to escalation. In terms of a Council policy decision, such leased equipment shall be purchased upon termination of the relevant contract. In keeping with this policy, it has been decided to terminate lease agreements in respect of older equipment where the initial period has expired and the lease is continuing on a month-to-month basis.

45.1.3 Included in the debtors arrears is an amount of R1,80 million, outstanding for more than 120 days, owed by the representative political parties to the Entity.

45.1.4 Section 125

Late submission of prescribed report

The report on the state of the City's budget to the mayor was not submitted within 10 working days after the end of each month as required in terms of section 71 of the MFMA.

Other compulsory disclosures

As at 30 June 2012

	SALGA contributions R'000	Audit fees R'000	PAYE and UIF R'000	Pension and medical aid R'000
Opening balance	7 170	481	60 419	141 774
Subscriptions/fees	9 500	17 655	804 472	1 815 186
Amount paid – current year	(9 500)	(17 392)	(741 929)	(1 659 881)
Amount paid – previous years	(7 170)	(481)	(60 419)	(141 774)
Balance unpaid (included in payables)	-	263	62 543	155 305

As at 30 June 2011

Opening balance	-	1 296	53 222	122 658
Subscriptions/fees	13 862	19 443	757 366	1 625 205
Amount paid – current year	-	(18 962)	(696 947)	(1 483 431)
Amount paid – previous years	(6 692)	(1 296)	(53 222)	(122 658)
Balance unpaid (included in payables)	7 170	481	60 419	141 774

Economic entity		Municipality of Cape Town	
2012	2011	2012	2011
R'000	R'000	R'000	R'000

45.2 SUPPLY CHAIN MANAGEMENT REGULATIONS – Municipality of Cape Town

45.2.1 Deviations

In terms of section 36 of the municipal SCM regulations, any deviation from SCM policy needs to be approved/condoned by the City Manager and noted by Council. The expenses incurred, as listed below, have been approved/condoned by the City Manager and noted by Council.

Incidents

Appointment of consultants	72 543	41 068	72 543	41 068
Information technology upgrade	18 131	7 402	18 131	7 402
Upgrade of electricity services	-	3 344	-	3 344
Extension of contract	289 845	518 289	289 845	518 289
Upgrade of road infrastructure	10 588	32 402	10 588	32 402
Supply and delivery of plant and equipment	11 092	59 430	11 092	59 430
Other	39 660	155 078	39 660	155 078
Deviations less than R200 000	333 615	290 999	333 615	290 999
Total amount condoned by Council	775 474	1 108 012	775 474	1 108 012

All deviations considered by the City Manager are processed in terms of the SCM regulation and the SCM policy. This process entails being assessed by the SCM Bid Adjudication Committee in terms of the stipulated criteria for emergency procurements, availability from only one provider, art historic objects, circumstances where it is impractical or impossible to follow the official procedure, or correction of minor technical breaches.

45.2.2 Ratification of SCM breaches

The calling for declarations of interest in respect of quotations below R200 000 was only fully implemented by December 2011. In addition, the non-calling could have given rise to the possibility that the City may have traded with "employees in service of the State".

Contracts not advertised for the full 30-day period as required mainly due to not having given regard to the weekend at the end of the 30 days.

CTICC minor breaches of the procurement processes

Total amount condoned by Council

41 593	-	41 593	-
182 167	-	182 167	-
9 440	10 682	-	-
233 200	10 682	223 760	-

45.2.3 Bids awarded to family of employees in service of the state

In terms of the SCM regulations, any award above R2 000 to family members of employees in the service of the State must be disclosed in the annual financial statements. The following is a list as recorded on the declaration-of-interest form.

Connected person	Position held in state	Economic entity		Municipality of Cape Town	
		2012	2011	2012	2011
		R'000	R'000	R'000	R'000
J Adams	Secretary	130	152	130	152
T Appolis	Operator: Mechanical Plant Gr 2	49	-	49	-
J Arendse	Handyman	363	167	363	167
MF Baloyi	Worker	-	8	-	8
P Booysen	Clerk	1 115	1 115	1 115	1 115
B Brooks	Area Manager	44	-	44	-
G Buitendag	Principal Professional Officer	3 160	-	3 160	-
A Cedras	Senior Superintendent	1 058	1 317	1 058	1 317
A Charles	Functional Operational Manager	-	31	-	31
C Connor	Head: COID	238	-	238	-
H Da Costa	Professional Officer	23	-	23	-
L Daniels	Senior Foreman	979	-	979	-
SS Daries	Senior Superintendent	4	51	4	51
CB Davids	Administrative Officer	44	-	44	-
R Davids	COCT SCM Assistant Buyer	459	250	459	250
J du Toit	COCT SCM Assistant Buyer	251	222	251	222
B Francis	Administrative Officer	1	7	1	7
N Goniwe	Water Pollution Control Inspector	279	417	279	417
T Hartogh	Superintendent	-	12	-	12
PM Hattingh	Administrative Officer	924	-	924	-
G Hector	Superintendent	-	4	-	4
J Hintenaus	Environmental Health Officer	-	4	-	4
N Hoosain	Clerk	823	566	823	566
A Hoppie	Clerk	-	3	-	3
D Isaacs	Clerk	8	42	8	42
E Ishmail	Manager: Valuations Data/System	5 364	-	5 364	-
L January	Head: Area	116	27	116	27
MS Jacobs	Clerk	1 163	-	1 163	-
KM Johns	Clerk	55	-	55	-
B Jones	Clerk	272	-	272	-
A Jonkers	Senior Foreman	-	40	-	40
MF Khan	Clerk	232	180	232	180
W Kloppers	Senior Health Practitioner	-	3	-	3
G Koning	Enrolled Nurse	18	52	18	52
X Mama	Head : Area Manager	449	-	449	-
J Manuel	Traffic Officer	13	7	13	7
J Maputsi	Learner/Snr. Fire fighter	753	1 587	753	1 587
SS Merile	Operator: Small Plant	663	1 071	663	1 071
D Michaels	Administrative Officer	-	15	-	15
K Modack	Specialist Clerk	83	-	83	-
MC Mshweshwe	Statutory Compliance Specialist	344	53	344	53
V Mwahla	Head: Area	-	6	-	6
M Pardenwachter	Professional Officer	45	-	45	-
J Pienaar	Senior Professional Officer	-	2	-	2
R Platen	Special Workman	4	5	4	5
C Rhoda	Clerk	10 607	7 222	10 607	7 222
MN Sammy	Administrative Officer	104	68	104	68
LM Scholtz	Secretary	1 177	-	1 177	-
PA Singama	Administrative Officer	-	15	-	15
QG Sipoyo	Risk and Safety Advisor	858	350	858	350
P Smith	Administrative Officer	66	-	66	-
P Sonyabashe	Worker	538	172	538	172
R Swanson	Courier	63	117	63	117
L Swartz	Clerk	-	58	-	58
I Taliep	Clerk	-	236	-	236
M Thorpe	COCT SCM Assistant Buyer	376	366	376	366
W Timotheus	Operational Supervisor/Driver	4	13	4	13
F Trom	Worker	11	5	11	5
M Valentine	Snr Operational Supervisor/Driver	-	65	-	65
C van der Vendt	Senior Worker	343	379	343	379
E Vermeulen	Assistant Librarian (part-time)	-	64	-	64
MF Votersen	Head: Finance, Parks	1 248	1 148	1 248	1 148
J Williams	Clerk	2	127	2	127
N Sisulu-Singaaphi	Director: Spousal Support Office	2 560	-	-	-
Total		37 483	17 821	34 923	17 821

46. FINANCIAL RISK MANAGEMENT

Exposure to currency, interest rate, liquidity and credit risk arises in the normal course of the Entity's operations. This note presents information about the Entity's exposure to each of the above risks, policies and processes for measuring and managing risk, and the Entity's management of capital. Further quantitative disclosures are included throughout these financial statements.

Council has established a Risk Management Committee, which is responsible for developing and monitoring the Entity's risk management policies. Every quarter, the Risk Management Committee's reports are presented to the Audit Committee. The Risk Management Committee's policies are established to identify and analyse the risks faced by the Entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the Entity's activities.

The accounting policy for financial instruments was applied to the following items in the statement of financial position:

	Amortised cost R'000	Fair value R'000	Total carrying amount R'000	Fair value R'000
Financial assets				
2012				
Investments	111 529	2 883 350	2 994 879	3 036 118
Long-term receivables	119 086	-	119 086	119 086
Receivables	3 977 942	-	3 977 942	3 977 942
Other receivables	311 114	-	311 114	311 114
Cash and cash equivalents	1 769 483	1 712 050	3 481 533	3 481 533
	6 289 154	4 595 400	10 884 554	10 925 793
2011				
Investments	161 771	2 096 302	2 258 073	2 279 321
Long-term receivables	134 719	-	134 719	134 719
Receivables	3 706 347	-	3 706 347	3 706 347
Other receivables	203 049	-	203 049	203 049
Cash and cash equivalents	1 762 393	1 541 736	3 304 129	3 304 129
	5 968 279	3 638 038	9 606 317	9 627 565
Financial liabilities				
2012				
Borrowings	5 489 134	-	5 489 134	6 295 331
Payables	2 999 014	-	2 999 014	2 999 014
	8 488 148	-	8 488 148	9 294 345
2011				
Borrowings	5 668 294	-	5 668 294	6 260 971
Payables	2 570 332	-	2 570 332	2 570 332
	8 238 626	-	8 238 626	8 831 303

46.1 Fair values

The table below analyses financial instruments carried at fair value at the end of the reporting period, by level of fair-value hierarchy. The different levels are based on the extent to which quoted prices are used in the calculation of the fair value of the financial instruments, and have been defined as follows:

- Level 1: Fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument
- Level 2: Fair values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data, and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments, where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Financial assets				
2012				
Investments	1 844 250	1 039 100	-	2 883 350
Cash and cash equivalents	-	1 712 050	-	1 712 050
	1 844 250	2 751 150	-	4 595 400
2011				
Investments	1 832 242	264 060	-	2 096 302
Cash and cash equivalents	-	1 541 736	-	1 541 736
	1 832 242	1 805 796	-	3 638 038

46.2 Credit risk

Credit risk is the risk of financial loss to the Entity if customers or counterparties to financial instruments fail to meet their contractual obligations, and arises principally from the Entity's investments, loans, receivables, and cash and cash equivalents.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 30 June was:

	Economic entity		Municipality of Cape Town	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
Investments – see note 6	2 994 879	2 258 073	2 994 879	2 258 073
Loans receivable – see note 7	119 086	134 719	119 086	134 719
Receivables and other receivables – see note 9 and 10	4 289 056	3 909 396	4 284 708	3 903 240
Cash and cash equivalents – see note 11	3 481 533	3 304 129	3 327 832	3 151 257
Total	10 884 554	9 606 317	10 726 505	9 447 289

Investments

The Entity limits its exposure to credit risk by investing with only reputable financial institutions that have a sound credit rating, and within specific guidelines set in accordance with Council's approved investment policy. Consequently, the Entity does not consider there to be any significant exposure to credit risk

Loans receivable

Loans are granted and managed in accordance with policies and regulations as set out in note 7. The associated interest rates and repayments are clearly defined and, where appropriate, the Entity obtains certain suitable forms of security when granting loans. Allowances for impairment are made in certain instances.

Receivables

Receivables are amounts owing by consumers, and are presented net of impairment losses. The Entity has a credit risk policy in place, and the exposure to credit risk is monitored on an ongoing basis. The Entity is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The Entity's strategy for managing its risk includes encouraging residents to install water management devices that control water flow to households, as well as prepaid electricity meters. In certain instances, a deposit is required for new service connections, serving as a guarantee.

The Entity's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial performance. The Entity has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographic area. The Entity establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables. The outstanding amounts of the ten largest debtors represent 0,8% (2011: 1,2%) of the total outstanding balance. The average credit period on services rendered is 30 days from date of invoice. Interest is raised at prime plus 1% on any unpaid accounts after the due date. The Entity has provided fully for all receivables outstanding over 365 days. Receivables up to 365 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience. Additional information relating to the analysis of receivables is given in note 9 and 10.

Consumer debtors with a demonstrative inability to pay are encouraged to apply for potential indigent status as an ongoing customer relationship strategy and also to enable the City to make adequate provision for such relief.

Cash and cash equivalents

The Entity limits its exposure to credit risk by investing with only reputable financial institutions that have a sound credit rating, and within specific guidelines set in accordance with Council's approved investment policy. Consequently, the Entity does not consider there to be any significant exposure to credit risk.

46.3 Liquidity risk

Liquidity risk is the risk of the Entity not being able to meet its obligations as they fall due. The Entity's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Entity's reputation.

The Entity ensures that it has sufficient cash on demand to meet expected operating expenses through the use of cash flow forecasts.

On average, 94,93% (2011: 93,88%) of receivable (own billed) income is realised within 30 days after the due date, and payables are settled within 30 days of invoice. National and provincial grant funding is received in terms of DoRA.

The following are contractual liabilities of which interest is included in borrowings:

	Up to 1 year R'000	1-5 years R'000	>5 years R'000	Total R'000
2012				
Liabilities				
Borrowings	914 575	3 039 590	8 078 652	12 032 817
Capital repayments	296 142	715 469	4 477 523	5 489 134
Interest	618 433	2 324 121	3 601 129	6 543 683
Payables	2 999 014	-	-	2 999 014
Payables	2 599 475	-	-	2 599 475
Sundry creditors	399 539	-	-	399 539
	3 913 589	3 039 590	8 078 652	15 031 831

46.4 Capital management

The primary objective of managing the Entity's capital is to ensure that there is sufficient cash available to support the Entity's funding requirements, including capital expenditure, to ensure that the Entity remains financially sound.

The Entity monitors capital using a gearing ratio, which is net debt, divided by total capital, plus net debt. In a capital-intensive industry, a gearing ratio of 50% or less can be considered reasonable. Included in net debt are interest-bearing loans and borrowings, payables, less investments.

46.5 Currency risk

The Entity is exposed to foreign-currency risk through the importation of goods and services, either directly or indirectly, through the award of contracts to local importers. The Entity manages any material direct exposure to foreign-currency risk by entering into forward exchange contracts. The Entity manages its indirect exposure by requiring the local importer to take out a forward exchange contract at the time of procurement, in order to predetermine the rand value of the contracted goods or services. The Entity was not a direct party to any outstanding forward exchange contracts at the reporting date. The movement in the currency was not material to the Entity's procurement and, consequently, is not elaborated on any further.

Market risk

Market risk is the risk of changes in market prices, such as foreign-exchange rates and interest rates, affecting the Entity's income or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on the risk.

The effective rates on financial instruments as at 30 June 2012 are as follows:

	Weighted interest rate %	Maturity of interest-bearing assets/liabilities			Total R'000
		1 year or less R'000	1-5 years R'000	>5 years R'000	
Financial assets					
Investments	6,70	2 883 387	121 108	-	3 004 495
Cash and cash equivalents	6,06	3 320 663	-	-	3 320 663
Total financial assets		6 204 050	121 108	-	6 325 158
Financial liabilities					
Borrowings	11,528	296 142	715 469	4 477 523	5 489 134
Total financial liabilities		296 142	715 469	4 477 523	5 489 134

Interest rate sensitivity analysis**Financial assets**

At 30 June 2012, if the weighted interest rate at that date had been 100 basis points higher, with all other variables held constant, the fair-value impact on the statement of financial performance would have been R65,14 million with the opposite effect if the interest rate had been 100 basis points lower.

Financial liabilities

At 30 June 2012, if the interest rate at that date had been 100 basis points higher, with all the other variables held constant, the fair-value liability would have no significant impact (R5 579), with the opposite effect if the interest rate had been 100 basis points lower.

47. PRIOR-YEAR ADJUSTMENTS**47.1 Changes in accounting policy**

In anticipation of the implementation of GRAP 23, the City amended its accounting policies to bring them in line with the accounting standards that had not yet become effective. This resulted in the unspent conditional grant being recognised due to the grants being conditional, with no repayment terms.

47.2 Correction of errors

Funds received in 2012 that related to 2011 financial year

The omission of a reversal of a bank adjustment in 2011

Correction of the staff leave provision calculation

Presented below are only those items contained in the statement of financial position and the statement of financial performance that have been affected by the prior-year adjustments and the cash flow statement was adjusted accordingly.

		As previously reported R'000	Change in accounting policy R'000	Correction of errors R'000	Restated R'000
2011	Note				
Statement of financial position					
Other receivables	10	203 612	-	471	204 083
Provisions	15	770 144	-	7 240	777 384
Unspent conditional grants and receipts	17	1 207 732	(95 518)	(3 534)	1 108 680
Accumulated surplus	21	14 376 480	95 518	(3 235)	14 468 763
Statement of financial performance					
Exchange revenue					
Other income	26	253 435	-	471	253 906
Non-exchange revenue					
Government grants and subsidies	28	2 558 851	77 618	-	2 636 469
Public contributions	29	61 820	17 900	-	79 720
Total revenue		20 524 610	95 518	471	20 620 599
Employee-related costs	30	6 160 448	-	24 125	6 184 573
General expenses	37	2 758 724	-	(20 419)	2 738 305
Total expenditure		18 784 355	-	3 706	18 788 061
Surplus for the year		1 740 255	95 518	(3 235)	1 832 538

47.3 Changes in accounting estimates

The estimate for prepaid electricity payments received in advance has been revised due to new information being available and experience gained by management. Due to the revised estimate the accrual decreased with R67,23 million.

The annual review of the useful lives of assets resulted in a decrease of R4,04 million (2011: R17,20 million) in the depreciation charge to the statement of financial performance.

48. RETIREMENT BENEFIT INFORMATION

The Entity makes provision for post-retirement benefits to eligible councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act (Act 24 of 1956) and include both defined-benefit (DB) and defined-contribution (DC) schemes. Contributions of R654,29 million (2011: R595,91 million) to the DB and DC structures are expensed as incurred during the year under review.

These schemes are subject to a triannual, biannual or annual actuarial valuation, as set out below.

48.1 DEFINED-BENEFIT SCHEMES**Cape Joint Pension Fund (multi-employer fund)**

The DB section is a multi-employer plan, and the contribution rate payable is 27%, i.e. 9% by the members and 18% by their councils. The fund was certified by the actuary as being in a sound financial position as at 30 June 2011. The valuation indicates a break-even actuarial result, and is 98% funded at the financial year-end. The City of Cape Town is among the local authorities that contribute to the Cape Joint Pension Fund. Included in the rules of the Fund is a proviso that the assets provide a minimum return of 5,5% per annum, failing which the local authorities associated with the fund are required to fund the shortfall in direct proportion to the level of contributions made. As at the date of the financial statements, an assessment of the performance of the fund's assets for the 2011 year had not been completed. Should the return of the assets be less than 5,5%, the City could be liable for its portion of the shortfall in terms of the rules of the fund. The City is currently engaged in a dispute that relates to a shortfall in the return of the fund assets, as contemplated above, during the 2008 and 2009 financial years, for an amount of R96 million and interest of R35,58 million (2011: R20,4 million). A provision of R96 million has been included in "Other provisions" in note 15.

South African Local Authorities (SALA) Pension Fund (multi-employer fund)

The fund is a DB plan and is financially sound. It was 98% funded as at 1 July 2011, and had remained stable since the previous valuation date.

48.2 DEFINED-CONTRIBUTION SCHEMES**Cape Joint Pension Fund (multi-employer fund)**

This scheme was established to accommodate the unique characteristics of contract employees and cost-to-company employees. All existing members were given the option to transfer to the DC plan before 1 July 2003. The actuary report certified that the structure of the assets is appropriate relative to the nature of the liabilities, assuming a smoothed-bonus philosophy and given normal circumstances. The fund was certified by the actuary as being in a sound financial position as at 30 June 2011. The valuation disclosed funding of 104%.

Cape Retirement Fund for Local Authorities (multi-employer fund)

The contribution rate paid by the members (9%) and their councils (18%) is sufficient to fund the benefits accruing from the fund in future. The actuary certified the fund, a DC plan, as being in a sound financial position as at 30 June 2011.

Municipal Councillors' Pension Fund (multi-employer fund)

The Municipal Councillors' Pension Fund operates as a DC scheme. The contribution rate paid by the members (13,75%) and their councils (15%) is sufficient to fund the benefits accruing from the fund in the future. The fund was certified by the actuary as being in a sound financial position as at 30 June 2010.

National Fund for Municipal Workers (multi-employer fund)

The retirement and pension funds are both DC schemes. The last voluntary actuarial valuation of the fund was performed on 30 June 2008. As at 30 June 2008, the valuation disclosed funding of 100%.

South African Municipal Workers Union (SAMWU) National Provident Fund (multi-employer fund)

The SAMWU National Provident Fund is a DC scheme. The last actuarial valuation of the fund was performed at 30 June 2005, when the fund was certified as being in a financially sound position. A statutory valuation will be performed based on the 30 June 2008 audited financial statements, once it becomes available.

Cape Town International Convention Centre Company (Pty) Ltd (Convenco) Provident Fund

The Convenco Provident Fund operates as a DC scheme. The economic entity has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to the employee service in the current or prior periods. The economic entity has no payment obligation once the contribution has been paid.

48.3 DEFINED-BENEFIT AND DEFINED-CONTRIBUTION SCHEME**Cape Municipal Pension Fund**

The Cape Municipal Pension Fund operates as a DB and DC scheme. The actuarial valuation of the fund was performed at 30 June 2011, which certified it as being in a financially sound position. The next statutory valuation is due by 30 June 2012.

	Total	DB section	DC section
In-service members	9 474	322	9 152
Pensioners	5 196	4 014	1 182
Membership as at 30 June 2011	14 670	4 336	10 334

	2012	2011
	R'million	R'million
Past-service position – DB section	3 574	3 420
Past-service position – DC section	5 822	5 001
Total liabilities	9 396	8 421
Assets valued at market value	9 408	8 550
Actuarial surplus	12	-

Key financial assumptions

	2012	2011
	%	%
Actual employer contribution – DB section	20,25	20,25
Actual employer contribution – DC section	18,00	18,00
Net discount rate: Pre-retirement	0,50	0,50
Post-retirement	2,50	2,50
Normal retirement age	60 years	60 years

48.4 POST-EMPLOYMENT DEFINED BENEFITS**48.4.1 Health-care arrangement assumptions**

For past service of in-service and retired employees, the Entity recognises and provides for the actuarially determined present value of post-retirement medical-aid employer contributions on an accrual basis, using the projected unit credit method.

The members of medical aid schemes entitled to a post-employment medical scheme subsidy as at 30 June 2012 constituted 10 966 (2011: 10 884) in-service members and 6 480 (2011: 6 469) pensioners.

It was assumed that the employer's health-care arrangements and subsidy policy would remain as outlined in the accounting policy, and that the level of benefits and contributions would remain unchanged, with the exception of inflationary adjustments. Implicit in this approach is the assumption that current levels of cross-subsidisation from in-service members to retiree members within the medical scheme are sustainable and will continue.

It is further assumed that the subsidy will continue until the last survivor's death for eligible members and their spouses, and to age 21, if earlier, for dependent children.

Continuation of membership

It is assumed that 100% of in-service members entitled to a post-retirement subsidy retiring from the City of Cape Town will remain on the employer's health-care arrangements.

Family profile

Family profile was based on actual data and, therefore, no assumptions had to be made.

Plan assets

Currently, no long-term assets are set aside off balance sheet in respect of the employer's post-employment health-care liability.

Discount rate

The fund benefit liability to the City of Cape Town as at 30 June 2012 has been discounted at a rate determined on the basis of the yield of 7,99% (2011: 8,69%) per annum on government bonds.

48.4.2 Retirement pension benefits

For past service of employees and retired employees, the Entity recognises and provides for the actuarially determined present value of post-retirement revenue pensions on an accrual basis, using the projected unit credit method.

The number of employees who were eligible for a post-retirement pension at 30 June 2012 was 30 (2011: 44) in-service employees and 125 (2011: 135) pensioners.

Plan assets

Currently, no long-term assets are set aside off balance sheet in respect of the employer's post-employment retirement pension liability.

Discount rate

The fund benefit liability to the Entity as at 30 June 2012 has been discounted at a 7,34% (2011: 8,36%) per-annum rate determined on the basis of the market yields on government bonds.

Post-retirement scheme defined-benefit obligations

	2012			2011		
	Health-care benefits R'000	Retirement pension benefits R'000	Total R'000	Health-care benefits R'000	Retirement pension benefits R'000	Total R'000
Present value of unfunded liability	3 566 435	17 004	3 583 439	2 905 696	14 921	2 920 617
Unrecognised actuarial gains	-	-	-	77 197	2 876	80 073
Net liability in statement of financial position	3 566 435	17 004	3 583 439	2 982 893	17 797	3 000 690
Service costs	79 194	651	79 845	50 846	428	51 274
Interest costs	254 270	1 536	255 806	243 681	1 401	245 082
Actuarial losses/(gains) recognised	376 394	(1 475)	374 919	302 782	2 360	305 142
Total included in statement of financial performance	709 858	712	710 570	597 309	4 189	601 498
Balance at the beginning of the year	2 982 893	17 797	3 000 690	2 500 154	15 215	2 515 369
Net expense recognised in statement of financial performance	709 858	712	710 570	597 309	4 189	601 498
Contributions paid	(126 316)	(1 505)	(127 821)	(114 570)	(1 607)	(116 177)
Net liability in statement of financial position	3 566 435	17 004	3 583 439	2 982 893	17 797	3 000 690

The contributions paid are actual contributions paid by the Entity, and the unrecognised actuarial gains and losses have been adjusted accordingly to take into account the difference between the estimated contribution payments determined by the actuary, and actual contributions paid to members by the Entity.

Sensitivity analysis

	Change in assumption	Liability R'000	Percentage change %	Service cost R'000	Interest cost R'000	Total costs R'000	Percentage change %
Post-retirement medical aid							
Assumptions used		3 566 435		79 194	254 270	333 464	
Health-care inflation	+1% increase	4 160 231	17	96 622	296 475	393 096	18
	-1% decrease	3 085 317	(13)	65 501	220 002	285 502	(14)
Post-retirement mortality	-1 year reduction	3 702 760	4	81 708	263 729	345 436	4
Average retirement age	-1% decrease	3 645 318	2	82 745	263 697	346 443	4
Withdrawal rate	-50%	3 698 233	4	85 222	264 309	349 530	5

Key financial assumptions

Discount rate	7,9	7,3	8,7	8,4
General inflation rate (CPI)	5,4	5,2	5,7	5,6
General salary inflation rate	-	6,2	-	6,6
Health-care cost inflation rate	7,2	-	7,4	-
Net effective discount rate	0,8	-	1,2	-
Pension increase rate – pensioners	-	-	-	-
Net effective discount rate – pensioners	-	-	-	-

	2012		2011	
	Health-care benefits %	Retirement pension benefits %	Health-care benefits %	Retirement pension benefits %

49. GUARANTEES AND CONTINGENT LIABILITIES**49.1 Guarantees**

The Entity issued the following guarantee:

- A bank guarantee of R823 446 (2011: R823 446) as security for the lease of property

49.2 Other contingent liabilities**Contractual disputes**

Various contractual claims by contractors/suppliers and staff are currently in dispute, and are subject to mediation. The potential extent of the liability cannot be determined, since it is subject to litigation, but a provisional estimate based on management assessment is R285,52 million (2011: R401,34 million). A potential liability exists in the form of a disputed amount of R240,04 million regarding Cape Town Stadium. R200,04 million is in respect of professional fees for the construction of Cape Town Stadium, and the balance of R40 million for litigation costs. The Entity and its lawyers are of the opinion that the litigation is likely to be in the Entity's favour. The timing of the legal proceedings regulating the above is however uncertain.

Outstanding insurance claims

The estimated liability for insurance claims amounts to R105,80 million (2011: R86,37 million). The estimated amount was based on quotations, medical reports and letters of demand received. The merits must still be determined and could result in a lesser or greater amount.

50. RELATED-PARTY DISCLOSURES**50.1 Municipal entities and special areas**

During the year, in the ordinary course of business, transactions between the City of Cape Town and the following entities have occurred under terms and conditions that are no more favourable than those entered into with third parties in arm's-length transactions.

Economic entity		Municipality of Cape Town	
2012	2011	2012	2011
R'000	R'000	R'000	R'000

CTICC (Convenco)

The Convention Centre was established for Cape Town to become host to international conferences, with the objective of promoting Cape Town as a tourism city. At year-end, the amount owing by Convenco to the City of Cape Town amounted to R1,31 million (2011: R2,77 million).

Percentage owned

50,18% 50,18%

Arm's-length transactions for the year

Receivables

1 314 2 766

Service charges

17 738 15 997

CTICC has outsourced the management of its operating division in terms of a contract dated June 2001 to Amsterdam RAI.

Arm's-length transactions for the year

Fixed management fees

1 043 973

Basic management fees

- -

Incentive fee

- -

CIDs

These entities were established to enable projects at local communities' initiative, to provide services over and above the services provided by the City of Cape Town.

Percentage owned

Special rating areas

Arm's-length transactions for the year

Receivables

- (2)

Service charges

24 22

Levies

86 823 78 967

CMTF

The fund was established to pool funds for road networks and maintenance in the metropolitan area. At year-end, the amount owing by the City of Cape Town to CMTF amounted to R69,75 million (2011: R76,49 million).

Percentage owned

Administrator

Arm's-length transactions for the year

Funds held on behalf of CMTF

69 746 76 488 69 746 76 488

Grants and transfers received

30 049 32 824 30 049 32 824

Interest paid

4 354 5 055 4 354 5 055

Revenue collected

4 814 4 080 4 814 4 080

Economic entity		Municipality of Cape Town	
2012	2011	2012	2011
R'000	R'000	R'000	R'000

Epping CID

A director and member of key management is also the sole member of Just For You Business Support Services CC.

Arm's-length transactions for the year:

Just For You Business Support Services CC	830	784	-
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KCT

The KCT ceased to be a municipal entity as from 1 July 2011, when the City of Cape Town relinquished effective control over the entity. The trust was established to uplift the Khayelitsha community through the development of the central business district and other community facilities. At 2011, the amount owing by the KFC to the City of Cape Town was R1,22 million.

Percentage owned

Arm's-length transactions for the year:

	Trust	Trust
Receivables	1 104	1 104
Grants	5 401	5 401

Municipality of Cape Town

No members of management have significant influence over the financial or operating policies of the above entities.

Executive management

No business transactions took place between the City of Cape Town and key management personnel and their close family members during the year under review, other than with a company of which one of the City's key management members is a non-executive director. The related expenditure has been classified as irregular (refer note 43.1).

50.2 Remuneration of management

Mayoral Committee members

Analysis of remuneration benefits

	Total R'000	Annual salary R'000	Car allowance R'000	Social contribution R'000
2012				
Executive Mayor				
Alderman P de Lille	1 050	893	157	-
Executive Deputy Mayor/Finance				
Alderman ID Neilson	829	628	112	89
Safety and Security Services				
Alderman JP Smith	778	606	106	66
Corporate Services				
Alderman DL Qually	778	606	106	66
Economic, Environment and Spatial Planning				
Alderman VM Walker	778	606	106	66
Social and Early Childhood Development				
Councillor BA Cortje-Alcock	779	590	106	83
Health				
Councillor LV James	779	673	106	-
Community Services				
Councillor T Gqada	779	673	106	-
Transport, Roads and Stormwater				
Councillor BN Herron	779	673	106	-
Tourism, Events and Marketing				
Councillor GI Pascoe	778	606	106	66
Utility Services				
Councillor S Sims	778	673	105	-
Housing				
Councillor EJ Sonnenberg	778	590	105	83
	9 663	7 817	1 327	519

Analysis of remuneration benefits

2011

	Total R'000	Annual salary R'000	Car allowance R'000	Social contribution R'000
Executive Mayor				
Alderman D Plato (until 20/05/2011)	887	587	210	90
Alderman P de Lille (with effect from 01/06/2011)	83	63	20	-
Executive Deputy Mayor / Finance				
Alderman ID Neilson	765	502	179	84
Safety and Security Services				
Alderman JP Smith	719	490	169	60
Corporate Services and Human Resources				
Alderman VM Walker (until 20 /05/2011)	657	449	154	54
Alderman DL Qually (with effect from 01/06/2011)	62	47	15	-
Economic, Environment and Spatial Planning				
Alderman VM Walker (appointed 01/06/2011)	61	41	15	5
Social and Early Childhood Development				
Councillor BA Cortje-Alcock	62	47	15	-
Health				
Councillor DL Ximbi (until 05/05/2011)	622	411	145	66
Councillor LV James (with effect from 01/06/2011)	62	47	15	-
Community Services				
Councillor BN Herron (until 20/05/2011)	657	505	152	-
Councillor T Gqada (with effect from 01/06/2011)	62	47	15	-
Transport, Roads and Stormwater				
Councillor EL Thompson (until 20/05/2011)	655	448	155	52
Councillor BN Herron (with effect from 01/06/2011)	62	47	15	-
Tourism, Events and Marketing				
Councillor GI Pascoe (with effect from 01/06/2011)	61	41	15	5
Utility Services				
Councillor CR Justus (until 20/05/2011)	658	432	157	69
Councillor S Sims (with effect from 01/06/2011)	62	47	15	-
Housing				
Councillor S Sims (until 20/05/2011)	657	503	154	-
Councillor EJ Sonnenberg with effect from 01/06/2011)	62	47	15	-
Planning and Environment				
Councillor MJ Nieuwoudt (until 20/05/2011)	657	449	154	54
Economic Development and Tourism				
Councillor F Purchase (until 20/05/2011)	658	432	157	69
	8 231	5 682	1 941	608

Executive management

Analysis of remuneration benefits

	Total R'000	Annual salary R'000	Perform- ance bonus R'000	Car allowance R'000	Social contri- bution R'000	Travel and subsistence R'000	Relocation allowance R'000
2012							
City Manager							
A Ebrahim	1 914	1 532	138	-	242	2	-
Deputy City Manager							
M Marsden (appointed 01/01/2012)	1 035	789	138	-	108	-	-
Community Services							
L Mtwazi	1 508	1 140	112	84	172	-	-
Corporate Services							
DP Beretti (contract ended 31/12/2012)	1 140	843	184	30	83	-	-
L Mbandazayo (acting 01/01/2012 until 31/01/2012)	92	78	-	4	10	-	-
F Habib (appointed 01/02/2012)	307	234	-	-	-	-	73
Economic, Environment and Spatial Planning							
M Mohammed (contract ended 31/10/2011)	386	310	-	24	52	-	-
C Walters (acting 01/11/2011 until 31/01/2012)	341	237	58	13	33	-	-
J Hugo (appointed 01/02/2012)	611	598	-	-	13	-	-
Finance							
MJ Richardson (contract ended 31/12/2011)	891	611	124	59	97	-	-
J Steyl (acting 01/01/2012 until 29/02/2012)	188	143	-	22	22	1	-
K Jacoby (appointed 01/03/2012)	564	369	-	54	66	-	75
Health							
Dr IK Bromfield	1 405	912	177	133	183	-	-
Integrated Human Settlement Services							
JA Smit (contracted ended 31/12/2012)	951	752	110	-	89	-	-
S Maqetuka (acting 01/01/2012 until 30/06/2012)	725	640	-	-	85	-	-
Safety and Security							
R Bosman	1 447	1 090	104	95	158	-	-
Social and Early Childhood Development							
NB Biko (appointed 03/01/2012 until 30/06/2012)	683	682	-	-	1	-	-
Tourism, Events and Marketing							
A Groenewald (appointed 01/02/2012)	611	610	-	-	1	-	-
Transport, Roads and Stormwater							
MG Marsden (contract ended 31/12/2011)	735	636	-	-	99	-	-
M Whitehead (appointed 16/01/2012)	753	677	-	-	1	-	75
Utility Services							
L Dhlamini	1 409	1 134	52	42	176	5	-
CTICC							
R Toefy	1 501	1 322	179	-	-	-	-
	19 197	15 339	1 376	560	1 691	8	223

Analysis of remuneration benefits

	Total R'000	Annual salary R'000	Perform- ance bonus R'000	Car allowance R'000	Social contri- bution R'000	Travel and subsist- ence R'000	Relocati on Allow- ance R'000
2011							
City Manager							
A Ebrahim	1 940	1 334	375	-	217	14	-
Community Development							
LM Mtwazi	1 563	1 024	305	84	150	-	-
Corporate Services							
DP Beretti	1 597	1 069	298	60	159	11	-
Economic and Social Development							
M Mohamed	1 407	930	235	72	155	15	-
Finance							
MJ Richardson	1 550	957	305	117	171	-	-
Health							
Dr IK Bromfield	1 429	851	282	133	163	-	-
Integrated Human Settlement Services							
JA Smit	1 517	1 051	298	-	168	-	-
Safety and Security							
RG Bosman	1 313	931	149	95	138	-	-
Strategy and Planning							
PS van Zyl (resigned 31/10/2010)	803	489	298	16	-	-	-
Transport, Roads and Stormwater							
MG Marsden	1 728	1 197	339	-	189	3	-
Utility Services							
LT Dhlamini (with effect from 13/12/2010)	1 634	1 164	264	47	159	-	-
CTICC							
R Toefy	1 314	1 167	147	-	-	-	-
	17 795	12 164	3 295	624	1 669	43	-

The comparative figure of the previous year has been restated, due to the inadvertent inclusion of the remuneration of the Internal Audit Executive who does not meet the criteria as defined in the accounting standards for disclosure. The 2011 amount of R17,79 million has been restated from R19,23 million.

51. EVENTS AFTER REPORTING DATE

The Entity is currently finalising a loan agreement with the AFD. In this regard Council approved the raising of an amount of 200 million euros, denominated in rand, for the funding of its 2011/12–2014 capital programme.

	Effective interest rate (nacs) %	Loan ID	Redeemable date	Balance as at 30 June 2011 R'000	Received during the year R'000	Net interest accrual during the year R'000	Transfers during the year R'000	Redeemed/ Written off during year R'000	Balance as at 30 June 2012 R'000
LOCAL REGISTERED STOCK									
ABSA Nominees	14,650	830011508	2014	7 047	-	-	-	-	7 047
Municipal Bond CCT01	12,570	830014004	2023	1 002 748	-	-	-	-	1 002 748
Municipal Bond CCT02	11,615	830016003	2024	1 207 236	-	-	-	-	1 207 236
Municipal Bond CCT03	11,160	830017007	2025	2 065 505	-	-	-	-	2 065 505
Municipal Bond Transaction costs	-	-	-	(3 633)	-	-	-	(283)	(3 350)
Total local registered stock				4 278 903	-	-	-	(283)	4 279 186
CONCESSIONARY LOANS									
Nedcor Bank	1,000	830000920	2019	14	-	-	2	-	16
DBSA	5,000	830012028	2020	30 343	-	-	1 033	4 000	27 376
Total concessionary loans				30 357	-	-	1 035	4 000	27 392
OTHER LOANS									
FirstRand Bank	12,920	830000880	2013	41 643	-	-	-	21 018	20 625
DBSA	12,250	83001051	2015	103 910	-	5 574	-	12 989	96 495
FirstRand Bank	12,631	830003504	2017	183 268	-	-	-	6 939	176 329
ABSA Bank	10,900	830007011	2018	140 000	-	-	-	20 000	120 000
DBSA	10,590	83001050	2018	237 413	-	11 667	-	16 958	232 122
FirstRand Bank	12,046	830009531	2018	176 746	-	7 045	-	20 000	163 791
DBSA	9,420	830012035	2020	84 000	-	-	-	9 333	74 667
DBSA	9,639	830013000	2022	153 334	-	-	-	13 334	140 000
DBSA	10,565	830013507	2022	153 334	-	-	-	13 334	140 000
Total other loans				1 273 648	-	24 286	-	133 905	1 164 029
FINANCE LEASES									
Investec	14,343	830000870	2011	4 284	-	-	-	4 284	-
Nedbank	14,540	830000860	2012	61 997	-	(4 514)	-	57 483	-
Total finance leases				66 281	-	(4 514)	-	61 767	-
Total Municipality of Cape Town				5 649 189	-	19 772	1 035	199 389	5 470 607
OTHER LOANS - Controlled entities									
CID Claremont Road Co.: DBSA	-	-	2023	18 621	-	-	-	915	17 706
CID Zwaanswyk: Loans from members	9,000	-	2014	-	431	-	-	-	431
CID Epping: Standard Bank Pty	9,500	-	2014	484	-	-	-	94	390
Total controlled entities				19 105	431	-	-	1 009	18 527
TOTAL EXTERNAL LOANS				5 668 294	431	19 772	1 035	200 398	5 489 134

Appendix B: Analysis of property, plant and equipment and other as at 30 June 2012 – economic entity

	COST					ACCUMULATED DEPRECIATION						Carrying value R'000
	Opening balance	Transfers/ Adjustments	Additions ¹	Disposals	Closing balance	Opening balance	Transfers/ Adjustments	Impairment	Additions	Disposals	Closing balance	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
LAND AND BUILDINGS												
Land	658 068	255 319	37 096	-	950 483	(233 955)	(65 126)	(20 327)	-	-	(319 408)	631 075
Buildings and land	3 148 637	(1 276 353)	36 500	(213)	1 908 571	(1 523 529)	737 638	-	(81 381)	165	(867 107)	1 041 464
	3 806 705	(1 021 034)	73 596	(213)	2 859 054	(1 757 484)	672 512	(20 327)	(81 381)	165	(1 186 515)	1 672 539
INFRASTRUCTURE												
Assets under construction	2 059 794	(1 344 351)	1 766 974	-	2 482 417	-	-	-	-	-	-	2 482 417
Drains	567 616	84 324	22 087	-	674 027	(219 297)	(16 621)	-	(18 973)	-	(254 891)	419 136
Roads	5 076 132	580 741	157 617	-	5 814 490	(1 682 662)	(56 025)	-	(146 359)	-	(1 885 046)	3 929 444
Beach improvements	36 262	2 552	-	-	38 814	(18 679)	(829)	-	(736)	-	(20 244)	18 570
Sewerage mains and purification	2 133 226	255 369	111 056	-	2 499 651	(616 748)	16	-	(112 889)	-	(729 621)	1 770 030
Electricity peak-load equipment and mains	4 609 778	286 579	525 262	-	5 421 619	(1 635 439)	(168 571)	(234)	(211 365)	-	(2 015 609)	3 406 010
Water mains and purification	2 123 009	170 182	62 326	-	2 355 517	(1 021 534)	(230)	-	(81 949)	-	(1 103 713)	1 251 804
Reservoirs - water	444 883	3 008	234	-	448 125	(277 933)	(144)	-	(18 520)	-	(296 597)	151 528
	17 050 700	38 404	2 645 556	-	19 734 660	(5 472 292)	(242 404)	(234)	(590 791)	-	(6 305 721)	13 428 939
COMMUNITY ASSETS												
Assets under construction	148 923	(93 565)	150 735	-	206 093	-	-	-	-	-	-	206 093
Parks and gardens	48 530	90 772	594	-	139 896	(5 655)	(7 857)	-	(1 877)	-	(15 389)	124 507
Libraries	197 009	4 204	232	-	201 445	(54 450)	(3 239)	-	(3 250)	-	(60 939)	140 506
Recreation facilities	4 414 197	649 898	17 797	-	5 081 892	(339 347)	(256 712)	-	(180 632)	-	(776 691)	4 305 201
Civic buildings	1 049 336	463 128	63 556	-	1 576 020	(386 173)	(255 360)	-	(34 749)	-	(676 282)	899 738
	5 857 995	1 114 437	232 914	-	7 205 346	(785 625)	(523 168)	-	(220 508)	-	(1 529 301)	5 676 045
LEASED ASSETS												
Infrastructure and other	234 370	(234 370)	-	-	-	(168 778)	168 778	-	-	-	-	-
	234 370	(234 370)	-	-	-	(168 778)	168 778	-	-	-	-	-
OTHER ASSETS												
Assets under construction	-	18	-	-	18	-	(6)	-	(6)	-	(12)	6
Land and Buildings	547 247	(357 066)	449 951	-	640 132	(16 091)	-	-	-	-	(16 091)	624 041
Landfill sites	559 785	57 938	-	-	617 723	(256 155)	(46)	-	(51 339)	-	(307 540)	310 183
Furniture, fittings and equipment	495 542	4 825	77 456	(9 316)	568 507	(269 330)	(70)	-	(60 140)	8 738	(320 802)	247 705
Bins and containers	51 230	814	3 870	(175)	55 739	(32 931)	-	-	(5 726)	175	(38 482)	17 257
Emergency equipment	34 901	82	1 112	(116)	35 979	(24 794)	3	-	(4 139)	75	(28 855)	7 124
Motor vehicles and watercraft	1 157 905	52 274	226 237	(18 314)	1 418 102	(648 843)	(10 468)	-	(155 773)	17 437	(797 647)	620 455
Specialised vehicles	690 953	19 549	192 011	(11 882)	890 631	(330 312)	(9 394)	(6 831)	(53 591)	11 614	(388 514)	502 117
Computer equipment	997 451	54 848	135 215	(31 322)	1 156 192	(674 161)	17	-	(126 523)	30 302	(770 365)	385 827
Animals	242	-	40	(14)	268	(56)	-	-	(39)	1	(94)	174
	4 535 256	(166 718)	1 085 892	(71 139)	5 383 291	(2 252 673)	(19 964)	(6 831)	(457 276)	68 342	(2 668 402)	2 714 889
HOUSING RENTAL STOCK												
	1 165 874	227 101	152 690	(2 874)	1 542 791	(554 328)	(55 229)	-	(28 207)	2 147	(635 617)	907 174
TOTAL PPE (See note 1)	32 650 900	(42 180)	4 190 648	(74 226)	36 725 142	(10 991 180)	525	(27 392)	(1 378 163)	70 654	(12 325 556)	24 399 586
HERITAGE ASSETS (See note 2)												
Assets under construction	3 552	(268)	350	-	3 634	-	-	-	-	-	-	3 634
Paintings and art galleries	8 362	750	-	(4)	9 108	-	-	-	-	-	-	9 108
	11 914	482	350	(4)	12 742	-	-	-	-	-	-	12 742
INVESTMENT PROPERTIES (See note 3)	130 612	-	109 132	-	239 744	(45 613)	-	-	(1 653)	-	(47 266)	192 478
INTANGIBLE ASSETS (See note 4)	326 977	41 888	29 403	-	398 268	(282 093)	(725)	-	(15 018)	-	(297 836)	100 432
ASSETS CLASSIFIED AS HELD FOR SALE (See note 5)	403	(190)	-	(169)	44	(277)	200	-	-	76	(1)	43
TOTAL OTHER	469 906	42 180	138 885	(173)	650 798	(327 983)	(525)	-	(16 671)	76	(345 103)	305 695
GRAND TOTAL	33 120 806	-	4 329 533	(74 399)	37 375 940	(11 319 163)	-	(27 392)	(1 394 834)	70 730	(12 670 659)	24 705 281

1. Includes the contributed assets amount of R76,43 million.

Appendix C: Segmental statement of financial performance for the year ended 30 June 2012

2011				BUSINESS UNITS	2012			
Actual income	Actual expenditure	Actual surplus/(deficit)	Budgeted surplus/(deficit)		Actual income	Actual expenditure	Actual surplus/(deficit)	Budgeted surplus/(deficit)
R'000	R'000	R'000	R'000		R'000	R'000	R'000	R'000
Restated ¹	Restated ¹							
11 648 598	10 441 351	1 207 247	1 009 770	Rates and general	13 274 160	11 495 521	1 778 639	1 474 777
321 260	740 357	(419 097)	(444 051)	City Health	366 835	821 685	(454 850)	(489 631)
5	14 607	(14 602)	(17 498)	City Manager	9	11 218	(11 209)	(17 070)
130 822	1 542 440	(1 411 618)	(1 420 574)	Community Services	153 216	1 700 941	(1 547 725)	(1 552 899)
30 957	485 524	(454 567)	(269 006)	Corporate Services	120 754	598 720	(477 966)	(218 717)
24 245	53 860	(29 615)	(44 046)	Deputy City Manager	10 497	87 126	(76 629)	(63 913)
84 354	561 616	(477 262)	(463 102)	Economic, Environment and Spatial Planning	80 539	585 705	(505 166)	(529 213)
1 577 837	1 084 627	493 210	595 407	Finance	1 806 555	1 022 120	784 435	431 807
7 695 912	1 655 516	6 040 396	5 575 284	Rates and Other	8 195 135	1 768 718	6 426 417	6 281 716
236 883	1 509 275	(1 272 392)	(1 378 008)	Safety and Security	229 213	1 718 699	(1 489 486)	(1 530 737)
104	44 598	(44 494)	(51 601)	Social and Early Childhood Development	2 178	79 832	(77 654)	(97 305)
164 397	548 798	(384 401)	(518 373)	Tourism, Events and Marketing	23 202	453 001	(429 799)	(528 473)
668 822	1 374 190	(705 368)	(455 742)	Transport, Roads and Stormwater	1 323 038	1 679 918	(356 880)	(237 711)
713 000	825 943	(112 943)	(98 920)	Human settlements	962 989	967 838	(4 849)	26 923
13 717 179	13 099 961	617 218	773 487	Utility services	15 645 876	14 917 231	728 645	744 519
1 814 050	1 704 152	109 898	51 992	Waste management	1 947 658	1 797 834	149 824	71 108
1 514 272	1 487 398	26 874	118 267	Wastewater management	1 850 384	1 709 727	140 657	166 735
2 856 893	2 988 824	(131 931)	(3 719)	Water	3 040 375	3 015 976	24 399	(16 138)
7 531 964	6 919 587	612 377	606 947	Electricity	8 807 459	8 393 694	413 765	522 814
238 910	230 837	8 073	7 195	Subsidiaries	240 978	226 421	14 557	2 871
155 163	151 064	4 099	7 195	Cape Town International Convention Centre (Pty) Ltd	148 847	138 058	10 789	2 347
83 747	79 773	3 974	-	City improvement districts	92 131	88 363	3 768	524
25 604 687	23 772 149	1 832 538	1 790 452	Subtotal	29 161 014	26 639 173	2 521 841	2 222 167
4 984 088	4 984 088	-	-	Interdepartmental charges	5 337 826	5 337 826	-	-
20 620 599	18 788 061	1 832 538	1 790 452	Total economic entity before taxation	23 823 188	21 301 347	2 521 841	2 222 167
1. See note 47 for more details.								

Appendix D: Disclosure of grants and subsidies in terms of section 123 of the Municipal Finance Management Act

National and Provincial grant funds 2011/2012									
Description	Source	Balance unspent at beginning of the year	Current year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Conditions still to be met - transferred to liabilities
					Operating	Capital			
					R'000	R'000			
National Government									
2010 FIFA World Cup: Green Point	Sport and Recreation	(7 550)	-	-	-	1 157	(376)	-	(6 769)
Accreditation: Development Support	State Housing	(3 095)	-	-	772	576	-	-	(1 747)
Budget Reform Funds	National Treasury	(416)	(1 250)	-	1 187	90	-	-	(389)
Department of Environmental Affairs and Tourism: DANIDA	Environmental Affairs	(3 537)	-	3 552	1	-	(16)	-	-
Department of Environmental Affairs and Tourism	Environmental Affairs	(22)	(270)	-	193	-	-	-	(99)
Department of Environmental Affairs and Tourism: Carbon Offset Programme	Environmental Affairs	(297)	-	298	-	-	(1)	-	-
DME - INEP	Energy	939	(4 386)	-	-	3 551	-	(104)	-
Energy Efficiency Electricity Demand Side Management	National Treasury	(1 524)	(35 087)	-	995	28 962	-	-	(6 654)
Expanded Public Works Incentive Grant	National Treasury	-	(9 279)	-	-	-	-	-	(9 279)
Health and Hygiene education: Informal Settlements	Water	(58)	-	-	47	-	-	-	(11)
Implementation Water Demand	Water	(7 261)	-	-	7 070	295	-	(104)	-
LGSETA: Environmental Internship Programme	Environmental Affairs	(254)	-	-	237	-	-	-	(17)
Municipal Infrastructure Grants	National Treasury	(63 547)	-	63 547	-	-	-	-	-
Neighbourhood Development Programme	National Treasury	(52 038)	(74 200)	-	1 200	88 990	(3 427)	-	(39 475)
Park and Ride	National Treasury	-	-	(824)	-	824	-	-	-
Public Transport and Infrastructure	Transport	(426 721)	(1 608 300)	824	87 809	842 212	(86 246)	-	(1 190 422)
Restructuring Grant - Seed Funding	National Treasury	(9 938)	-	-	2 244	961	-	-	(6 733)
Smart Living Handbook	Water	(66)	-	-	-	-	(4)	-	(70)
Telecommunications Equipment Cape Town Stadium	National Treasury	-	(69 089)	-	-	69 089	-	-	-
Urban Renewal	National Treasury	(73 664)	-	-	7 952	20 026	-	-	(45 686)
Urban Settlement Development Grant	National Treasury	-	(824 030)	-	23 244	729 919	-	-	(70 867)
Water Demand Side	Water	(984)	-	-	287	-	-	-	(697)
Total national government transfers and grants		(650 033)	(2 625 891)	67 397	133 238	1 786 652	(90 070)	(208)	(1 378 915)
ABET Adult Education	Education	(8)	(9)	-	-	8	-	-	(9)
Accreditation Assistance	Human Settlements	(10 085)	(10 000)	-	1 094	-	(696)	-	(19 687)
Athlone Stadium General Upgrading	Transport and Public Works	(1 742)	-	-	-	-	-	-	(1 742)
Atlantis - Wesfleur Ext 13	Human Settlements	(323)	-	-	-	-	-	-	(323)
Atlantis Thusong Multi Purpose Centre	Cultural Affairs and Sport	-	(500)	-	322	-	-	-	(178)
Bardale High Mast Lighting Project	Human Settlements	(471)	-	-	-	-	-	-	(471)
Belhar Pentech	Human Settlements	(132)	-	132	-	-	-	-	-
Bokmakierie / Hazendal Infill 3	Human Settlements	(2 681)	-	-	-	-	-	-	(2 681)
Bonteheuwel Multi Purpose Centre	Cultural Affairs and Sport	(766)	-	766	-	-	-	-	-
Browns Farm Phase 3,4,5,6	Human Settlements	(11 630)	-	-	-	66	-	-	(11 564)
CBH Wallacedene Phase 1,3,4,5,6	Human Settlements	(9 713)	(815)	-	5 621	-	(304)	-	(5 211)

Appendix D: Disclosure of grants and subsidies in terms of section 123 of the Municipal Finance Management Act

Description	Source	Balance unspent at beginning of the year	Current year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Conditions still to be met - transferred to liabilities
					Operating	Capital			
					R'000	R'000			
CBO Freedom Park	Human Settlements	(71)	-	-	-	-	-	-	(71)
Chemical Toilets in Wallacedene	Human Settlements	(24)	-	-	-	-	(1)	-	(25)
Chris Hani Park Housing Project	Human Settlements	(274)	-	-	-	-	-	-	(274)
Clinics : HIV/AIDS & TB Programmes	Health	(13)	-	-	-	-	-	-	(13)
Coastal Zone Development Guidelines Framework	Environmental Affairs and Development Planning	(57)	-	58	-	-	(1)	-	-
Community Residential Units	Human Settlements	(109 658)	(150 729)	-	1 062	305 967	-	(61 657)	(15 015)
Delft South High Density Housing	Human Settlements	(104)	-	-	-	-	-	-	(104)
Delft Sportfield Development	Human Settlements	(20)	-	-	-	-	-	-	(20)
Delft Symphony Way Tra	Human Settlements	(5 302)	-	-	1 932	-	-	-	(3 370)
Delft: The Hague	Human Settlements	(4)	-	4	-	-	-	-	-
Dial-a-Ride	Transport and Public Works	(8 698)	(10 000)	-	8 600	-	(325)	-	(10 423)
Disaster Fund - Fire/Flood Kits	Human Settlements	-	(6 230)	5 340	6 313	-	-	(5 423)	-
Driftsands UISP	Human Settlements	(260)	-	260	-	-	-	-	-
Du Noon Phase 1,3 : Transfers	Human Settlements	(286)	(13)	-	-	-	-	-	(299)
E Business Project	Treasury	(1 712)	-	-	-	-	(95)	-	(1 807)
Echo Road Housing Project	Human Settlements	(34)	-	-	30	-	-	-	(4)
Edward Road Energy Efficient Project	Human Settlements	(2 439)	-	-	33	-	(134)	-	(2 540)
EHP Nyanga, Du Noon and Atlantis	Human Settlements	(137)	-	-	197	-	-	(60)	-
EHP Repair and Reconstruct 8 Houses	Human Settlements	(44)	-	-	-	-	-	-	(44)
Enkanini Housing Project	Human Settlements	(3 305)	-	-	-	-	-	-	(3 305)
Establishment Grants	Human Settlements	(1 417)	(1 318)	-	838	-	(102)	-	(1 999)
Facilitation Grants	Human Settlements	(184)	(126)	-	48	-	(13)	-	(275)
False Bay Ecology	Economic Development and Tourism	-	(1 000)	-	-	-	(21)	-	(1 021)
Fire Detection Surveillance Cameras	Human Settlements	(65)	-	-	-	-	(4)	-	(69)
Gabriel Square Restitution	Human Settlements	(37)	-	-	-	-	-	-	(37)
Global Fund	Health	(2 397)	-	-	-	-	(133)	-	(2 530)
Global Fund Anti Retroviral	Health	-	(14 913)	2 487	14 413	300	-	(2 287)	-
Global Fund Community Base Response Project	Health	-	(3 969)	1 211	3 507	-	-	(749)	-
Government Grant Community Development Workers	Human Settlements	(881)	-	-	160	-	(48)	-	(769)
Green Point Phase 21 Housing	Human Settlements	(863)	-	-	-	-	-	-	(863)
Greenland's Housing Project	Human Settlements	(971)	-	-	-	-	-	-	(971)
Gugulethu Seven Memorial	Cultural Affairs and Sport	(42)	-	-	-	-	(2)	-	(44)
Hangberg Housing Project	Human Settlements	(52)	-	-	-	-	-	-	(52)
Hangberg: Appointment of mediator	Human Settlements	-	(483)	206	192	-	-	-	(85)
Happy Valley - Blackheath	Human Settlements	(53 939)	-	53 892	47	-	-	-	-
HCE Manuals (Housing Consumer Education)	Human Settlements	(335)	-	-	7	65	(18)	-	(281)

Appendix D: Disclosure of grants and subsidies in terms of section 123 of the Municipal Finance Management Act

Description	Source	Balance unspent at beginning of the year	Current year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Conditions still to be met - transferred to liabilities
					Operating	Capital			
					R'000	R'000			
Heideveld Housing Infill	Human Settlements	-	-	619	-	-	-	(619)	-
HIV/AIDS Community Based Response Projects	Health	-	(62 075)	6 596	65 450	-	-	(9 971)	-
Hostels Phase 2 Housing	Human Settlements	(976)	-	(28)	8	-	-	-	(996)
Imizamo Yethu Phase 2 New Services	Human Settlements	(931)	-	-	-	-	-	-	(931)
Informal Settlements	Human Settlements	(585)	(1 000)	12	572	-	-	-	(1 001)
Jakkelsvlei Canal Upgrading	Human Settlements	(10 464)	-	-	-	37	-	-	(10 427)
Kalkfontein Phase 2	Human Settlements	(395)	-	-	-	-	-	-	(395)
Kewtown Infill Development	Human Settlements	(265)	-	-	73	-	-	-	(192)
Khayelitsha Development of Remembrance Square	Economic Development and Tourism	(17)	-	-	-	-	(1)	-	(18)
Khayelitsha Khuyasa Phase 2	Human Settlements	(373)	-	-	-	-	-	-	(373)
Khayelitsha Multi Purpose Centre	Social Development	(787)	-	-	-	-	(44)	-	(831)
Khayelitsha Poverty Reduction Programme	Social Development	(2 521)	-	-	-	-	(140)	-	(2 661)
Khayelitsha Site C Subsidies	Human Settlements	(19 369)	-	-	14 867	-	(582)	-	(5 084)
Khayelitsha Stadium Site B	Cultural Affairs and Sport	(106)	-	-	-	-	-	-	(106)
Khayelitsha Vacant Land Study	Environmental Affairs and Development Planning	(250)	-	-	246	-	-	-	(4)
Kuyasa T3V1 Top Structures	Human Settlements	(202)	-	-	-	-	-	-	(202)
Langa Sportsfield Development	Cultural Affairs and Sport	(106)	-	-	-	-	-	-	(106)
Law Enforcement Officers	Cultural Affairs and Sport	-	(755)	-	142	-	-	-	(613)
Local Spatial Plan	Environmental Affairs and Development Planning	(1)	-	-	-	-	-	-	(1)
Luvuyo Clinic Extension	Health	-	(1 148)	194	-	997	-	(44)	(1)
Macassar Treatment Works	Human Settlements	(8 000)	-	-	-	-	-	-	(8 000)
Mamre 55 Houses	Environmental Affairs and Development Planning	-	-	-	2	-	-	(2)	-
Mandela Park Sports Fields: Tennis Facilities	Cultural Affairs and Sport	(42)	-	-	-	-	-	-	(42)
Manenberg Infill / The Downs	Human Settlements	(2)	-	2	-	-	-	-	-
Manenberg Sport Complex Upgrade	Cultural Affairs and Sport	(235)	-	-	-	-	-	-	(235)
Marconi Beam	Human Settlements	(56)	(74)	-	38	-	-	-	(92)
Masiphumelele Tra	Human Settlements	(805)	-	-	-	-	(45)	-	(850)
Masiphumelele Amakhaya Ngoku	Human Settlements	(1 857)	(12 406)	-	1 863	-	(630)	-	(13 030)
Melkbosch Village	Human Settlements	(90)	-	-	-	-	-	-	(90)
Metropolitan Transport Fund	Transport and Public Works	-	-	(30 049)	11 988	18 061	-	-	-
Mfuleni and Strand 12 Houses	Human Settlements	-	-	-	20	-	-	(20)	-
Mfuleni EPH Tra	Human Settlements	(1 779)	-	-	1 561	-	-	-	(218)
Mfuleni Ext 3	Human Settlements	(157)	-	-	28	-	-	-	(129)
Mfuleni Ext 4 Housing	Human Settlements	(341)	-	-	9	-	-	-	(332)
Mfuleni Flood Relief Project	Human Settlements	(3 067)	-	-	62	-	-	-	(3 005)

Appendix D: Disclosure of grants and subsidies in terms of section 123 of the Municipal Finance Management Act

Description	Source	Balance unspent at beginning of the year	Current year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Conditions still to be met - transferred to liabilities
					Operating	Capital			
					R'000	R'000			
Mfuleni MLS Topstructure	Human Settlements	(215)	-	-	2	-	-	-	(213)
Mitchell's Plain Infill Phase 1	Human Settlements	(3 108)	(1 379)	-	287	-	-	-	(4 200)
Mitchell's Plain Youth and Family Development Centre	Social Development	(655)	-	-	-	-	(36)	-	(691)
Mitchell's Plain TA2	Human Settlements	(369)	-	-	93	-	-	-	(276)
Morgan Vill3/Western Cape	Human Settlements	(941)	-	-	-	-	(52)	-	(993)
Netreg Housing Project	Human Settlements	(350)	-	-	-	-	-	-	(350)
Nonqubela Ph2/Makhaza	Human Settlements	(515)	-	-	-	350	-	-	(165)
Nutrition Supplement Programme	Health	-	(3 754)	120	4 018	-	-	(384)	-
Nyanga Upgrading Project	Human Settlements	-	(240)	240	-	-	-	-	-
Ocean View / Mountain View	Human Settlements	-	(368)	368	-	-	-	-	-
Ocean View Infill	Human Settlements	(10)	-	10	-	-	-	-	-
Philippi Business Park Planning	Environmental Affairs and Development Planning	(91)	-	93	-	-	(2)	-	-
Philippi East Top Structures	Human Settlements	(3 650)	(7 367)	-	9 488	-	-	-	(1 529)
Philippi Planning for Development	Environmental Affairs and Development Planning	(57)	-	58	-	-	(1)	-	-
Philippi East Market	Agriculture	(531)	-	-	-	-	(30)	-	(561)
Philippi East Phase 5	Human Settlements	(30)	(162)	-	25	51	-	-	(116)
Philippi Park Flooding	Human Settlements	(974)	-	-	-	-	-	-	(974)
Phoenix Top Structures	Human Settlements	-	-	41	-	-	-	(41)	-
Phoenix UISP	Human Settlements	(142)	-	-	-	-	-	-	(142)
Peoples Housing Project	Human Settlements	(32 262)	(102 092)	25	97 571	-	(3 055)	(4 741)	(44 554)
Phumlani Transfers	Human Settlements	(24)	-	-	-	-	-	-	(24)
Provision of Security Improvements at Rail Park and Ride Facilities	Transport and Public Works	(1 211)	-	-	1 057	-	(23)	-	(177)
Public Library Fund	Cultural Affairs and Sport	(3 334)	(21 336)	-	16 335	5 500	(515)	-	(3 350)
Redhill Informal Settlement	Human Settlements	(244)	-	-	-	-	(14)	-	(258)
River Clean and Green Project	Environmental Affairs and Development Planning	(359)	-	-	-	-	(20)	-	(379)
Rondevlei Housing Project	Human Settlements	(242)	-	-	94	-	-	-	(148)
SANRAL Emergency Project 1600 Units	Human Settlements	(8 089)	-	-	8 089	-	-	-	-
Social Economic Facilities Programme	Human Settlements	-	(3 655)	1 650	-	5 216	-	(3 860)	(649)
Sercor Park	Human Settlements	(704)	-	-	-	-	-	-	(704)
Silvertown Khayelitsha 2000 Structures	Human Settlements	(5 175)	-	-	4 033	-	-	-	(1 142)
Site C Survey and Subdivision	Human Settlements	(1 877)	-	-	1 577	68	-	-	(232)
Somerset West Housing Project	Human Settlements	(3 632)	(1 6 000)	-	15 468	-	-	-	(4 164)
Spandau Project 384 Houses	Human Settlements	(36)	-	-	-	-	-	-	(36)
Spatial Planning District Plans	Environmental Affairs and Development Planning	(3)	-	3	-	-	-	-	-

Appendix D: Disclosure of grants and subsidies in terms of section 123 of the Municipal Finance Management Act

Description	Source	Balance unspent at beginning of the year R'000	Current year receipts R'000	Adjustments R'000	Conditions met - transferred to revenue		Interest earned R'000	Amounts to be claimed R'000	Conditions still to be met - transferred to liabilities R'000
					Operating	Capital			
					R'000	R'000			
Table Mountain Biosphere	Environmental Affairs and Development Planning	(136)	-	-	129	-	-	-	(7)
Tafelsig Area: Silver City	Human Settlements	(202)	-	-	-	-	-	-	(202)
Tambo Square	Human Settlements	(42)	-	-	-	-	-	-	(42)
TB Crisis Plan	Health	(1 209)	(11 893)	-	9 492	-	-	-	(3 610)
Temperance Town	Human Settlements	-	(5 380)	118	5 179	-	-	-	(83)
Upgrade Heinz Park Haal	Cultural Affairs and Sport	(124)	-	-	-	-	-	-	(124)
Urban Renewal: Improvement Stn	Environmental Affairs and Development Planning	(26)	-	-	-	-	-	-	(26)
Vaccines	Health	-	(68 443)	10 725	71 476	-	-	(13 758)	-
Vehicle Impound Facility Maitland	Transport and Public Works	(2 959)	-	-	-	2 869	(134)	-	(224)
Vrygrond	Human Settlements	(32)	(5)	-	2	-	-	-	(35)
Vrygrond (EPH)	Human Settlements	(251)	-	-	25	-	(14)	-	(240)
Wallacedene Phase 3,4,5,6,7,8,9,10	Human Settlements	(17 286)	-	68	973	914	-	(204)	(15 535)
Watergate Phase A	Cultural Affairs and Sport	-	(4 000)	-	-	3 723	(149)	-	(426)
Witsand Housing Project Phase 1,2	Human Settlements	(14 911)	-	14 727	-	-	-	-	(184)
Total provincial government transfers and grants		(390 963)	(523 637)	69 948	386 758	344 192	(7 384)	(103 820)	(224 906)
Analysis of grants and subsidies									
Total national government transfers and grants		(650 033)	(2 625 891)	67 397	133 238	1 786 652	(90 070)	(208)	(1 378 915)
Total provincial government transfers and grants		(390 963)	(523 637)	69 948	386 758	344 192	(7 384)	(103 820)	(224 906)
		(1 040 996)	(3 149 528)	137 345	519 996	2 130 844	(97 454)	(104 028)	(1 603 821)



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