

**CITY OF CAPE TOWN**

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

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**MARCH 2009**

## Table of contents

<b><u>No.</u></b>	<b><u>Section Description</u></b>	<b><u>Page</u></b>
	List of figures and tables	3 – 5
	Glossary	6 - 7
<b>Part 1</b>	<b>Annual budget</b>	
1	Resolutions	8 - 9
2	Executive summary	10 - 11
3	Annual budget tables	12 - 21
<b>Part 2</b>	<b>Supporting documentation</b>	
4	Overview of annual budget process	22 - 25
5	Overview of alignment of annual budget with Integrated Development Plan	26 - 29
6	Measurable performance objectives and indicators	30
7	Overview of budget-related policies	31 – 32
8	Overview of budget assumptions	33 – 38
9	Overview of budget funding	39 – 51
10	Expenditure on allocations and grant programmes	52
11	Allocations and grants made by the municipality	53
12	Councillor and board member allowances and employee benefits	54 – 55
13	Monthly targets for revenue, expenditure and cash flow	56
14	Annual budgets and service delivery and budget implementation plans – internal departments	57
15	Annual budgets and service delivery agreements – municipal entities	58 – 61
16	Contracts having future budgetary implications	62
17	Capital expenditure details	63 - 66
18	Legislation compliance status	67
19	Other supporting documents	68 - 79

## A. List of figures and tables

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

<b><u>No</u></b>	<b><u>Description</u></b>	<b><u>Page</u></b>
Table 22	National Allocations	51
Table 23	Provincial Allocations	51
Table 24	Expenditure on allocations and grant programmes (Support Table A19)	52
Table 25	Councillor and board member allowances and employee benefits (Support Table A22)	54
Table 26	Salaries, allowances and benefits (Political office bearers, councillors and senior managers) (Support Table A23)	55
Table 27	Monthly targets for revenue and cash flow (Support Table A30)	56
Table 28	Convenco – Operating revenue by source and operating expenditure by type	59
Table 29	Convenco – Capital expenditure by type	59
Table 30	Khayelitsha Community Trust – Operating revenue by source and operating expenditure by type	61
Table 31	Khayelitsha Community Trust – Capital expenditure by type	61
Table 32	Contracts having future budgetary implications (Support Table A33)	62
Table 33	Detailed capital budget (Support Table A36)	63 – 66
Table 34	Financial performance budget (revenue source / expenditure type and department) (Support Table A2)	68
Figure 4	Revenue by major source	69
Figure 5	Revenue by minor source	69
Figure 6	Operating expenditure by major type	70
Figure 7	Operating expenditure by minor type	70
Figure 8	Revenue by municipal vote classification	71
Figure 9	Expenditure by municipal vote classification	71
Figure 10	Revenue by standard classification	72
Figure 11	Expenditure by standard classification	72
Figure 12	Capital expenditure by standard classification	73
Figure 13	Capital expenditure by municipal vote – major	73
Figure 14	Capital expenditure by municipal vote – minor	74
Figure 15	Capital funding by source	75
Table 35	Reconciliation of IDP strategic objectives and budget (capital expenditure) (Support Table A6)	76 - 79

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

**Adjustments Budgets** – Prescribed in section 28 of the Municipal Finance Management Act. It is the formal means by which a municipality may revise its budget during a financial year.

**Allocations** – Money received from Provincial and National Treasury.

**Budget** – The financial plan of a municipality.

**Budget related policy** – Policy of a municipality affecting or affected by the budget. Examples include tariff policy, rates policy and credit control and debt policy.

**Capital Expenditure** – Spending on municipal assets such as land, buildings and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.

**Cash Flow Statement** – A statement showing when actual cash will be received and spent by the Municipality, and the month end balances of cash and short term investments. Cash receipts and payments do not always coincide with budgeted income and expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month that the services or goods are received, even though it may not be paid in the same period.

**CoCT** – City of Cape Town

**CPI** - Consumer Price Index

**CPIX** - Consumer Price Index Excluding Mortgage Costs

**DORA** – Division of Revenue Act. Annual legislation which shows the allocations from national to local government.

**DORb** – Division of Revenue Bill. Annual legislation tabled in parliament, but not enacted, which shows the allocations from national to local government.

**Equitable Share** – A general grant paid to municipalities. It is predominantly targeted to assist municipalities with the costs of free basic services.

**GDFI** - Gross Domestic Fixed Investment

**GFS** – Government Finance Statistics. An internationally recognised classification system that facilitates comparisons between municipalities.

**IDP** – Integrated Development Plan. The main strategic planning document of a municipality.

**KPI** – Key Performance Indicators. Measures of service output and/or outcome.

**MAYCO** – Mayoral committee

**MFMA** - Municipal Finance Management Act (No 53 of 2003). The principal piece of legislation relating to municipal financial management.

**MTREF** – Medium Term Revenue and Expenditure Framework as prescribed by the MFMA sets out indicative revenue and projected expenditure for the budget year plus two outer financial years to determine the affordability level thereof. It effectively represents a municipality's medium term financial plan.

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

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

**TMA** – Total Municipal Account

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

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

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

# 1. Resolutions

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## 2009/2010 MTREF Budget Resolutions:

1. That the annual budget of the municipality for the financial year 2009/2010; and indicative allocations for the two projected outer years 2010/2011 and 2011/2012 and related policies be noted, as set out in the following schedules and annexures:
  - a. Operating revenue by source reflected in Table 34.
  - b. Operating expenditure by vote reflected in Table 3.
  - c. Operating expenditure by GFS classification reflected in Table 2.
  - d. Multi-year capital appropriations by vote reflected in Table 33 and Annexure 1.
  - e. Capital expenditure by GFS classification reflected in Table 5.
  - f. Capital funding by source reflected in Table 5.
  - g. Cash Flow statement as reflected in Table 7.
  - h. Salaries and Benefits of Political Office Bearers, Councillors and Senior Officials as reflected in Table 25 and Table 26.
  - i. Grants, Subsidies and Contributions to external entities in 2009/2010 as set out in Annexure 17.
  - j. Income Performance Indicators for 2009/2010 as set out in Table 12.
  - k. Property Tax Rates as set out in Annexure 3.
  - l. Special Rating Areas/City Improvement District Levies and Budgets for 2009/2010 as set out in Annexure 4.
  - m. Revised Consumptive Tariffs, Rates and Basic Charges for Electricity Services, Water Services and Waste Management Services as set out in Annexure 5.
  - n. The Draft Rates Policy as set out in Annexure 7.
  - o. The Draft Tariff Policies as set out in Annexure 8.
  - p. Draft Credit Control and Debt Collection Policy as set out in Annexure 9.
  - q. Draft Policy for the Allocation of Grant-In-Aid as set out in Annexure 10.
  - r. Integrated Development Plan as set out in Annexure 11.
  - s. Mayor's Special Fund as set out in Annexure 13.

- t. Budgets for Municipal Entities reflected in Table 28, Table 29, Table 30 and Table 31.
  
- 2. That the Service Delivery Plans / Business Plans with measurable targets be approved by the Executive Mayor in June 2009 following approval of the Budget.
  
- 3. That unspent conditional grant allocations (National) as at the end of the 2008/2009 financial year and appropriated or voted to 2009/2010 and future years not be committed to expenditure until approval thereof is obtained from National Treasury, per directive of Budget Circular 48 (2009).

## 2. Executive summary

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

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

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

- Revenue / tariff increases
  - Rates 8.5%
  - Electricity 33.3%
  - Water 10.0%
  - Sanitation 7.0%
  - Solid Waste 10.0%
  
- Salaries and Wages adjustments 11.5%
- General Expenses 8%
- Fuel 30.5%
- Repairs & Maintenance 10.5%

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

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

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

- Assessment Rates 13.8 %

Revenue increases to consumptive, tariff-based services are:

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

Expenditure categories' growth:

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

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

Main strategic focus areas are:

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

### 3. Annual budget tables

The Budget schedules to be approved by resolution of Council:

**Table A1 Budget Summary**

Description	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
<b>Financial Performance</b>									
Property rates	2,370	2,476	3,259	3,382	3,382	3,382	3,805	4,232	4,670
Service charges	4,908	5,236	5,785	6,440	7,048	7,048	8,826	10,525	12,575
Investment revenue	242	307	368	309	309	309	317	317	317
Transfers recognised	556	1,550	1,774	2,095	2,305	2,305	2,515	2,783	2,938
Other own revenue	1,920	1,090	1,032	918	940	940	993	1,043	1,081
<b>Total Revenue</b>	<b>9,997</b>	<b>10,658</b>	<b>12,217</b>	<b>13,143</b>	<b>13,983</b>	<b>13,983</b>	<b>16,457</b>	<b>18,900</b>	<b>21,581</b>
Employee costs	2,947	3,285	3,780	4,754	4,677	4,677	5,288	6,195	6,797
Remuneration of councillors	52	66	71	76	79	79	86	92	98
Depreciation & asset impairment	922	723	810	954	1,152	1,152	993	1,049	1,110
Finance charges	349	284	275	380	380	380	540	634	772
Materials and bulk purchases	1,781	1,998	2,142	2,500	2,901	2,901	3,949	5,005	6,363
Grants and subsidies	66	80	82	86	97	97	95	100	106
Other expenditure	4,228	3,602	4,905	4,783	5,065	5,065	5,769	5,963	6,373
<b>Total Expenditure</b>	<b>10,345</b>	<b>10,038</b>	<b>12,064</b>	<b>13,533</b>	<b>14,351</b>	<b>14,351</b>	<b>16,720</b>	<b>19,038</b>	<b>21,619</b>
<b>Surplus/(Deficit)</b>	<b>(349)</b>	<b>620</b>	<b>153</b>	<b>(389)</b>	<b>(368)</b>	<b>(368)</b>	<b>(264)</b>	<b>(138)</b>	<b>(38)</b>
Transfers recognised - capital	502	499	1,276	1,825	3,548	3,548	1,904	1,568	1,590
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>154</b>	<b>1,119</b>	<b>1,429</b>	<b>1,436</b>	<b>3,180</b>	<b>3,180</b>	<b>1,641</b>	<b>1,430</b>	<b>1,552</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>154</b>	<b>1,119</b>	<b>1,429</b>	<b>1,436</b>	<b>3,180</b>	<b>3,180</b>	<b>1,641</b>	<b>1,430</b>	<b>1,552</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>1,521</b>	<b>1,953</b>	<b>3,102</b>	<b>3,909</b>	<b>6,027</b>	<b>6,027</b>	<b>5,514</b>	<b>4,201</b>	<b>4,167</b>
Capital transfers recognised	470	460	1,227	1,780	3,476	3,476	1,845	1,511	1,532
Public contributions & donations	35	43	48	46	72	72	59	57	58
Borrowing	791	894	1,242	1,561	1,791	1,791	2,716	1,961	2,141
Internally generated funds	225	557	584	523	688	688	894	672	435
<b>Total sources of capital funds</b>	<b>1,521</b>	<b>1,953</b>	<b>3,102</b>	<b>3,909</b>	<b>6,027</b>	<b>6,027</b>	<b>5,514</b>	<b>4,201</b>	<b>4,167</b>
<b>Financial position</b>									
Total current assets	4,190	4,608	7,068	-	-	5,854	5,489	5,665	5,687
Total non current assets	9,476	10,760	12,855	-	-	17,744	22,020	25,127	28,113
Total current liabilities	3,414	3,877	5,477	-	-	5,210	5,571	5,970	5,958
Total non current liabilities	3,761	4,003	5,448	-	-	6,210	8,120	9,573	11,041
Community wealth	6,490	7,488	8,998	-	-	12,178	13,818	15,248	16,800
<b>Cash flows</b>									
Net cash from (used) operating	1,977	2,526	3,492	-	-	4,009	3,352	3,021	2,886
Net cash from (used) investing	(3,278)	(2,303)	(4,002)	-	-	(6,009)	(5,220)	(4,108)	(4,042)
Net cash from (used) financing	(128)	(68)	1,231	-	-	843	1,536	1,249	1,216
<b>Cash/cash equivalents at the year end</b>	<b>283</b>	<b>437</b>	<b>1,159</b>	<b>-</b>	<b>-</b>	<b>3,223</b>	<b>2,891</b>	<b>3,054</b>	<b>3,114</b>
<b>Cash backing/surplus reconciliation</b>									
Cash and investments available	2,464	3,022	4,771	3,145	3,698	3,698	3,131	3,434	3,464
Application of cash and investments	2,050	2,858	3,923	3,237	3,390	3,390	2,920	2,981	2,951
<b>Balance - surplus (shortfall)</b>	<b>414</b>	<b>164</b>	<b>848</b>	<b>(92)</b>	<b>309</b>	<b>309</b>	<b>211</b>	<b>453</b>	<b>513</b>
<b>Asset management</b>									
Asset register summary (WDV)	15,267	17,139	20,163	17,224	17,224	17,224	24,622	28,004	-
Depreciation & asset impairment	922	723	810	954	1,152	1,152	1,049	1,110	-
Renewal of existing assets	-	-	-	1,315	1,538	1,538	1,260	1,245	-
Repairs and maintenance	-	-	-	-	-	-	-	-	-
<b>Basic services</b>									
Cost of free basic services provided	456	589	622	729	729	729	851	893	-
<b>Households &lt; national min. service</b>									
Water:	10,500	5,000	-	-	-	-	-	-	-
Sanitation/sewerage:	52,617	48,190	39,357	35,707	35,707	35,707	23,009	17,257	-
Energy:	94,102	75,174	62,742	97,600	97,600	97,600	83,578	76,567	-
Refuse:	-	-	-	-	-	-	-	-	-

Table1: Budget Summary (Table A1)

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

Standard Classification Description R thousand	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
<b>Revenue - Standard</b>									
Executive & Council	4,135	2,201	5,728	7,142	8,890	8,890	2,043	2,160	2,285
Budget & Treasury Office	3,876,267	4,171,367	5,112,429	5,350,266	5,401,485	5,401,485	5,965,138	6,672,924	7,257,129
Corporate Services	116,327	133,838	174,576	161,834	183,049	183,049	155,896	141,243	146,380
Planning & Development	152,393	154,098	162,773	224,908	208,699	208,699	191,264	188,191	236,399
Health	127,412	140,725	176,847	186,518	200,856	200,856	212,544	232,711	248,295
Community & Social Services	23,662	26,078	42,475	56,757	73,767	73,767	62,453	75,089	84,918
Housing	442,872	351,546	356,145	470,855	611,159	611,159	649,031	765,888	761,774
Public Safety	216,272	227,440	220,124	243,431	269,816	269,816	251,360	269,384	283,780
Sport and Recreation	45,686	171,160	877,183	1,059,471	2,308,083	2,308,083	309,364	73,036	39,020
Environmental Protection	5,431	3,628	12,542	20,986	33,378	33,378	27,628	26,559	28,099
Waste Management	488,237	556,112	521,916	592,147	611,247	611,247	724,228	920,206	1,115,813
Waste Water Management	658,995	705,965	846,075	950,333	1,055,499	1,055,499	1,081,719	1,048,340	1,083,446
Road Transport	266,370	230,333	260,682	391,042	712,566	712,566	1,278,406	1,121,713	1,190,511
Water	1,298,015	1,264,073	1,427,375	1,422,691	1,523,697	1,523,697	1,686,556	1,899,731	2,135,472
Electricity	2,773,569	3,018,313	3,294,947	3,825,341	4,323,255	4,323,255	5,758,001	7,025,419	8,552,555
Tourism	536	272	1,055	5,082	5,221	5,221	5,089	5,379	5,691
Abattoir	2,529	0	-	0	0	0	0	0	0
<b>Total Revenue - Standard</b>	<b>10,498,708</b>	<b>11,157,147</b>	<b>13,492,870</b>	<b>14,968,804</b>	<b>17,530,667</b>	<b>17,530,667</b>	<b>18,360,719</b>	<b>20,467,973</b>	<b>23,171,566</b>
<b>Expenditure - Standard</b>									
Executive & Council	173,344	168,137	179,968	250,394	240,962	240,962	257,745	281,835	302,788
Budget & Treasury Office	1,447,833	1,100,828	1,213,275	1,340,759	1,363,967	1,363,967	1,501,074	1,684,232	1,935,863
Corporate Services	1,159,473	1,153,483	1,473,423	1,452,464	1,509,349	1,509,349	1,623,306	1,778,167	1,914,484
Planning & Development	241,698	258,412	292,711	413,021	390,018	390,018	420,667	458,940	495,846
Health	261,833	285,285	323,732	368,365	369,771	369,771	422,439	475,282	515,364
Community & Social Services	206,496	229,508	275,921	324,621	334,187	334,187	354,439	399,040	433,491
Housing	466,092	388,745	562,621	518,541	754,565	754,565	644,999	693,597	725,834
Public Safety	760,090	835,667	1,010,576	1,085,127	1,094,197	1,094,197	1,174,157	1,324,697	1,442,436
Sport and Recreation	441,271	461,172	563,263	674,893	662,726	662,726	925,040	919,040	896,283
Environmental Protection	67,652	81,581	110,178	128,848	157,413	157,413	170,036	190,168	206,887
Waste Management	728,175	691,375	977,740	949,128	956,691	956,691	1,102,692	1,211,197	1,370,073
Waste Water Management	451,716	438,353	491,783	447,776	519,319	519,319	598,912	662,287	733,191
Road Transport	552,098	565,778	711,146	799,985	879,026	879,026	998,345	1,086,743	1,173,031
Water	1,033,500	869,130	1,074,292	1,469,563	1,374,272	1,374,272	1,594,428	1,803,043	1,953,825
Electricity	2,295,548	2,470,703	2,759,604	3,256,230	3,689,840	3,689,840	4,875,127	6,009,105	7,455,561
Tourism	42,213	39,815	43,978	53,141	54,378	54,378	56,749	60,661	64,474
Abattoir	16,076	3	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	<b>10,345,107</b>	<b>10,037,974</b>	<b>12,064,210</b>	<b>13,532,855</b>	<b>14,350,681</b>	<b>14,350,681</b>	<b>16,720,155</b>	<b>19,038,035</b>	<b>21,619,431</b>
<b>Surplus/(Deficit) for the year</b>	<b>153,601</b>	<b>1,119,172</b>	<b>1,428,660</b>	<b>1,435,949</b>	<b>3,179,986</b>	<b>3,179,986</b>	<b>1,640,565</b>	<b>1,429,937</b>	<b>1,552,136</b>

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

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

Vote Description	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
<b>Revenue by Vote</b>									
City Improvement District - Vote1	44,752	40,720	58,661	57,394	-	-	-	-	-
Community Services - Vote2	67,559	65,974	104,169	134,426	203,796	203,796	112,170	120,135	123,716
Corporate Services - Vote3	35,727	43,440	61,983	48,527	62,867	62,867	43,357	25,570	26,931
Economic and Social Development - Vote4	86,913	92,235	111,124	105,721	109,215	109,215	117,983	114,420	118,137
Finance Services - Vote5	1,343,948	546,385	479,829	399,495	464,303	464,303	474,462	475,139	480,176
Health Services - Vote6	120,084	139,002	176,910	186,513	200,850	200,850	212,538	232,705	248,289
Housing - Vote7	442,872	351,546	356,145	470,855	611,159	611,159	649,031	765,888	761,774
Internal Audit - Vote8	32	19	694	0	945	945	0	0	0
Metro Police - Vote9	43,282	5,918	3,356	4,378	16,122	16,122	3,248	3,432	3,630
Office of the City Manager - Vote10	2,694	2,214	5,829	8,797	10,995	10,995	2,493	2,160	2,285
Rates & Other - Vote11	2,629,415	3,729,618	4,736,393	5,059,583	5,103,394	5,103,394	5,664,255	6,375,273	6,958,644
Safety & Security - Vote12	180,552	223,416	216,757	230,803	242,103	242,103	235,056	255,853	270,046
Service Delivery Integration - Vote13	7,503	135,909	820,599	1,010,513	2,202,631	2,202,631	294,600	61,271	35,252
Strategy and Planning - Vote14	101,507	103,721	111,520	168,787	171,225	171,225	114,707	115,772	159,946
Transport, Roads & Stormwater - Vote15	173,262	132,984	158,903	285,996	607,520	607,520	1,173,355	1,016,660	1,085,454
Utility Services - Vote16	5,218,606	5,544,048	6,089,999	6,797,017	7,523,542	7,523,542	9,263,465	10,903,696	12,897,286
<b>Total Revenue by Vote</b>	<b>10,498,708</b>	<b>11,157,147</b>	<b>13,492,870</b>	<b>14,968,804</b>	<b>17,530,667</b>	<b>17,530,667</b>	<b>18,360,719</b>	<b>20,467,973</b>	<b>23,171,566</b>
<b>Expenditure by Vote to be appropriated</b>									
City Improvement District - Vote1	44,752	40,329	57,799	57,394	-	-	-	-	-
Community Services - Vote2	607,792	624,537	799,049	929,417	937,265	937,265	1,050,323	1,177,119	1,279,907
Corporate Services - Vote3	630,326	778,553	911,806	854,788	875,560	875,560	915,952	998,526	1,075,273
Economic and Social Development - Vote4	169,492	178,730	204,352	251,275	254,297	254,297	268,113	293,918	315,415
Finance Services - Vote5	1,043,123	655,950	762,309	972,483	1,036,390	1,036,390	1,273,530	1,430,245	1,632,837
Health Services - Vote6	284,642	317,278	370,593	418,958	424,364	424,364	487,814	550,875	598,151
Housing - Vote7	466,092	388,745	562,621	518,541	754,565	754,565	644,999	693,597	725,834
Internal Audit - Vote8	21,834	15,421	18,084	27,025	28,119	28,119	29,394	33,561	36,583
Metro Police - Vote9	247,101	229,936	204,531	210,048	210,371	210,371	202,530	220,699	240,039
Office of the City Manager - Vote10	186,580	167,700	190,030	262,363	261,242	261,242	273,367	299,592	322,112
Rates & Other - Vote11	514,129	469,009	569,817	467,708	491,128	491,128	431,054	476,899	542,189
Safety & Security - Vote12	481,954	553,005	737,296	792,496	798,624	798,624	899,404	1,023,772	1,114,982
Service Delivery Integration - Vote13	357,016	337,282	388,206	482,105	474,243	474,243	669,899	612,254	555,635
Strategy and Planning - Vote14	184,145	205,627	229,580	304,498	325,839	325,839	338,230	381,548	415,242
Transport, Roads & Stormwater - Vote15	590,435	613,156	782,614	790,116	867,121	867,121	991,234	1,078,036	1,163,415
Utility Services - Vote16	4,515,694	4,462,718	5,275,522	6,193,638	6,611,556	6,611,556	8,244,312	9,767,395	11,601,817
<b>Total Expenditure by Vote</b>	<b>10,345,107</b>	<b>10,037,974</b>	<b>12,064,210</b>	<b>13,532,855</b>	<b>14,350,681</b>	<b>14,350,681</b>	<b>16,720,155</b>	<b>19,038,035</b>	<b>21,619,431</b>
<b>Surplus/(Deficit) for the year</b>	<b>153,601</b>	<b>1,119,172</b>	<b>1,428,660</b>	<b>1,435,949</b>	<b>3,179,986</b>	<b>3,179,986</b>	<b>1,640,565</b>	<b>1,429,937</b>	<b>1,552,136</b>

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

**Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
<b>Revenue By Source</b>									
Property rates	2,265,011	2,406,886	3,182,895	3,321,612	3,321,612	3,321,612	3,739,165	4,160,733	4,593,663
Property rates - penalties & collection charges	105,135	68,622	75,850	60,000	60,000	60,000	65,700	71,350	76,202
Service charges - electricity revenue	2,439,072	2,669,057	2,922,573	3,430,848	3,947,000	3,947,000	5,302,637	6,447,329	7,871,495
Service charges - water revenue	1,051,787	1,017,645	1,231,444	1,277,664	1,337,758	1,337,758	1,507,653	1,727,710	1,960,897
Service charges - sanitation revenue	564,161	620,429	725,274	717,501	744,501	744,501	816,718	872,255	930,696
Service charges - refuse	452,500	506,635	463,776	520,819	538,319	538,319	640,378	836,359	1,031,194
Service charges - other	400,971	422,558	442,033	492,825	479,954	479,954	559,037	641,825	781,155
Rental of facilities and equipment	212,923	220,469	249,697	247,590	247,590	247,590	268,298	281,713	295,798
Interest earned - external investments	241,838	306,581	367,925	308,804	308,804	308,804	316,935	316,935	316,935
Interest earned - outstanding debtors	181,639	187,365	167,747	148,485	174,485	174,485	176,160	176,160	176,160
Dividends received									
Fines	174,977	180,753	159,224	170,998	170,998	170,998	185,458	211,707	223,986
Licences and permits	25,280	26,895	31,036	33,212	33,212	33,212	24,276	25,660	27,148
Agency services	104,263	104,960	112,654	115,993	115,993	115,993	115,993	115,993	115,993
Transfers recognised	556,455	1,550,105	1,773,806	2,094,894	2,305,059	2,305,059	2,515,492	2,783,035	2,938,432
Other revenue	1,174,289	322,545	263,411	160,347	156,079	156,079	172,831	181,587	191,709
Gains on disposal of PPE	46,288	46,690	47,870	41,794	41,794	41,794	49,817	49,817	49,817
<b>Total Revenue</b>	<b>9,996,589</b>	<b>10,658,194</b>	<b>12,217,215</b>	<b>13,143,388</b>	<b>13,983,160</b>	<b>13,983,160</b>	<b>16,456,548</b>	<b>18,900,167</b>	<b>21,581,282</b>
<b>Expenditure By Type</b>									
Employee related costs	2,947,267	3,285,175	3,780,345	4,753,765	4,676,580	4,676,580	5,288,283	6,194,979	6,796,883
Remuneration of councillors	51,801	65,938	70,934	75,608	79,279	79,279	86,260	92,065	98,326
Debt impairment	953,745	396,556	708,643	550,108	579,783	579,783	597,747	607,790	721,204
Depreciation & asset impairment	921,762	723,305	809,719	953,929	1,152,294	1,152,294	992,603	1,049,181	1,110,034
Finance charges	349,325	283,630	274,801	380,236	380,236	380,236	539,766	633,768	772,469
Bulk purchases	1,780,755	1,998,112	2,141,514	2,499,659	2,900,697	2,900,697	3,949,228	5,005,178	6,362,950
Other materials									
Contracted services	534,657	491,248	596,506	569,008	629,345	629,345	722,711	741,080	824,306
Grants and subsidies	66,370	79,871	81,919	86,200	96,892	96,892	94,812	100,217	106,029
Other expenditure	2,736,106	2,713,297	3,598,215	3,664,342	3,855,568	3,855,568	4,448,745	4,613,778	4,827,229
Loss on disposal of PPE	3,321	844	1,613	-	8	8	-	-	-
<b>Total Expenditure</b>	<b>10,345,107</b>	<b>10,037,974</b>	<b>12,064,210</b>	<b>13,532,855</b>	<b>14,350,681</b>	<b>14,350,681</b>	<b>16,720,155</b>	<b>19,038,035</b>	<b>21,619,431</b>
<b>Surplus/(Deficit)</b>	<b>(348,518)</b>	<b>620,220</b>	<b>153,005</b>	<b>(389,467)</b>	<b>(367,522)</b>	<b>(367,522)</b>	<b>(263,607)</b>	<b>(137,868)</b>	<b>(38,148)</b>
Transfers recognised - capital	502,119	498,953	1,275,655	1,825,416	3,547,508	3,547,508	1,904,171	1,567,805	1,590,284
Contributions									
Contributed assets									
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>153,601</b>	<b>1,119,172</b>	<b>1,428,660</b>	<b>1,435,949</b>	<b>3,179,986</b>	<b>3,179,986</b>	<b>1,640,565</b>	<b>1,429,937</b>	<b>1,552,136</b>
Taxation									
<b>Surplus/(Deficit) after taxation</b>	<b>153,601</b>	<b>1,119,172</b>	<b>1,428,660</b>	<b>1,435,949</b>	<b>3,179,986</b>	<b>3,179,986</b>	<b>1,640,565</b>	<b>1,429,937</b>	<b>1,552,136</b>
Attributable to minorities									
<b>Surplus/(Deficit) attributable to City of Cape town</b>	<b>153,601</b>	<b>1,119,172</b>	<b>1,428,660</b>	<b>1,435,949</b>	<b>3,179,986</b>	<b>3,179,986</b>	<b>1,640,565</b>	<b>1,429,937</b>	<b>1,552,136</b>
Share of surplus/ (deficit) of associate									
<b>Surplus/(Deficit) for the year</b>	<b>153,601</b>	<b>1,119,172</b>	<b>1,428,660</b>	<b>1,435,949</b>	<b>3,179,986</b>	<b>3,179,986</b>	<b>1,640,565</b>	<b>1,429,937</b>	<b>1,552,136</b>

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

**Table A5 Budgeted Capital Expenditure by vote, standard classification and funding**

Vote Description	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
<b>R thousand</b>									
<b>Capital expenditure - Municipal Vote</b>									
<b>Multi-Year expenditure to be appropriated</b>									
City Improvement District - Vote1	–	–	–	–	–	–	–	–	–
Community Services - Vote2	136,937	137,943	158,513	181,469	275,279	275,279	135,580	126,273	124,600
Corporate Services - Vote3	52,316	75,302	63,575	39,283	52,507	52,507	49,085	30,525	30,660
Economic and Social Development - Vote4	34,323	17,700	16,541	23,746	27,907	27,907	35,158	23,893	23,893
Finance Services - Vote5	5,199	11,993	14,317	11,690	22,390	22,390	18,617	13,523	13,589
Health Services - Vote6	10,971	18,356	24,434	15,303	26,005	26,005	18,986	13,196	13,274
Housing - Vote7	186,322	172,706	147,355	261,701	359,356	359,356	326,582	427,781	403,323
Internal Audit - Vote8	221	147	125	123	809	809	219	260	260
Metro Police - Vote9	6,574	1,447	15,551	6,170	17,854	17,854	6,906	6,938	6,938
Office of the City Manager - Vote10	5,160	1,948	4,339	31,501	17,629	17,629	36,175	33,000	33,000
Rates & Other - Vote11	–	–	–	–	–	–	–	–	–
Safety & Security - Vote12	24,957	49,900	39,959	79,185	96,974	96,974	56,443	21,824	21,824
Service Delivery Integration - Vote13	49,462	428,616	1,088,153	1,160,544	2,555,588	2,555,588	979,024	160,625	38,475
Strategy and Planning - Vote14	35,804	32,244	39,012	119,590	114,711	114,711	95,435	60,201	62,210
Transport, Roads & Stormwater - Vote15	297,291	258,930	364,575	475,823	820,086	820,086	1,718,648	1,137,256	1,129,746
Utility Services - Vote16	675,571	746,191	1,125,949	1,502,965	1,640,328	1,640,328	2,037,436	2,145,509	2,264,811
<b>Capital Multi-year expenditure sub-total</b>	<b>1,521,108</b>	<b>1,953,422</b>	<b>3,102,398</b>	<b>3,909,092</b>	<b>6,027,425</b>	<b>6,027,425</b>	<b>5,514,294</b>	<b>4,200,805</b>	<b>4,166,603</b>
<b>Total Capital Expenditure</b>	<b>1,521,108</b>	<b>1,953,422</b>	<b>3,102,398</b>	<b>3,909,092</b>	<b>6,027,425</b>	<b>6,027,425</b>	<b>5,514,294</b>	<b>4,200,805</b>	<b>4,166,603</b>
<b>Capital Expenditure - Standard</b>									
Executive & Council	5,093	1,718	4,148	31,315	16,945	16,945	35,582	32,850	32,460
Budget & Treasury Office	4,772	10,274	8,238	3,986	9,548	9,548	6,076	5,672	5,839
Corporate Services	103,037	131,407	119,360	186,610	191,509	191,509	209,734	79,318	79,750
Planning & Development	61,318	39,565	40,941	95,224	91,313	91,313	69,699	73,209	75,054
Health	10,055	17,527	24,138	14,303	25,205	25,205	18,586	12,196	12,274
Community & Social Services	29,550	21,011	38,032	41,789	62,996	62,996	50,708	37,183	44,771
Housing	186,322	172,706	147,355	261,701	359,356	359,356	326,582	427,781	403,323
Public Safety	34,156	56,405	73,709	120,924	163,755	163,755	103,932	67,262	67,262
Sport and Recreation	109,265	492,556	1,161,866	1,196,145	2,676,982	2,676,982	967,659	211,176	79,915
Environmental Protection	4,968	9,497	11,488	12,001	16,254	16,254	10,235	10,242	10,249
Waste Management	38,507	91,882	110,618	262,834	209,371	209,371	415,218	349,976	350,789
Waste Water Management	106,298	142,324	267,326	477,627	573,727	573,727	518,645	452,456	392,825
Road Transport	293,322	254,683	346,519	473,623	814,476	814,476	1,690,848	1,112,856	1,123,696
Water	261,171	184,626	210,266	189,133	252,971	252,971	291,301	579,944	659,225
Electricity	270,940	327,090	537,568	539,801	560,721	560,721	797,989	748,682	829,172
Tourism	2,333	150	826	2,077	2,294	2,294	1,500	–	–
Abattoir	–	–	–	–	–	–	–	–	–
<b>Total Capital Expenditure - Standard</b>	<b>1,521,108</b>	<b>1,953,422</b>	<b>3,102,398</b>	<b>3,909,092</b>	<b>6,027,425</b>	<b>6,027,425</b>	<b>5,514,294</b>	<b>4,200,805</b>	<b>4,166,603</b>
<b>Funded by:</b>									
National Government	252,564	309,680	1,071,282	1,308,402	2,830,831	2,830,831	1,457,220	1,066,740	1,191,586
Provincial Government	215,601	146,435	154,698	463,314	641,540	641,540	385,967	442,017	338,498
District Municipality									
Other Grants & Subsidies	1,417	3,465	1,276	8,000	3,317	3,317	2,000	2,000	2,000
<b>Total Capital transfers recognised</b>	<b>469,583</b>	<b>459,580</b>	<b>1,227,256</b>	<b>1,779,716</b>	<b>3,475,689</b>	<b>3,475,689</b>	<b>1,845,187</b>	<b>1,510,757</b>	<b>1,532,084</b>
<b>Public contributions &amp; donations</b>	<b>34,861</b>	<b>43,026</b>	<b>48,399</b>	<b>45,700</b>	<b>71,819</b>	<b>71,819</b>	<b>58,984</b>	<b>57,049</b>	<b>58,200</b>
<b>Borrowing</b>	<b>791,307</b>	<b>893,913</b>	<b>1,242,470</b>	<b>1,560,670</b>	<b>1,791,417</b>	<b>1,791,417</b>	<b>2,716,496</b>	<b>1,961,379</b>	<b>2,140,938</b>
<b>Internally generated funds</b>	<b>225,357</b>	<b>556,904</b>	<b>584,273</b>	<b>523,006</b>	<b>688,500</b>	<b>688,500</b>	<b>893,627</b>	<b>671,621</b>	<b>435,381</b>
<b>Total Capital Funding</b>	<b>1,521,108</b>	<b>1,953,422</b>	<b>3,102,398</b>	<b>3,909,092</b>	<b>6,027,425</b>	<b>6,027,425</b>	<b>5,514,294</b>	<b>4,200,805</b>	<b>4,166,603</b>
<i>Provision of basic services</i>									
2010 World Cup		378,203	1,200,568	1,368,954	2,796,678	2,796,678	268,469		

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

**Table A6 Budgeted Financial Position**

Description	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
<b>R thousand</b>									
<b>ASSETS</b>									
<b>Current assets</b>									
Cash	2,054,467	163,712	188,692						
Call investment deposits	-	2,367,307	4,192,038	-	-	3,223,300	2,891,308	3,053,797	3,114,151
Consumer debtors	1,818,946	1,752,553	2,124,457	-	-	2,014,172	1,932,873	1,893,176	1,796,874
Other debtors	162,352	145,585	329,231			362,154	398,369	438,206	482,027
Current portion of long-term receivables	22,287	19,773	16,949			26,894	28,238	29,650	31,132
Inventory	131,601	159,471	216,340			227,157	238,514	250,440	262,962
<b>Total current assets</b>	<b>4,189,653</b>	<b>4,608,401</b>	<b>7,067,707</b>	-	-	<b>5,853,677</b>	<b>5,489,302</b>	<b>5,665,269</b>	<b>5,687,146</b>
<b>Non current assets</b>									
Long-term receivables	294,287	279,185	197,968			188,070	178,666	169,732	178,219
Investments	409,154	491,266	390,218			422,181	186,091	150,133	71,064
Investment property	103,844	99,468	95,076						
Investment in Associate									
Property, plant and equipment	8,495,809	9,790,463	12,142,997	-	-	17,133,529	21,655,220	24,806,844	27,863,414
Agricultural									
Biological									
Intangible	119,964	71,920	20,083						
Other non-current assets	52,734	27,603	8,906						
<b>Total non current assets</b>	<b>9,475,792</b>	<b>10,759,905</b>	<b>12,855,248</b>	-	-	<b>17,743,780</b>	<b>22,019,977</b>	<b>25,126,709</b>	<b>28,112,697</b>
<b>TOTAL ASSETS</b>	<b>13,665,445</b>	<b>15,368,306</b>	<b>19,922,955</b>	-	-	<b>23,597,457</b>	<b>27,509,279</b>	<b>30,791,978</b>	<b>33,799,843</b>
<b>LIABILITIES</b>									
<b>Current liabilities</b>									
Bank overdraft									
Borrowing	137,477	217,216	411,916	-	-	525,162	263,702	200,360	168,040
Consumer deposits	176,982	214,449	237,591			249,471	261,944	275,041	288,793
Trade and other payables	2,762,042	3,111,917	4,271,429	-	-	3,851,122	4,432,834	4,851,422	4,825,427
Current portion of long-term liabilities									
Provisions	337,888	333,209	556,019			583,820	613,010	643,661	675,844
<b>Total current liabilities</b>	<b>3,414,389</b>	<b>3,876,791</b>	<b>5,476,955</b>	-	-	<b>5,209,575</b>	<b>5,571,490</b>	<b>5,970,484</b>	<b>5,958,104</b>
<b>Non current liabilities</b>									
Borrowing	2,217,222	2,038,052	3,047,812	-	-	3,765,717	5,550,677	6,850,317	8,182,277
Provisions	1,543,647	1,964,975	2,400,457	-	-	2,444,447	2,568,831	2,722,960	2,859,108
<b>Total non current liabilities</b>	<b>3,760,869</b>	<b>4,003,027</b>	<b>5,448,269</b>	-	-	<b>6,210,164</b>	<b>8,119,508</b>	<b>9,573,277</b>	<b>11,041,385</b>
<b>TOTAL LIABILITIES</b>	<b>7,175,258</b>	<b>7,879,818</b>	<b>10,925,224</b>	-	-	<b>11,419,739</b>	<b>13,690,998</b>	<b>15,543,761</b>	<b>16,999,489</b>
<b>NET ASSETS</b>	<b>6,490,187</b>	<b>7,488,488</b>	<b>8,997,731</b>	-	-	<b>12,177,718</b>	<b>13,818,282</b>	<b>15,248,217</b>	<b>16,800,353</b>
<b>COMMUNITY WEALTH/EQUITY</b>									
Accumulated Surplus/(Deficit)	871,553	1,224,439	1,535,008			1,858,746	2,301,027	2,576,636	1,915,022
Reserves	5,618,634	6,264,049	7,462,723	-	-	10,318,971	11,517,254	12,671,582	14,885,331
Minorities' interests									
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>6,490,187</b>	<b>7,488,488</b>	<b>8,997,731</b>	-	-	<b>12,177,717</b>	<b>13,818,281</b>	<b>15,248,218</b>	<b>16,800,353</b>

Table 6: Budgeted Financial Position (Table A6)

**Table A7 Budgeted Cash Flows**

Description	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Ratepayers and other	9,305,851	11,122,710	13,613,210			17,004,810	17,788,654	19,854,395	22,614,136
Government - operating									
Government - capital									
Interest	203,121	224,942	261,317			483,289	493,095	493,095	493,095
Dividends									
<b>Payments</b>									
Suppliers and employees	(7,204,481)	(8,421,610)	(9,920,961)			(13,099,338)	(14,389,620)	(16,693,120)	(19,448,794)
Finance charges	(327,437)	(400,387)	(461,172)			(380,236)	(539,766)	(633,768)	(772,469)
Transfers and Grants									
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>1,977,054</b>	<b>2,525,655</b>	<b>3,492,394</b>	<b>-</b>	<b>-</b>	<b>4,008,525</b>	<b>3,352,363</b>	<b>3,020,603</b>	<b>2,885,967</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE	49,713	54,215	60,719			41,786	49,817	49,817	49,817
Decrease (Increase) in non-current debtors	39,197	17,616	84,041			8,617	8,058	7,521	(9,970)
Decrease (increase) other non-current receivables									
Decrease (increase) in non-current investments	(1,833,308)	(405,379)	(1,027,192)			(31,963)	236,090	35,958	84,727
<b>Payments</b>									
Capital assets	(1,533,463)	(1,969,407)	(3,119,746)			(6,027,426)	(5,514,294)	(4,200,805)	(4,166,603)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(3,277,861)</b>	<b>(2,302,955)</b>	<b>(4,002,178)</b>	<b>-</b>	<b>-</b>	<b>(6,008,986)</b>	<b>(5,220,329)</b>	<b>(4,107,509)</b>	<b>(4,042,029)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans									
Borrowing long term/refinancing	236,387	29,293	1,434,790			1,240,505	1,787,202	1,436,658	1,370,704
Increase in consumer deposits	15,296	37,467	23,142			11,880	12,474	13,097	13,752
<b>Payments</b>									
Repayment of borrowing	(379,718)	(135,054)	(226,677)			(409,354)	(263,702)	(200,360)	(168,040)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(128,035)</b>	<b>(68,294)</b>	<b>1,231,255</b>	<b>-</b>	<b>-</b>	<b>843,031</b>	<b>1,535,974</b>	<b>1,249,395</b>	<b>1,216,416</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(1,428,842)</b>	<b>154,406</b>	<b>721,471</b>	<b>-</b>	<b>-</b>	<b>(1,157,430)</b>	<b>(331,992)</b>	<b>162,489</b>	<b>60,354</b>
Cash/cash equivalents at the year begin:	1,711,792	282,950	437,356			4,380,730	3,223,300	2,891,308	3,053,797
Cash/cash equivalents at the year end:	282,950	437,356	1,158,827			3,223,300	2,891,308	3,053,797	3,114,151

Table 7: Budgeted Cash Flows (Table A7)

**Table A8 Cash backed reserves/accumulated surplus reconciliation**

Description	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
<b>Cash and investments available</b>									
Cash/cash equivalents at the year end	283,000	437,356	1,158,827	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Call investment deposits - >90 days	1,771,467	2,093,663	3,221,903	1,670,397	2,223,300	2,223,300	1,891,308	2,053,797	2,114,151
Non current assets - Investments	409,154	491,266	390,218	475,000	475,000	475,000	240,000	380,000	350,000
<b>Cash and investments available:</b>	<b>2,463,621</b>	<b>3,022,285</b>	<b>4,770,948</b>	<b>3,145,397</b>	<b>3,698,300</b>	<b>3,698,300</b>	<b>3,131,308</b>	<b>3,433,797</b>	<b>3,464,151</b>
<b>Application of cash and investments</b>									
Unspent conditional transfers	438,763	793,151	1,712,382	1,033,961	986,969	986,969	1,007,000	900,000	800,000
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements	207,244	237,433	281,098	221,443	267,311	267,311	255,000	300,000	350,000
Other working capital requirements	-	-	-	-	-	-	-	-	-
Other provisions	-	-	-	-	-	-	-	-	-
Long term investments committed	409,154	491,266	390,218	475,000	475,000	475,000	240,000	380,000	350,000
Reserves to be backed by cash/investments	994,610	1,336,620	1,539,638	1,506,822	1,660,457	1,660,457	1,418,000	1,401,000	1,451,000
<b>Total Application of cash and investments:</b>	<b>2,049,771</b>	<b>2,858,470</b>	<b>3,923,336</b>	<b>3,237,226</b>	<b>3,389,737</b>	<b>3,389,737</b>	<b>2,920,000</b>	<b>2,981,000</b>	<b>2,951,000</b>
<b>Surplus(shortfall)</b>	<b>413,850</b>	<b>163,815</b>	<b>847,612</b>	<b>(91,829)</b>	<b>308,563</b>	<b>308,563</b>	<b>211,308</b>	<b>452,797</b>	<b>513,151</b>

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

**Table A9 Asset Management**

Description	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
<b>R thousand</b>									
<b>CAPITAL EXPENDITURE</b>									
Capital Multi-year expenditure sub-total	1,521,108	1,953,422	3,102,398	3,909,092	6,027,425	6,027,425	5,514,294	4,200,805	4,166,603
<i>Comprises:</i>									
<b>New assets</b>	-	-	-	2,593,871	4,489,059	4,489,059	3,795,626	2,941,029	2,921,902
Infrastructure - Water & Sanitation	-	-	-	433,334	513,114	513,114	483,657	753,637	804,044
Infrastructure - Electricity	-	-	-	191,491	212,617	212,617	333,432	439,255	390,255
Infrastructure - Road Transport	-	-	-	377,748	568,056	568,056	1,362,705	1,103,751	1,226,821
Infrastructure - Other	-	-	-	2,050	9,379	9,379	4,780	3,000	3,000
Infrastructure	-	-	-	1,004,623	1,303,166	1,303,166	2,184,575	2,299,643	2,424,120
Community	-	-	-	1,148,939	2,521,857	2,521,857	990,347	228,426	108,536
Heritage assets	-	-	-	57,362	234,262	234,262	71,085	73,676	76,192
Investment properties	-	-	-	20	960	960	600	-	-
Other assets	-	-	-	382,927	428,815	428,815	549,019	339,284	313,053
Intangibles	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
<b>Renewal of existing assets</b>	-	-	-	1,315,222	1,538,366	1,538,366	1,718,668	1,259,776	1,244,702
Infrastructure - Water & Sanitation	-	-	-	224,076	284,121	284,121	285,509	238,825	219,029
Infrastructure - Electricity	-	-	-	235,290	198,451	198,451	281,798	139,718	310,671
Infrastructure - Road Transport	-	-	-	316,431	377,513	377,513	569,663	354,997	246,848
Infrastructure - Other	-	-	-	6,796	8,412	8,412	1,208	2,800	7,900
Infrastructure	-	-	-	782,594	868,496	868,496	1,138,358	736,340	784,448
Community	-	-	-	203,180	283,771	283,771	114,987	117,547	90,204
Heritage assets	-	-	-	526	536	536	439	439	439
Investment properties	-	-	-	1,019	1,019	1,019	300	-	-
Other assets	-	-	-	327,902	384,542	384,542	464,585	405,450	369,612
Intangibles	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
<b>Total Capital expenditure by Asset Class/Sub-class</b>									
Infrastructure - Water & Sanitation	-	-	-	657,410	797,235	797,235	769,166	992,462	1,023,073
Infrastructure - Electricity	-	-	-	426,781	411,068	411,068	615,410	578,972	700,926
Infrastructure - Road Transport	-	-	-	694,179	945,569	945,569	1,932,368	1,458,748	1,473,669
Infrastructure - Other	-	-	-	8,846	17,791	17,791	5,988	5,800	10,900
Infrastructure	-	-	-	1,787,216	2,171,662	2,171,662	3,322,933	3,035,983	3,208,568
Community	-	-	-	1,352,119	2,805,628	2,805,628	1,105,334	345,973	198,740
Heritage assets	-	-	-	57,888	234,798	234,798	71,524	74,115	76,631
Investment properties	-	-	-	1,039	1,980	1,980	900	-	-
Other assets	-	-	-	710,829	813,357	813,357	1,013,604	744,734	682,665
Intangibles	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
<b>CAPITAL EXPENDITURE</b>	-	-	-	3,909,092	6,027,425	6,027,425	5,514,294	4,200,805	4,166,603
<b>ASSET REGISTER SUMMARY (WDV)</b>									
<b>Property, Plant &amp; Equipment</b>									
Infrastructure - Water & Sanitation	2,919,896	3,042,931	3,358,031	2,571,970	2,571,970	2,571,970	3,500,526	4,494,156	5,484,587
Infrastructure - Electricity	2,710,852	2,712,078	2,822,128	2,661,538	2,661,538	2,661,538	3,103,296	3,670,614	4,235,249
Infrastructure - Road Transport	2,822,845	2,951,623	3,275,956	3,598,251	3,598,251	3,598,251	5,274,076	6,562,709	7,847,335
Infrastructure - Other	595,407	1,212,934	1,711,720	3,511,152	3,511,152	3,511,152	3,745,401	3,890,951	4,033,251
Infrastructure	9,049,000	9,919,566	11,167,835	12,342,912	12,342,912	12,342,912	15,623,298	18,618,430	21,600,421
Community	1,588,732	2,121,855	3,425,530	3,149,943	3,149,943	3,149,943	3,481,040	3,649,903	3,818,401
Heritage assets	3,338	6,646	9,145	10,184	10,184	10,184	10,623	11,062	11,501
Investment properties	104	99	95	-	-	-	-	-	-
Other assets	4,625,873	5,090,952	5,560,192	1,721,101	1,721,101	1,721,101	2,106,573	2,342,179	2,573,422
Intangibles	120	72	20	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
	15,267,167	17,139,191	20,162,817	17,224,140	17,224,140	17,224,140	21,221,535	24,621,574	28,003,745
<b>EXPENDITURE other items</b>									
Depreciation & asset impairment	921,762	723,305	809,719	953,929	1,152,294	1,152,294	992,603	1,049,181	1,110,034
Repairs and maintenance	-	-	-	-	-	-	-	-	-
	921,762	723,305	809,719	953,929	1,152,294	1,152,294	992,603	1,049,181	1,110,034
<b>REPAIRS &amp; MAINTENANCE by Asset Category</b>									
Infrastructure - Water & Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
Infrastructure - Road Transport	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
<b>Total repairs &amp; maintenance</b>	-	-	-	-	-	-	-	-	-
<b>% of capital exp on renewal of assets</b>	0.0%	0.0%	0.0%	50.7%	34.3%	34.3%	45.3%	42.8%	42.6%
<b>Renewal of existing assets as % of deprecn</b>	0.0%	0.0%	0.0%	137.9%	133.5%	133.5%	173.1%	120.1%	112.1%
<b>R&amp;M as a % of PPE</b>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Renewal and R&amp;M as a % of PPE</b>	0.0%	0.0%	0.0%	8.0%	9.0%	9.0%	8.0%	5.0%	4.0%

Note: Figures under audited outcomes are assets under construction (Auc) and not yet capitalized as reflected on work breakdown structures (WBS).

Table 9: Asset Management (Table A9)

**Table A10 Basic service delivery measurement**

Description	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
<b>Household service targets (000)</b>									
<b>Water:</b>									
Piped water inside dwelling	653	677	704	732	732	732	767	793	824
Piped water inside yard (but not in dwelling)	-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	84	96	104	115	115	115	117	110	118
Other water supply (at least min.service level)	-	-	-	-	-	-	-	-	-
<i>sub-total</i>	737	773	808	847	847	847	884	902	943
Using public tap (< min.service level)	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	-	-	-	-	-	-	-	-	-
No water supply	11	5	-	-	-	-	-	-	-
<i>sub-total</i>	11	5	-	-	-	-	-	-	-
<b>Total number of households</b>	<b>748</b>	<b>778</b>	<b>808</b>	<b>847</b>	<b>847</b>	<b>847</b>	<b>884</b>	<b>902</b>	<b>943</b>
<b>Sanitation/sewerage:</b>									
Flush toilet (connected to sewerage)	662	692	722	754	754	754	792	811	852
Flush toilet (with septic tank)	-	-	-	-	-	-	-	-	-
Chemical toilet	5	6	5	13	13	13	14	16	17
Pit latrine (ventilated or not)	1	1	2	2	2	2	2	2	2
Other toilet provisions - <i>list type separately</i>	27	30	39	42	42	42	46	50	54
<i>sub-total</i>	695	730	769	811	811	811	855	879	926
Bucket latrine	3	3	2	1	1	1	1	-	-
Other toilet provisions (list: < min.service level)	-	-	-	-	-	-	-	-	-
No toilet provisions	50	46	38	35	35	35	29	23	17
<i>sub-total</i>	53	48	39	36	36	36	29	23	17
<b>Total number of households</b>	<b>748</b>	<b>778</b>	<b>808</b>	<b>847</b>	<b>847</b>	<b>847</b>	<b>884</b>	<b>902</b>	<b>943</b>
<b>Energy:</b>									
Electricity (at least minimum service level)	753	772	784	793	793	793	800	807	814
Electricity - prepaid (min.service level)	-	-	-	-	-	-	-	-	-
<i>sub-total</i>	753	772	784	793	793	793	800	807	814
Electricity (< min.service level)	94	75	63	98	98	98	91	84	77
Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
Other energy sources	-	-	-	-	-	-	-	-	-
<i>sub-total</i>	94	75	63	98	98	98	91	84	77
<b>Total number of households</b>	<b>847</b>	<b>847</b>	<b>847</b>	<b>891</b>	<b>891</b>	<b>891</b>	<b>891</b>	<b>891</b>	<b>891</b>
<b>Refuse:</b>									
Removed at least once a week (min.service)	730	820	819	835	835	835	852	869	887
Removed at least once a week (< min.service)	-	-	-	-	-	-	-	-	-
Removed less frequently than once a week	-	-	-	-	-	-	-	-	-
Using communal refuse dump	-	-	-	-	-	-	-	-	-
Using own refuse dump	-	-	-	-	-	-	-	-	-
Other rubbish disposal	-	-	-	-	-	-	-	-	-
No rubbish disposal	-	-	-	-	-	-	-	-	-
<i>sub-total</i>	-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	<b>730</b>	<b>820</b>	<b>819</b>	<b>835</b>	<b>835</b>	<b>835</b>	<b>852</b>	<b>869</b>	<b>887</b>
<b>Households receiving Free Basic Service</b>									
Property rates	-	-	-	-	-	-	-	-	-
Water	737	773	808	847	847	847	884	902	943
Sanitation	695	730	769	811	811	811	855	879	926
Electricity	369	386	412	424	424	424	437	450	463
Refuse	399	484	476	477	477	477	502	529	558
<b>Free service level provided</b>									
Property rates (R'000 value threshold)	0	0	0	0	0	0	0	0	0
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	0
Sanitation (kilolitres per household per month)	4	4	4	4	4	4	4	4	0
Sanitation (Rand per household per month)	20	20	20	30	30	30	30	30	0
Electricity (kw per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	240L & 85L	240L & 85L	240L & 85L	240L & 85L	240L & 85L	240L & 85L	240L & 85L	240L & 85L	240L & 85L
<b>Cost of free basic services provided (R'000)</b>									
Housing	-	-	-	-	-	-	-	-	-
Property rates	-	-	-	-	-	-	-	-	-
Water	197,984	207,883	218,278	259,814	259,814	259,814	267,805	-	-
Sanitation	124,326	130,543	137,070	154,278	154,278	154,278	164,484	-	-
Electricity/other energy	-	110,068	103,641	135,834	135,834	135,834	160,377	208,490	271,037
Refuse	133,503	140,748	163,000	179,333	179,333	179,333	217,630	230,035	243,147
Housing	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total FBS provided (total social package)</b>	<b>455,814</b>	<b>589,243</b>	<b>621,988</b>	<b>729,259</b>	<b>729,259</b>	<b>729,259</b>	<b>810,296</b>	<b>850,811</b>	<b>893,351</b>

Table 10: Basic service delivery measurement (Table A10)

## 4. Overview of annual budget process

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### a. Planning process used to prepare the annual budget

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

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

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

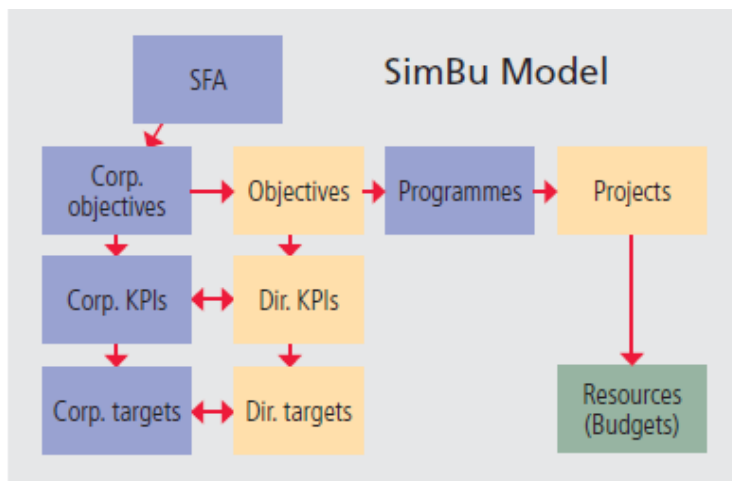
Following consideration of budget proposals from, inter alia, service departments and portfolio committees, the budget committee submitted the draft MTREF model (forecasted three year budget) to MAYCO for endorsement in November 2008.

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

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

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

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



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

### c. Process of consultation with the community and key stakeholders

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

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

The first of such direct engagements occurred during October 2008.

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

- E-Based consultation
  - Notification was given to all the organisations on the city's database via e-mail
  - The opportunity to comment and give input was communicated on the website with feedback forms electronically available.
  - The city's call centre was engaged in collecting inputs via telephone, e-mail and fax.
- Consulting with the Business Sector
  - A presentation was done at the Small Business Week in August in preparation of the October engagement process
- Engagement with Higher Learning Institutions
  - Learners and academics of the Universities of Cape Town and Western Cape were briefed on the forthcoming IDP and budget events during July 2008.
  - Various opportunities in partnership with the City's Social Development department were created and are ongoing where capacity is built with community organisations to assist the sectors with which they are involved to participate in all IDP engagements. An example includes secondary schools, where the learners are briefed and encouraged to participate, while encouraging others (inter alia their parents) to also participate.

The attendance to these events totalled approximately 2000.

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

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

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

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

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

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

Table 11: IDP and Budget Time Schedule

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

### a. The Vision of the City

The City's long term vision:

- A prosperous city in which City Government creates an enabling environment for shared growth and economic development.
- A city known for its effective and equitable service delivery.
- A city that distinguishes itself as a well-governed and efficiently run administration

### b. The 5-Year IDP and Strategic Focus Areas

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



**Figure 2: Strategic Framework**

The complete Integrated Development Plan is attached as Annexure 9.

### **c. Proposed amendments to the Integrated Development Plan**

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

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

A new economic development strategy was introduced focussing on:

Driving investment into Cape Town

Develop and strengthening of partnerships

Grow and strengthen the City's tourism capability and destination marketing

Promote the use of LED tools to grow SMME's and develop enterprise

Prioritise skills development based on the needs of the local economy

Develop the City's creativity and knowledge innovation industry

#### **- Strategic Focus Area 2 - Sustainable Urban Infrastructure and Services**

This strategy remained more or less the same as last year

Introduction of an infrastructure development programme with bulk services to create the platform for economic growth

Upgrading and focussed investment in new strategic infrastructure

Improved maintenance of the City's assets

Implementation of the project management system of the City.

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

This is a new SFA introducing an improved strategy for energy for a sustainable City.

Throughout the IMEP Review process a number of key issues emerged, including:

The need for environmental accountability and commitment across city line functions;

The need for coordinated and integrated approaches to effect positive change in complex issues;

The need for an increased commitment to resource conservation and resource efficiencies; and

The need for the City as an organisation to lead by example.

Four objectives were set:

Reduction in energy consumption in the Cape Metropolitan Area below projected unconstrained energy consumption

Monitoring and Review of the City energy and climate change strategy

Energy Security and Carbon Mitigation

Communications and Education

#### **- Strategic Focus Area 4 - Public Transport Systems**

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

#### **- Strategic Focus Area 5 - Integrated Human Settlements**

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

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

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

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

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

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

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

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

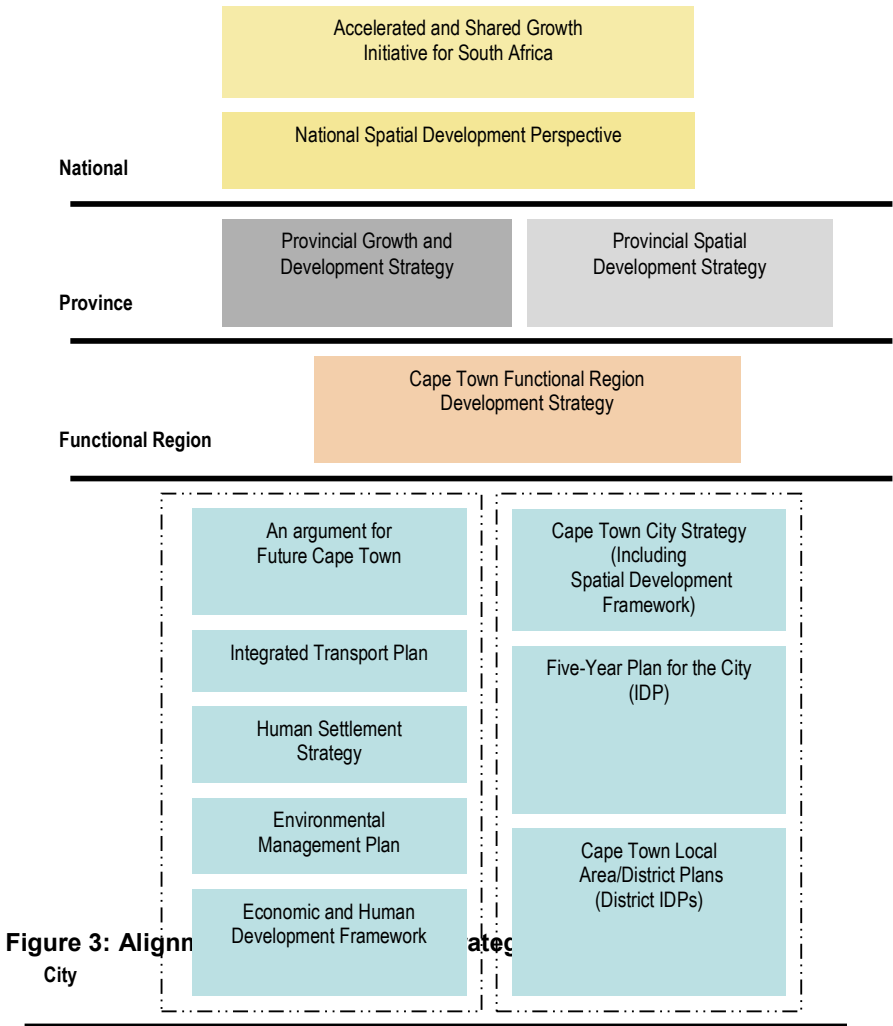
- To shift the organisation to high performance based on best practice benchmarking and through the alignment of people strategies to business strategies;
- To guide and drive the process of changing to a high performance organisation through the key strategic programmes;
- To measure the value gained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

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

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

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

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



**Figure 3: Alignment**  
City

## 6. Measurable performance objectives and indicators

### a. Key financial indicators and ratios

Description of financial indicator	Basis of calculation	2005/06	2006/07	2007/08	Current Year 2008/09				2009/10 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
<b>Borrowing Management</b>											
Borrowing to Asset Ratio	Total Long-Term Borrowing/Total Assets	16.2%	13.3%	15.3%	0.0%	0.0%	16.0%	0.0%	20.2%	22.2%	24.2%
Credit Rating		A+	Aa-	Aa2	Aa2	Aa2	Aa2	Aa2			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	7.0%	4.2%	4.2%	2.8%	2.6%	5.5%	2.8%	6.4%	4.7%	4.5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. grants & contributions	23.3%	2.0%	78.5%	0.0%	0.0%	50.0%	0.0%	56.7%	57.0%	0.0%
<b>Safety of Capital</b>											
Debt to Equity	Loans, Creditors, Overdraft & Tax Provision/ Funds & Reserves	110.6%	105.2%	121.4%	0.0%	0.0%	93.8%	0.0%	99.1%	101.9%	101.2%
Gearing	Long Term Borrowing/ Funds & Reserves	39.5%	32.5%	40.8%	0.0%	0.0%	36.5%	0.0%	48.0%	53.9%	57.4%
<b>Liquidity</b>											
Current Ratio	Current assets/current liabilities	1.2	1.2	1.3	-	-	1.1	-	1.0	0.9	1.0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.2	1.2	1.3	-	-	1.1	-	1.0	0.9	1.0
Liquidity Ratio	Monetary Assets/Current Liabilities	0.6	0.7	0.8	-	-	0.6	-	0.5	0.5	0.5
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		104.2%	130.0%	138.9%	138.9%	138.9%	138.9%	152.5%	132.8%	127.5%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	23.0%	20.6%	21.8%	0.0%	0.0%	18.5%	0.0%	15.4%	13.4%	11.5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	-10.9%	70.3%(mass writeoff)	-17.2%	0.0%	0.0%	-16.5%	0.0%	0.0%	0.0%	0.0%
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	91.9%	90.3%	91.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Funding of Provisions</b>											
Provisions not funded - %	Unfunded Provs./Total Provisions										
<b>Other Indicators</b>											
Electricity Distribution Losses (2)	% Value (units purchased and generated less units sold)/units purchased and generated	7.9%	8.9%	8.3%	9.3%	9.3%	9.3%	0.0%	0.0%	0.0%	0.0%
Water Distribution Losses (2)	% Value (units purchased and own source less units sold)/Total units purchased and own source	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	29.5%	30.8%	30.9%	36.2%	33.4%	33.4%	29.1%	32.1%	32.8%	31.5%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	30.2%	31.8%	31.7%	37.0%	34.2%	34.2%		32.8%	33.4%	32.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	12.7%	9.4%	8.9%	10.2%	11.0%	11.0%	8.2%	9.3%	8.9%	8.7%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	26.2	18.7	-	-	-	-	7.7	18.4	23.2	26.9
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	26.7%	24.2%	26.6%	0.0%	0.0%	22.5%	0.0%	18.3%	15.7%	13.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.5	0.8	1.8	-	-	4.1	-	3.1	2.7	2.4

Table 12: Performance Indicators (Support Table A8)

### b. Measurable performance objectives and indicators

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

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

## 7. Overview of budget-related policies

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### **Revenue Framework**

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

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

The MFMA further requires the municipality to adopt and implement a tariff policy. Council has approved policies for main services provided by the municipality, which are attached as annexures to this document.

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

#### **a. Revenue related policies**

##### **General Tariff Policy**

The Municipal System Act requires Council to adopt a Tariff Policy. The general financial management functions covered in section 62 of the MFMA includes the implementation of a tariff policy. Specific legislation applicable to each service has been taken into consideration when determining this policy.

The General Tariff Policy and subsequent Water and Sanitation, Electricity and Waste Management Tariff Policies are attached as Annexure 8.

##### **Credit Control and Debt Collection Policy**

This Policy has been formulated in terms of section 96 (b) and 98 of the Local Government: Municipal Systems Act, 2000 and the Credit Control and Debt Collection By-Law.

The Policy also includes the Indigent Policy as per Annexure 9.

#### **b. Budget related policies**

The following budget related policies have been approved by Council, or have been reviewed / amended and / or are currently being reviewed / amended, in line with National Guidelines and Legislation.

##### **Supply Chain Management Policy**

Section 111 of the MFMA requires each Municipality and municipal entity to adopt and implement a supply chain management policy, which gives effect to the requirements of the Act. The City's Supply Chain Management Policy was adopted at Council on 27 March 2008. Annexure 12 refers.

### **Mayor's Special Fund**

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

### **Property Rates Policy**

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

### **Grants in Aid Policy**

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

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

Council, at its meeting on 30 August 2006, approved the City's investment policy that deals with the management of the City's surplus cash resources and the investment thereof. The policy is attached as Annexure 14. Certain paragraphs in the policy require amendment due to investment operational changes over the past two years. These amendments will be submitted for approval to the Council meeting to be held on 30 March 2009.

### **Asset Control Policy**

The objective of the asset management policy is to prescribe the accounting and administrative policies and procedures relating to Property, Plant & Equipment (Fixed assets). This policy is attached as Annexure 15.

## 8. Overview of budget assumptions

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

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

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

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

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

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

### **CPIX**

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

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

### **Interest Rates**

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

### **Organic Service Growth**

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

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

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

### **Collection Rates**

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

### **Major tariffs and charges: Rates and Trading Services**

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

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

## Tariff adjustments

An average Rates tariff increase of 8.5% was modelled.

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

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

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

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

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

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

Table 13: Affect of proposed tariff and rate increases

## Salaries, Wages and Related Staff Cost Expenses

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

	2009/10	2010/11	2011/12
Salary increase	11.5%	9.2%	7.7%
Increments	2.0%	2.0%	2.0%
Staff attrition (Rates-funded services only)	-5.0%	-	-

Table 14: Parameters applied to staff budget

The impact of the pay parity adjustment in the 2008/09 financial year necessitated a further reduction to the staff budget (vacancies delimitation) for the 2009/10 financial year of R223m to remain within affordability levels.

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

### **General Expenses**

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

### **Fuel**

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

### **Repairs and Maintenance**

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

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

In addition to the above, the Budget Committee voted additional requests for Repairs & Maintenance amounting to R105 million to address specific service areas. The Repairs & Maintenance to budget ratio for the 2009/10 financial year was consequently modeled at 9.1%.

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

The MTREF model incorporates proposed EFF-funded capital budget expenditure of future years and calculates its affordability and consequential impact on future operating budgets. The proposed EFF-quanta were set at R2 716 million, R1 961 million and R2 141 million respectively for 2009/10, 2010/11 and 2011/12 financial years. The 2009/10 provision includes roll-overs from the 2008/09 financial year approved via the mid-year review in January 2009.

### **Capital investment**

No further additional or consequential operational costs flowing from Council's capital investment programme were provided for. It is assumed that these will be catered for via efficiency gains and the prioritisation of existing operational resources.

## **Depreciation**

Depreciation on new capital expenditure is calculated at a varying rate ranging between 9 and 20 years, depending on the nature of the asset. Actual depreciation was modelled on existing assets.

An annual capital expenditure implementation rate of 100% was factored to the model.

## **Regional Services Council (RSC) Replacement Grant**

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

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

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

2009/10 – R1 296 million

2010/11 – R1 387 million (provisional indicative amounts projected by NT)

2011/12 – R1 447 million (provisional indicative amounts projected by NT)

The above allocations represent substantial decreases from previously published and modeled levels.

## **Equitable Share Grant**

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

2009/10 - R 609 million

2010/11 - R 818 million

2011/12 - R 911 million

The above allocations also represent substantial decreases from previously published and modeled levels.

## SUMMARY – MAJOR PARAMETERS

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

	2009/10	2010/11	2011/12
	%	%	%
CPIX	8.00	5.70	5.80
<b>Collection rates:</b>			
Rates	96.89	96.89	96.89
Electricity	97.50	97.50	97.50
Water	92.00	93.00	94.00
Sanitation	90.00	92.00	94.00
Refuse	97.00	97.00	97.00
Housing	54.00	56.80	56.80
<b>Parameters applied (including organic growth):</b>			
Rates	9.50	6.70	6.80
Electricity	33.30	21.60	22.10
Water	12.70	14.60	13.45
Sanitation	9.70	6.80	6.70
Refuse	12.00	25.00	21.80
Salaries, Wages and related costs	11.50	9.20	7.70
Staff Attrition – rate funded	-5.00	-	-
General Expenses	8.00	5.70	5.80
Repairs and Maintenance	10.50	8.70	8.80
Fuel	30.00	5.70	5.80
Capital Expenditure (EFF component)	R2 716m	R1 961m	R2 141m

Table 15: Summary of major parameters

**Fiscal Overview**

**1. 2007/2008 actual and 2009/2010 projected financial performance**

**1.1. Operating Budget**

The Operating budget increased from R17.6 billion in 2008/09 to R21.3 billion in 2009/10, R24.1 billion in 2010/11 and R 28.5 billion in 2011/12 respectively. The growth is mainly attributable to:

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

**1.2. Capital Budget**

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

The 2008/2009 capital budget totalled R 6 027 million.

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

**Operating Budget**

The ensuing table reflects the increases in the operating budget in the medium term:

	2008/09 R'm	2009/2010 R'm	2010/2011 R'm	2011/2012 R'm
Operating Budget	17 661	21 330	24 058	28 564

Table 16: Medium term operating budget

## Capital Budget

The ensuing table reflects the capital budget as well as the funding sources in the medium term:

	2008/09 R'm	2009/2010 R'm	2010/2011 R'm	2011/2012 R'm
Capital Budget	6 027	5 514	4 201	4 167
<b>Funded as follows:</b>				
National Grant Funding	2 831	1 457	1 067	1 192
Provincial Grant Funding	641	386	442	339
Other Grant Funding	75	61	59	60
City Funding	2 480	3 610	2 633	2 576

Table 17: Medium term capital budget and funding sources

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

### National Grant Funded

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

### Provincial Grant Funded

- Integrated housing and human settlement development projects

### City Funding

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

## 3. Sources of Funding

### Rates, tariffs and other charges

#### Property Tax Rates

The proposed property tax rates are to be levied in accordance with existing Council policies unless otherwise indicated and both the Local Government Municipal Property Rates Act 2004 (MPRA) and the Local Government Municipal Finance Management Act 2003.

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

Property rates are based on values indicated in the new General Valuation Roll 2006 (GV). The Roll is updated for properties affected by land sub-divisions, alterations to buildings, demolitions and new buildings (improvements) through Supplemental Valuation Rolls. All values are as at the date of the GV, being July 2006.

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

The definitions and listing of categories are reflected in the Draft Rates Policy attached as Annexure 7.

### **Water and Sanitation**

The proposed Water and Sanitation Tariffs for 2009/10 are consistent with National Policy on the extension of free basic services, the National Strategic Framework for Water and Sanitation and with Council's Indigent relief measures, Rates and Tariff Policies and Equitable Service Framework.

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

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

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

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

The Miscellaneous Tariffs are levied by Water and Sanitation for the provision of various services by the Department. Some of these tariffs which no longer accurately reflected the actual cost have been evaluated to achieve alignment. It is envisaged that this initiative will be

refined over the next few years until all the miscellaneous tariffs accurately reflect the actual cost per transaction.

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

In total the proposed Tariffs and Rates are cost-reflective and will provide the income to cover the costs of Water and Sanitation during the 2009 /10 financial year.

The consumptive tariff details are reflected in Annexure 5.

## **Electricity**

The proposed revisions to the tariffs have been formulated in accordance with the City of Cape Town Tariff and Rates Policy and comply with Section 74 of the Municipal Systems Act as well as the recommendations of the National Energy Regulator of South Africa (NERSA).

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

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

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

It is anticipated that NERSA will again impose an inflation linked increase on the tariff applicable to the smaller domestic consumers. It is therefore proposed to increase the NERSA approved Domestic 2 (Low consumption with FBE) Tariff by 10 %. The resulting shortfall in revenue from the sale of electricity to these consumers can be financed by increasing the average tariff increase for all other consumers from 33.5 % to 36.0%

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

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

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

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

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

The proposed revised lighting tariffs are shown in the Tariffs, Fees and Charges Book (Annexure 6).

The consumptive tariff details are reflected in Annexure 5.

### **Solid Waste Management**

The Solid Waste Tariffs are levied to recover costs of services provided directly to customers and include collection fees, disposal fees, transfer station fees, compost sales, clearance of illegal dumping on private properties, weighbridge fees and other ad hoc services. It is proposed that the Collections Tariffs (Consumptive and Sundry) and Other Sundry Tariffs be increased by 10%.

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

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

The consumptive tariff details are reflected in Annexure 5.

## Tariffs and Charges Book

Council is permitted to levy rates, tariffs, fees and charges in accordance with the Local Government Municipal Property Rates Act, the Local Government: Municipal Systems Act, Act 32 of 2000, Section 75A and the Municipal Finance Management Act, No. 56 of 2003, 17 (a)(ii).

The Tariffs and Charges Book is attached as Annexure 6 and contains all levies, rates and service charges determined for all functions or services performed by the municipality for which a charge is made.

All Levies, Rates and Service Charges are determined in compliance with:

Local Government Municipal Property Rates Act 2004

Municipal Finance Management Act 56 of 2003

Local Government Municipal Systems Act 32 of 2000

### 4. Total Municipal Account (TMA)

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

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

Table 18: Total municipal account for households

#### 4. Savings and efficiencies

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

Table 19: Ensuring enhanced service delivery with efficient institutional arrangements

## 5. Investments

### Monetary investments by type

Investment type	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
R thousand									
<b>Parent municipality</b>									
Securities - National Government	20,909	26,024	31,650	31,532	31,532	31,532	31,415	31,297	31,180
Listed Corporate Bonds	1,474	1,512	-	-	-	-	-	-	-
Deposits - Bank	2,245,257	2,771,460	4,486,414	3,781,980	3,566,989	3,566,989	3,222,966	3,375,268	-
Deposits - Public Investment Commissioners	-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits	-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates	-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks	-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)	31,534	35,609	40,224	45,877	45,877	45,877	51,746	58,375	65,881
Repurchase Agreements - Banks	-	-	-	-	-	-	-	-	-
Municipal Bonds	-	-	-	-	-	-	-	-	-
<b>Municipality sub-total</b>	<b>2,299,175</b>	<b>2,834,605</b>	<b>4,558,288</b>	<b>3,859,389</b>	<b>3,644,398</b>	<b>3,644,398</b>	<b>3,306,128</b>	<b>3,464,940</b>	<b>97,061</b>
<b>Entities</b>									
Securities - National Government	-	-	-	-	-	-	-	-	-
Listed Corporate Bonds	-	-	-	-	-	-	-	-	-
Deposits - Bank	-	-	-	-	-	-	-	-	-
Deposits - Public Investment Commissioners	-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits	-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates	-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks	-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)	-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks	-	-	-	-	-	-	-	-	-
<b>Entities sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Consolidated total:</b>	<b>2,299,175</b>	<b>2,834,605</b>	<b>4,558,288</b>	<b>3,859,389</b>	<b>3,644,398</b>	<b>3,644,398</b>	<b>3,306,128</b>	<b>3,464,940</b>	<b>97,061</b>

Table 20: Monetary investments by type (Support Table A15)

## Monetary investments by maturity date

Investments by Maturity	Period of Investment	Type of Investment	Expiry date of investment	Monetary value	Interest to be realised
Name of institution & investment ID	Yrs/Months			Rand thousand	
<b><u>Parent municipality</u></b>					
SCMB	29	Fixed deposit	03-Feb-09	30,000	262
INVESTEC	10	Fixed deposit	06-Feb-09	10,000	31
INVESTEC	11	Fixed deposit	06-Feb-09	20,000	68
NEDBANK	10	Fixed deposit	06-Feb-09	20,000	62
NEDBANK	10	Fixed deposit	06-Feb-09	20,000	62
ABSA	304	Fixed deposit	13-Feb-09	15,000	1,540
ABSA	304	Fixed deposit	13-Feb-09	10,000	1,027
ABSA	316	Fixed deposit	13-Feb-09	30,000	3,136
ABSA	65	Fixed deposit	13-Feb-09	20,000	411
ABSA	31	Fixed deposit	13-Feb-09	10,000	96
FIRSTRAND	304	Fixed deposit	13-Feb-09	20,000	2,053
FIRSTRAND	65	Fixed deposit	13-Feb-09	10,000	206
FIRSTRAND	31	Fixed deposit	13-Feb-09	10,000	95
FIRSTRAND	21	Fixed deposit	13-Feb-09	50,000	318
INVESTEC	304	Fixed deposit	13-Feb-09	10,000	1,033
INVESTEC	29	Fixed deposit	13-Feb-09	20,000	179
NEDBANK	29	Fixed deposit	13-Feb-09	25,000	224
SCMB	31	Fixed deposit	13-Feb-09	10,000	95
SCMB	29	Fixed deposit	13-Feb-09	20,000	177
ABSA	328	Fixed deposit	25-Feb-09	30,000	3,262
ABSA	247	Fixed deposit	25-Feb-09	25,000	2,220
INVESTEC	302	Fixed deposit	25-Feb-09	10,000	1,063
NEDBANK	314	Fixed deposit	25-Feb-09	20,000	2,133
SCMB	314	Fixed deposit	25-Feb-09	15,000	1,600
SCMB	247	Fixed deposit	25-Feb-09	25,000	2,220
CALYON	28	Fixed deposit	27-Feb-09	10,000	85
INVESTEC	30	Fixed deposit	27-Feb-09	10,000	92
NEDBANK	249	Fixed deposit	27-Feb-09	50,000	4,502
NEDBANK	30	Fixed deposit	27-Feb-09	30,000	275
SCMB	30	Fixed deposit	27-Feb-09	30,000	274
ABSA	123	Fixed deposit	13-Mar-09	20,000	829
FIRSTRAND	312	Fixed deposit	13-Mar-09	15,000	1,651
INVESTEC	273	Fixed deposit	13-Mar-09	30,000	2,962
NEDBANK	123	Fixed deposit	13-Mar-09	20,000	832
NEDBANK	93	Fixed deposit	13-Mar-09	15,000	443
SCMB	303	Fixed deposit	13-Mar-09	10,000	1,079
SCMB	273	Fixed deposit	13-Mar-09	30,000	2,951
SCMB	93	Fixed deposit	13-Mar-09	20,000	583
ABSA	342	Fixed deposit	25-Mar-09	10,000	1,171
ABSA	306	Fixed deposit	25-Mar-09	20,000	2,201
ABSA	310	Fixed deposit	25-Mar-09	20,000	2,217
NEDBANK	275	Fixed deposit	25-Mar-09	50,000	5,029
SCMB	342	Fixed deposit	25-Mar-09	20,000	2,342
SCMB	310	Fixed deposit	25-Mar-09	25,000	2,771
ABSA	344	Fixed deposit	27-Mar-09	20,000	2,356
ABSA	277	Fixed deposit	27-Mar-09	25,000	2,519
FIRSTRAND	332	Fixed deposit	27-Mar-09	20,000	2,338
SCMB	277	Fixed deposit	27-Mar-09	25,000	2,523

*continued on next page...*

Investments by Maturity	Period of Investment	Type of Investment	Expiry date of investment	Monetary value	Interest to be realised
Name of institution & investment ID	Yrs/Months			Rand thousand	
<b>Parent municipality</b>					
FIRSTRAND	90	Fixed deposit	31-Mar-09	10,000	287
FIRSTRAND	90	Fixed deposit	31-Mar-09	12,000	345
FIRSTRAND	90	Fixed deposit	31-Mar-09	9,000	259
FIRSTRAND	90	Fixed deposit	31-Mar-09	12,000	345
FIRSTRAND	141	Fixed deposit	31-Mar-09	25,000	1,188
SCMB	141	Fixed deposit	31-Mar-09	25,000	1,188
ABSA	143	Fixed deposit	02-Apr-09	20,000	964
NEDBANK	143	Fixed deposit	02-Apr-09	20,000	968
NEDBANK	143	Fixed deposit	02-Apr-09	20,000	966
FIRSTRAND	90	Fixed deposit	07-Apr-09	20,000	560
FIRSTRAND	90	Fixed deposit	07-Apr-09	15,000	420
ABSA	336	Fixed deposit	15-Apr-09	10,000	1,211
ABSA	306	Fixed deposit	15-Apr-09	15,000	1,666
ABSA	96	Fixed deposit	15-Apr-09	10,000	299
FIRSTRAND	345	Fixed deposit	15-Apr-09	20,000	2,453
FIRSTRAND	336	Fixed deposit	15-Apr-09	15,000	1,816
FIRSTRAND	98	Fixed deposit	15-Apr-09	10,000	305
FIRSTRAND	98	Fixed deposit	15-Apr-09	10,000	305
FIRSTRAND	98	Fixed deposit	15-Apr-09	10,000	305
FIRSTRAND	96	Fixed deposit	15-Apr-09	25,000	743
INVESTEC	93	Fixed deposit	15-Apr-09	10,000	292
NEDBANK	306	Fixed deposit	15-Apr-09	15,000	1,679
SCMB	306	Fixed deposit	15-Apr-09	20,000	2,230
SCMB	272	Fixed deposit	15-Apr-09	15,000	1,442
SCMB	96	Fixed deposit	15-Apr-09	20,000	594
ABSA	359	Fixed deposit	24-Apr-09	10,000	1,288
ABSA	359	Fixed deposit	24-Apr-09	15,000	1,933
ABSA	305	Fixed deposit	24-Apr-09	25,000	2,799
ABSA	165	Fixed deposit	24-Apr-09	20,000	1,112
FIRSTRAND	359	Fixed deposit	24-Apr-09	15,000	1,933
FIRSTRAND	336	Fixed deposit	24-Apr-09	20,000	2,439
FIRSTRAND	336	Fixed deposit	24-Apr-09	10,000	1,220
FIRSTRAND	165	Fixed deposit	24-Apr-09	25,000	1,390
FIRSTRAND	107	Fixed deposit	24-Apr-09	20,000	665
INVESTEC	340	Fixed deposit	24-Apr-09	10,000	1,230
NEDBANK	340	Fixed deposit	24-Apr-09	25,000	3,097
NEDBANK	305	Fixed deposit	24-Apr-09	50,000	5,640
SCMB	305	Fixed deposit	24-Apr-09	25,000	2,810
SCMB	165	Fixed deposit	24-Apr-09	25,000	1,390
SCMB	108	Fixed deposit	30-Apr-09	10,000	334
ABSA	178	Fixed deposit	07-May-09	20,000	1,192
ABSA	336	Fixed deposit	15-May-09	30,000	3,694
ABSA	318	Fixed deposit	15-May-09	25,000	2,951
ABSA	302	Fixed deposit	15-May-09	15,000	1,620
FIRSTRAND	318	Fixed deposit	15-May-09	20,000	2,361
NEDBANK	336	Fixed deposit	15-May-09	20,000	2,476
NEDBANK	364	Fixed deposit	22-May-09	20,000	2,673
NEDBANK	364	Fixed deposit	22-May-09	10,000	1,336
ABSA	336	Fixed deposit	25-May-09	25,000	3,107
NEDBANK	336	Fixed deposit	25-May-09	50,000	6,260
NEDBANK	198	Fixed deposit	27-May-09	20,000	1,329
SCMB	336	Fixed deposit	25-May-09	25,000	3,118

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Investments by Maturity	Period of Investment	Type of Investment	Expiry date of investment	Monetary value	Interest to be realised
Name of institution & investment ID	Yrs/Months			Rand thousand	
<b>Parent municipality</b>					
ABSA	117	Fixed deposit	27-May-09	10,000	345
FIRSTRAND	118	Fixed deposit	27-May-09	15,000	526
NEDBANK	118	Fixed deposit	27-May-09	10,000	356
NEDBANK	117	Fixed deposit	27-May-09	10,000	348
SCMB	118	Fixed deposit	27-May-09	15,000	526
SCMB	117	Fixed deposit	27-May-09	10,000	345
ABSA	349	Fixed deposit	15-Jun-09	25,000	3,275
ABSA	335	Fixed deposit	15-Jun-09	50,000	6,115
SCMB	349	Fixed deposit	15-Jun-09	30,000	3,930
ABSA	345	Fixed deposit	25-Jun-09	10,000	1,264
ABSA	345	Fixed deposit	25-Jun-09	20,000	2,528
ABSA	-	2010 call account	00-Jan-00	17,434	165
INVESTEC	-	Call Account	00-Jan-00	50,000	476
ABSA	-	Current account	00-Jan-00	41,161	739
VARIOUS	-	Fixed deposit	00-Jan-00	1,265,393	-
<b>Municipality sub-total</b>				<b>3,566,989</b>	<b>170,760</b>
<b>Entities</b>					
-	-	-	-	-	-
<b>Entities sub-total</b>				<b>3,566,989</b>	<b>170,760</b>
<b>Total investments and interest</b>				<b>3,566,989</b>	<b>170,760</b>

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

## **6. Long – Term investments and loans**

The budget assumes the following new long-term borrowings:

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

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

## **7. Cash backed accumulated surplus**

Cash backed accumulated revenue surpluses are used to provide working capital and to temporarily fund capital expenditure in advance of external loan drawdowns. Operational cash flow deficits and surpluses are forecasted and managed on a daily basis within available cash resources and banking facilities.

All statutory funds and reserves, including unspent grants, are fully cash backed. Non-statutory reserves, including the General Insurance Fund and the Capital Replacement Reserve, are also fully cash backed. Long term provisions are cash backed to the extent that actual expenditure is projected for the budget year.

## 8. Grant Allocations

### National Allocations

The table below reflects the grant allocations in terms of the 2009 Division of Revenue Bill that have been included in this medium term budget:

Grant	2009/10 R'000	2010/11 R'000	2011/12 R'000
Equitable share formula	609,313	817,886	910,454
Financial Management Grant	750	1,000	1,250
2010 World Cup Host City Operating Grant	57,357	27,780	-
Public Transport Infrastructure & Systems Grant	332,500	647,270	800,000
Neighbourhood Development Partnership Grant	138,800	59,605	90,570
Municipal Infrastructure Grant	341,774	403,172	346,132
Electricity Demand Side Management Grant	4,000	20,000	20,000
Integrated National Electrification Programme Grant	10,000	41,824	50,000
World Cup Stadiums Development Grant	769,496	77,000	-
2010 Interest Subsidy	45,000	45,000	-
Expanded Public Works Programme Incentive Grant	9,128	-	-

Table 22: National allocations

### Provincial Allocations

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

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

Table 23: Provincial allocations

## 10. Expenditure on allocations and grant programmes

Description	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
<b>EXPENDITURE:</b>									
<b>Operating expenditure</b>									
<b>National Government:</b>	-	-	-	73,980	209,371	-	161,678	111,576	88,657
Restructuring				56,855	85,855		15,916	-	-
Finance Management				1,000	3,720		750	793	839
Department of Water Affairs				6,000	17,041		6,000	6,342	6,710
Municipal Infrastructure Grant				3,025	3,025		3,328	3,517	3,721
2010 FIFA WC Host city Operating Grant				-	-		57,357	27,780	-
Public Transport Infrastructure & Systems Grant				-	77,630		53,000	56,021	59,270
Dept of Environ Affairs and Tourism				7,100	22,100		16,200	17,123	18,117
Expanded Public Works Programme				-	-		9,128	-	-
<b>Provincial Government:</b>	-	-	-	170,006	202,043	-	284,191	300,390	317,813
Local Government and Housing - Fire-fighting Assistance				1,500	1,500		425	449	475
Sundry - Water				-	48		-	-	-
Social Services				300	300		-	-	-
Cultural Affairs and Sport - Library Services				15,356	15,356		17,020	17,990	19,034
Local Government and Housing - Housing				104,325	134,325		204,357	216,006	228,534
Sustainable Transport				141	141		-	-	-
Other				5,258	5,365		1,567	1,656	1,752
Health - TB				8,120	8,120		11,432	12,084	12,784
Health - Global Fund				4,032	4,032		1,000	1,057	1,118
Health - ARV				20,266	20,266		20,110	21,256	22,489
Health - Nutrition				3,308	3,308		3,604	3,809	4,030
Health - Vaccines				7,400	9,281		21,676	22,912	24,240
Transport - WC Host City				-	-		3,000	3,171	3,355
<b>Other grant providers:</b>	-	-	-	22,775	27,189	-	31,279	30,631	32,407
DBSA				1,655	1,655		-	-	-
Private				700	2,577		2,300	-	-
Tourism				5,000	5,000		5,000	5,285	5,592
Carnegie				400	2,937		6,158	6,509	6,887
Mamre Trust				300	300		-	-	-
CMTF				13,169	13,169		16,556	17,500	18,515
Other				1,483	1,483		1,265	1,337	1,415
World Health Organisation				68	68		-	-	-
<b>Total expenditure:</b>	-	-	-	266,761	438,603	-	477,149	442,598	438,877
<b>Capital expenditure</b>									
<b>National Government:</b>	-	-	-	1,308,402	2,830,831	2,830,831	1,457,220	1,066,740	1,191,586
Municipal Infrastructure (MIG)	-	-	-	296,489	425,153	425,153	347,129	296,628	254,800
Public Transport	-	-	-	101,300	281,599	281,599	829,915	647,569	782,256
Minerals and Energy: Electricity Demand Side Management (Eskom) Grant	-	-	-	-	-	-	4,000	20,000	20,000
Minerals and Energy: Integrated National Electrification Programme (Municipal) Grant	-	-	-	25,544	23,044	23,044	8,772	36,688	43,860
National Treasury: Local Government Finance Management Grant	-	-	-	72	4,457	4,457	16	-	-
National Treasury: Neighbourhood Development Partnership Grant (Capital Grant)	-	-	-	75,685	61,350	61,350	47,551	59,605	90,570
National Treasury: Other	-	-	-	39,943	63,690	63,690	23,188	-	-
Other: Other	-	-	-	769,369	1,971,537	1,971,537	196,650	6,250	100
<b>Provincial Government:</b>	-	-	-	463,314	641,540	641,540	385,967	442,017	338,498
Health: Global Fund	-	-	-	1,600	9,495	9,495	-	-	-
Local Government and Housing: Integrated Housing and Human Settlement Development Grant	-	-	-	168,414	281,719	281,719	237,507	347,471	320,998
Local Government and Housing: Other	-	-	-	10,000	9,130	9,130	20,000	10,000	-
Other: Other	-	-	-	236,600	255,401	255,401	3,900	4,646	-
Social Development: Multi-Purpose Centres	-	-	-	200	3,044	3,044	1,373	-	-
Transport and Public Works: Cape Metropolitan Transport Fund	-	-	-	46,500	82,752	82,752	123,187	79,900	17,500
<b>Other grant providers:</b>	-	-	-	53,700	75,137	75,137	60,984	59,049	60,200
Other	-	-	-	53,700	75,137	75,137	60,984	59,049	60,200
<b>Total capital expenditure</b>	-	-	-	1,825,416	3,547,508	3,547,508	1,904,171	1,567,805	1,590,284
<b>TOTAL EXPENDITURE</b>	-	-	-	2,092,177	3,986,111	3,547,508	2,381,320	2,010,403	2,029,161

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

## **11. Allocations and grants made by the municipality**

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Grants-in-Aid refer to transfers of municipal funds to organisations or bodies assisting the City, in the exercise of its powers of function in terms of Section 17(3) (j) of the MFMA. These transfer payments must be processed and monitored in terms of Section 67 of the MFMA and do not constitute commercial or business contracts and transactions. Specific provision must be made in the City's annual Operating Budget for Grants-in-Aid in terms of the provisions contained in Section 17(3) (j) of the MFMA. These budget provisions may be made either by Sub Councils, who may utilise their Operating Ward Allocation Budget, or Line Departments in their departmental Operating Budgets under Cost Element 457100 - Grants-in-Aid.

The power of the City to make Grants-in-Aid is regulated by Section 156 of the Constitution as read with Section 8 of the MSA. These provisions limit the power to make Grants-in-Aid to circumstances where it is reasonable and necessary for or incidental to the functions and exercise by the municipality of its powers.

The grants and allocations made by the municipality are attached as annexure 17.

## 12. Councillor and board member allowances and employee benefits

Summary of Employee and Councillor remuneration	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
<b>R thousand</b>									
<b>Councillors (Political Office Bearers plus Other)</b>									
Salary	35,241	46,068	42,747	55,015	58,686	58,686	54,903	58,598	62,582
Pension Contributions	4,602	6,692	6,711	7,152	7,152	7,152	7,867	8,397	8,968
Medical Aid Contributions	1,087	245							
Motor vehicle and cell phone	9,863	11,516	19,330	13,441	13,441	13,441	23,490	25,071	26,776
Housing allowance	1,008	1,417	2,147						
<b>Sub Total - Councillors</b>	<b>51,801</b>	<b>65,938</b>	<b>70,935</b>	<b>75,608</b>	<b>79,279</b>	<b>79,279</b>	<b>86,260</b>	<b>92,066</b>	<b>98,326</b>
<b>% increase</b>		<b>27.3%</b>	<b>7.6%</b>	<b>6.6%</b>	<b>4.9%</b>	<b>-</b>	<b>8.8%</b>	<b>6.7%</b>	<b>6.8%</b>
<b>Senior Managers of the Municipality</b>									
Salary	8,434	9,006	10,191	11,024	11,024	11,024	11,904	13,097	13,988
Pension Contributions	556	1,143	1,392	1,232	1,232	1,232	1,665	1,464	1,564
Medical Aid Contributions				213	213	213	250	253	270
Motor vehicle and cell phone	660	735	847	900	900	900	932	1,069	1,142
Housing allowance									
Performance Bonus	930	942	801	1,726	1,726	1,726	1,734	2,050	2,189
Other benefits or allowances							54		
In-kind benefits									
<b>Sub Total - Senior Managers of Municipality</b>	<b>10,580</b>	<b>11,826</b>	<b>13,231</b>	<b>15,095</b>	<b>15,095</b>	<b>15,095</b>	<b>16,539</b>	<b>17,933</b>	<b>19,153</b>
<b>% increase</b>		<b>11.8%</b>	<b>11.9%</b>	<b>14.1%</b>	<b>-</b>	<b>-</b>	<b>9.6%</b>	<b>8.4%</b>	<b>6.8%</b>
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	2,051,293	2,167,572	2,284,730	2,567,825	3,151,226	3,151,226	3,404,496	4,004,357	4,393,159
Pension Contributions	291,192	318,575	374,654	386,743	388,557	388,557	641,392	745,394	817,740
Medical Aid Contributions	190,123	196,006	220,000	264,935	264,955	264,955	327,449	380,513	417,430
Motor vehicle and cell phone	121,645	130,114	150,770	151,215	155,341	155,341	177,449	205,105	225,031
Housing allowance	44,325	43,025	50,580	48,392	48,390	48,390	56,657	65,835	72,221
Overtime	117,136	146,108	193,460	162,794	167,263	167,263	190,284	193,415	242,558
Performance Bonus									
Other benefits or allowances	139,233	309,831	511,803	1,182,705	511,692	511,692	498,076	607,857	636,497
In-kind benefits									
<b>Sub Total - Other Municipal Staff</b>	<b>2,954,947</b>	<b>3,311,231</b>	<b>3,785,997</b>	<b>4,764,609</b>	<b>4,687,424</b>	<b>4,687,424</b>	<b>5,295,803</b>	<b>6,202,476</b>	<b>6,804,636</b>
<b>% increase</b>		<b>12.1%</b>	<b>14.3%</b>	<b>25.8%</b>	<b>(1.6%)</b>	<b>-</b>	<b>13.0%</b>	<b>17.1%</b>	<b>9.7%</b>
<b>Total Parent Municipality</b>	<b>3,017,328</b>	<b>3,388,995</b>	<b>3,870,163</b>	<b>4,855,312</b>	<b>4,781,798</b>	<b>4,781,798</b>	<b>5,398,602</b>	<b>6,312,475</b>	<b>6,922,115</b>
		<b>12.3%</b>	<b>14.2%</b>	<b>25.5%</b>	<b>(1.5%)</b>	<b>-</b>	<b>12.9%</b>	<b>16.9%</b>	<b>9.7%</b>
<b>Board Members of Entities</b>									
Board Fees		103	329	340	355	355	362	312	330
In-kind benefits									
<b>Sub Total - Board Members of Entities</b>	<b>-</b>	<b>103</b>	<b>329</b>	<b>340</b>	<b>355</b>	<b>355</b>	<b>362</b>	<b>312</b>	<b>330</b>
<b>% increase</b>		<b>-</b>	<b>219.9%</b>	<b>3.3%</b>	<b>4.4%</b>	<b>-</b>	<b>2.1%</b>	<b>(13.8%)</b>	<b>5.6%</b>
<b>Senior Managers of Entities</b>									
Salary			858	2,287	2,131	2,078	2,228	2,366	2,518
Motor vehicle and cell phone			86		155	131	168	188	204
<b>Sub Total - Senior Managers of Entities</b>	<b>-</b>	<b>-</b>	<b>945</b>	<b>2,287</b>	<b>2,287</b>	<b>2,209</b>	<b>2,397</b>	<b>2,554</b>	<b>2,722</b>
<b>% increase</b>		<b>-</b>	<b>-</b>	<b>142.1%</b>	<b>-</b>	<b>(3.4%)</b>	<b>8.5%</b>	<b>6.6%</b>	<b>6.6%</b>
<b>Other Staff of Entities</b>									
Basic Salaries and Wages			40	134	134	136	115	125	135
Motor vehicle and cell phone			10				30	32	35
<b>Sub Total - Other Staff of Entities</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>134</b>	<b>134</b>	<b>136</b>	<b>145</b>	<b>157</b>	<b>170</b>
<b>% increase</b>		<b>-</b>	<b>-</b>	<b>167.1%</b>	<b>-</b>	<b>1.5%</b>	<b>6.7%</b>	<b>8.3%</b>	<b>8.3%</b>
<b>Total Municipal Entities</b>	<b>-</b>	<b>103</b>	<b>1,324</b>	<b>2,761</b>	<b>2,776</b>	<b>2,700</b>	<b>2,904</b>	<b>3,023</b>	<b>3,222</b>
<b>COUNCILLOR ALLOWANCES, EMPLOYEE REMUNERATION &amp; ENTITY REMUNERATION</b>	<b>3,017,328</b>	<b>3,389,098</b>	<b>3,871,487</b>	<b>4,858,073</b>	<b>4,784,574</b>	<b>4,784,498</b>	<b>5,401,506</b>	<b>6,315,498</b>	<b>6,925,337</b>
<b>% increase</b>		<b>12.3%</b>	<b>14.2%</b>	<b>25.5%</b>	<b>(1.5%)</b>	<b>(0.0%)</b>	<b>12.9%</b>	<b>16.9%</b>	<b>9.7%</b>
<b>Total managers and staff</b>	<b>2,965,527</b>	<b>3,323,057</b>	<b>3,800,223</b>	<b>4,782,125</b>	<b>4,704,940</b>	<b>4,704,864</b>	<b>5,314,884</b>	<b>6,223,120</b>	<b>6,826,681</b>

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

Disclosure of Salaries, Allowances & Benefits	Salary	Contrib.	Allowances	Performance Bonuses	In-kind benefits	Total Package
<b>Rand per annum</b>						
<b>Councillors</b>						
Speaker	566,451	-	206,399			772,850
Chief Whip	531,048	-	194,598			725,646
Executive Mayor	708,065	-	271,229			979,294
Deputy Executive Mayor	566,451	-	206,399			772,850
Executive Committee	5,664,512	-	1,591,952			7,256,464
Total for all other councillors	46,866,292	-	28,886,433			75,752,725
<b>Total Councillors</b>	<b>54,902,819</b>	<b>-</b>	<b>31,357,010</b>			<b>86,259,829</b>
<b>Senior Managers of the Municipality</b>						
Municipal Manager (MM)	1,154,218	203,895	68,000	177,506	-	1,603,619
Chief Finance Officer	847,729	169,131	130,863	144,103	-	1,291,826
Executive Director - Community Services	913,135	141,032	97,800	144,103	-	1,296,070
Executive Director - Economic and Social Development	842,266	143,902	85,800	133,936	-	1,205,904
Executive Director - Safety and Security	551,524	409,966	-	-	-	961,490
Executive Director - Health	754,297	159,762	138,999	133,426	-	1,186,484
Executive Director - Transport Roads and Stormwater	951,503	115,204	13,800	133,937	-	1,214,444
Executive Director - Service Delivery and Integration	992,889	148,995	61,800	150,073	-	1,353,757
Executive Director - Housing	936,222	153,295	43,800	141,036	-	1,274,353
Executive Director - Corporate Services	903,120	149,027	63,600	141,036	-	1,256,783
Executive Director - Strategy and Planning	1,069,172	-	48,506	141,037	-	1,258,715
Chief Audit Executive	980,370	-	80,070	133,129	-	1,193,569
Executive Director - Utility Services	1,007,924	174,609	99,072	160,401	-	1,442,006
<b>Total Senior Managers of the Municipality</b>	<b>11,904,369</b>	<b>1,968,818</b>	<b>932,110</b>	<b>1,733,723</b>	<b>-</b>	<b>16,539,020</b>
<b>A Heading for Each Entity</b>						
<b>Convenco</b>						
Board meetings - R1 000 per meeting						
Committee meetings - R500 per meeting						
<b>Khayelitsha Community Trust</b>						
Chairperson - R3 011 per meeting						
Member - R2 240 per meeting						
<b>Chief Executive Officer (CEO)</b>						
Convenco	1,260,000					1,260,000
Khayelitsha Community Trust	446,305		155,375			601,680
						-
<b>Total for municipal entities</b>	<b>1,706,305</b>	<b>-</b>	<b>155,375</b>	<b>-</b>	<b>-</b>	<b>1,861,680</b>
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	<b>68,513,493</b>	<b>1,968,818</b>	<b>32,444,495</b>	<b>1,733,723</b>	<b>-</b>	<b>104,660,529</b>

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

### 13. Monthly targets for revenue, expenditure and cash flow

MONTHLY CASH FLOWS	Budget Year 2009/10												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
<b>Cash Receipts By Source</b>															
Property rates	837,015	830,287	988,065	961,482	949,811	1,082,263	1,068,617	982,345	1,068,617	1,071,940	1,068,617	1,071,941	11,981,000	14,027,835	16,375,297
Property rates - penalties & collection charges													-	-	-
Service charges - electricity revenue													-	-	-
Service charges - water revenue													-	-	-
Service charges - sanitation revenue													-	-	-
Service charges - refuse													-	-	-
Service charges - other													-	-	-
Rental of facilities and equipment	49,573	49,573	49,573	49,573	49,573	49,573	49,573	49,573	49,573	49,573	49,573	49,573	594,876	633,115	658,550
Interest earned - external investments	26,619	26,439	22,753	19,636	17,071	17,071	16,767	15,949	21,733	20,342	18,781	17,400	240,561	261,997	261,997
Interest earned - outstanding debtors													-	-	-
Dividends received													-	-	-
Fines													-	-	-
Licences and permits													-	-	-
Agency services	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	1,740,000	1,844,400	1,955,064
Transfer receipts	775,322	192,066	98,684	109,682	518,907	120,325	89,903	792,433	104,325	118,126	116,986	155,252	3,192,010	2,798,025	2,878,256
Other revenue	8,980	8,980	8,980	8,980	8,980	8,980	8,980	8,980	8,980	8,980	8,980	8,976	107,756	110,837	114,150
<b>Cash Receipts by Source</b>	<b>1,842,509</b>	<b>1,252,345</b>	<b>1,313,055</b>	<b>1,294,353</b>	<b>1,689,342</b>	<b>1,423,212</b>	<b>1,378,840</b>	<b>1,994,280</b>	<b>1,398,228</b>	<b>1,413,961</b>	<b>1,407,937</b>	<b>1,448,142</b>	<b>17,856,203</b>	<b>19,676,209</b>	<b>22,243,314</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - Capital	237,500	132,865	68,267	75,875	134,831	83,237	62,192	174,625	72,169	81,716	80,927	107,398	1,311,603	1,493,398	1,594,443
Contributions & Contributed assets													-	-	-
Proceeds on disposal of PPE													-	-	-
Short term loans													-	-	-
Borrowing long term/refinancing						500,000						1,500,000	2,000,000	1,500,000	1,500,000
Increase in consumer deposits													-	-	-
Decrease (Increase) in non-current debtors													-	-	-
Decrease (increase) other non-current receivables													-	-	-
Decrease (increase) in non-current investments													-	-	-
<b>Total Cash Receipts by Source</b>	<b>2,080,009</b>	<b>1,385,210</b>	<b>1,381,322</b>	<b>1,370,228</b>	<b>1,824,173</b>	<b>2,006,449</b>	<b>1,441,032</b>	<b>2,168,905</b>	<b>1,470,397</b>	<b>1,495,677</b>	<b>1,488,864</b>	<b>3,055,540</b>	<b>21,167,806</b>	<b>22,669,607</b>	<b>25,337,757</b>
<b>Cash Payments by Type</b>															
Employee related costs	419,641	419,641	419,641	419,641	594,641	544,641	419,641	419,641	419,641	419,641	419,641	419,646	5,335,697	6,245,095	6,849,906
Remuneration of councillors													-	-	-
Collection costs													-	-	-
Interest paid													-	-	-
Bulk purchases - Electricity	308,095	490,176	442,263	277,451	267,903	253,656	273,410	269,475	270,552	283,913	278,957	303,534	3,719,385	4,726,832	6,042,365
Bulk purchases - Water & Sewer	24,131	24,131	24,131	24,131	24,131	24,131	24,131	24,131	24,131	24,131	24,131	24,138	289,579	350,985	382,537
Other materials(VAT)	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	1,740,000	1,844,400	1,955,064
Contracted services													-	-	-
Grants and subsidies paid - other municipalities													-	-	-
Grants and subsidies paid - other													-	-	-
General expenses	364,783	364,783	364,783	364,783	364,783	364,783	364,783	364,783	364,783	364,783	364,783	464,781	4,477,394	4,580,585	5,246,953
<b>Cash Payments by Type</b>	<b>1,261,650</b>	<b>1,443,731</b>	<b>1,395,818</b>	<b>1,231,006</b>	<b>1,396,458</b>	<b>1,332,211</b>	<b>1,226,965</b>	<b>1,223,030</b>	<b>1,224,107</b>	<b>1,237,468</b>	<b>1,232,512</b>	<b>1,357,099</b>	<b>15,562,055</b>	<b>17,747,897</b>	<b>20,476,825</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	833,902	387,802	339,057	449,755	410,030	399,797	306,815	245,509	391,353	447,229	441,396	517,801	5,170,446	3,780,724	3,749,943
Repayment of borrowing	6,298		23,905			329,068	6,298		23,360			378,368	767,297	978,497	1,050,635
Other Cash Flows/Payments													-	-	-
<b>Total Cash Payments by Type</b>	<b>2,101,850</b>	<b>1,831,533</b>	<b>1,758,780</b>	<b>1,680,761</b>	<b>1,806,488</b>	<b>2,061,076</b>	<b>1,540,078</b>	<b>1,468,539</b>	<b>1,638,820</b>	<b>1,684,697</b>	<b>1,673,908</b>	<b>2,253,268</b>	<b>21,499,798</b>	<b>22,507,118</b>	<b>25,277,403</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(21,841)</b>	<b>(446,323)</b>	<b>(377,458)</b>	<b>(310,533)</b>	<b>17,685</b>	<b>(54,627)</b>	<b>(99,046)</b>	<b>700,366</b>	<b>(168,423)</b>	<b>(189,020)</b>	<b>(185,044)</b>	<b>802,272</b>	<b>(331,992)</b>	<b>162,489</b>	<b>60,354</b>
Cash/cash equivalents at the month/year begin:		(21,841)	(468,164)	(845,622)	(1,156,155)	(1,138,470)	(1,193,097)	(1,292,143)	(591,777)	(760,200)	(949,220)	(1,134,264)	-	(331,992)	(169,503)
Cash/cash equivalents at the month/year end:	(21,841)	(468,164)	(845,622)	(1,156,155)	(1,138,470)	(1,193,097)	(1,292,143)	(591,777)	(760,200)	(949,220)	(1,134,264)	(331,992)	(331,992)	(169,503)	(109,149)

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

## **14. Annual budgets and service delivery and budget implementation plans – Internal departments**

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In terms of Section 53 (1) (c) (ii) of the MFMA, the Service Delivery and Budget Implementation Plan (SDBIP) is defined as a detailed plan approved by the mayor of a municipality for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate the following –

- (a) Projections for each month of –
  - (i) Revenue to be collected, by source; and
  - (ii) Operational and capital expenditure, by vote.
- (b) Service delivery targets and performance indicators for each quarter, and
- (c) Other matters prescribed.

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

The SDBIP gives effect to the Integrated Development Plan and the budget of the municipality. It is an expression of the objectives of the City in quantifiable outcomes which will be implemented by the administration for the financial period from 1 July 2009 to 30 June 2010 (the City's financial year). It includes the service delivery targets and performance indicators for each quarter which should be linked to the performance agreements of senior management. It therefore facilitates oversight over financial and non-financial performance of the municipality and allows the City Manager to monitor the performance of the Executive Directors, the Mayor/Council to monitor the performance of the City Manager, and the Community to monitor the performance of the City Government.

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

## 15. Annual budgets and service delivery agreements – municipal entities

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### a. Cape Town Convention Centre Company Pty (Ltd)

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

#### Executive Summary

<b>Ownership and control:</b>	<u>Shares:</u> City of Cape Town - 50.2%, Provincial Government of Western Cape - 25.1% SunWest International Pty Ltd - 24.7% <b>The City of Cape Town has voting rights of 66%.</b>
<b>Oversight processes:</b>	Shareholding Management Department is a dedicated unit to monitor performance and ensure compliance
<b>Mandate:</b>	Provide a world class international conference centre
<b>Funding over medium term:</b>	Capital contribution will be required for the expansion of the conference centre after 2010
<b>Summary of SDA:</b>	Sets out the obligations of Conenco and the City in respect of compliance and performance issues.
<b>Link to IDP:</b>	Strategic Focus Area 1: Shared Economic Growth and Development
<b>Past performance and future objectives:</b>	Has exceeded its targets in the past. Conenco is confident that it will maintain its present levels of bookings despite the world economic downturn, but numbers of delegates may decrease by up to 30%.

Besides the normal operating expenditure, maintenance and depreciation are major operating expenditure items on the Conenco budget. Being in the international service and hospitality business requires that the facilities are always up to international standards. The assets of the conference centre are a major investment which attracts substantial depreciation. There is also a policy for regular replacement of fixed assets to maintain the high standards, which results in high capital expenditure every year. The need was identified to expand the exhibition and conference space with the effect that expenditure on buildings is also substantial.

## Operating Revenue by Source and Operating Expenditure by Type

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

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

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

## Capital Expenditure by Type

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

Table 29: Convenco - capital expenditure by Type

**b. Khayelitsha Community Trust**

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

**Executive Summary**

<b>Ownership and control:</b>	City of Cape Town (100%) as Trust founder
<b>Oversight processes:</b>	Shareholding Management Department is a dedicated unit to monitor performance and ensure compliance.
<b>Mandate:</b>	To develop the Khayelitsha CBD
<b>Funding over medium term:</b>	R6,574m for 2009/2010, R 4,793m for 2010/2011, and R3,558m for 21011/2012 depending on business plan and budget approvals.
<b>Summary of SDA:</b>	Sets out the obligations of KCT and the City in respect of compliance finance and performance issues.
<b>Link to IDP:</b>	Strategic Focus Area 1: Shared Economic Growth and Development
<b>Past performance and future objectives:</b>	KCT has performed poorly in the past. The City has intervened and KCT will revisit its mandate to ensure future performance.

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

## Operating Revenue by Source and Operating Expenditure by Type

CATEGORIES	Preceding Year 2007/08	Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
	Pre Audited Actual R'000	Approved Budget R'000	Adjusted Budget R'000	Full Year Forecast R'000	Budget Year 2009/10	Budget Year 2010/11	Budget Year 2011/12
					Budget R'000	Budget R'000	Budget R'000
<b>Operating Revenue by Source</b>							
Rental of facilities and equipment		(140)	(140)	(273)	(182)	(186)	(191)
Interest earned - external investments	(529)	(326)	(326)	(412)	(450)	(220)	(105)
Grants & Subsidies (Conditional)	(10,023)	(7,837)	(7,837)	(7,837)	(6,574)	(4,793)	(3,558)
<b>Total Operating Revenue</b>	<b>(10,552)</b>	<b>(8,303)</b>	<b>(8,303)</b>	<b>(8,522)</b>	<b>(7,206)</b>	<b>(5,199)</b>	<b>(3,854)</b>
<b>Operating Expenditure by Type</b>							
Employee related Cost	984	1,461	1,461	1,383	1,539	1,590	1,718
Depreciation	10	-	-	30	10	13	16
Repairs and maintenance	8	12	12	6	12	24	12
Interest Paid		142	142	39	24	32	39
Contracted services	3,812	5,765	5,765	5,353	8,363	2,083	395
General expenses	1,430	908	908	1,762	1,289	1,442	1,654
<b>Total Operating Expenditure</b>	<b>6,244</b>	<b>8,288</b>	<b>8,288</b>	<b>8,573</b>	<b>11,237</b>	<b>5,184</b>	<b>3,834</b>
<b>(Surplus) / Deficit</b>	<b>(4,308)</b>	<b>(15)</b>	<b>(15)</b>	<b>51</b>	<b>4,031</b>	<b>(15)</b>	<b>(20)</b>

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

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

## Capital Expenditure by Type

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

Table 31: Khayelitsha Community Trust - capital expenditure by type

## 16. Contracts having future budgetary implications

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

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

## 17. Capital expenditure details

Municipal Vote/Capital project  R thousand	Program/Project description	Project number	Total Project Estimate	Prior year outcomes		2009/10 Medium Term Revenue & Expenditure Framework		
				Audited Outcome 2005/06	Forecast 2006/07	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
<b>Utility Services</b>	Development of Additional Infrastructure	C0501268F2	1,861,941	387	1,500	–	138,500	409,000
	Development of Additional Infrastructure	C0501268F3	253,300	–	–	40,300	213,000	–
	Repl&Upgr Sew Pumps Citywide	C0501348F2	81,866	1,935	23,600	–	–	–
	Replace & Upgrade Water Network	C0501516F2	161,308	16,052	29,619	–	–	–
	Replacement of Vehicles	C0601431F1	298,139	34,603	7,000	–	–	–
	Replacement of Plant & Equipment	C0601435F1	89,615	9,970	500	–	–	–
	Upgrade & Replacement Watermeters	C0601460F1	60,600	14,633	4	–	–	–
	Fisantekraal Main Sewer	C0601501F1	66,022	5,000	30,661	–	–	–
	New Specialised Area Cleaning Vehicles	C0601607F1	98,011	21,933	49,097	–	–	–
	Melkbos Wastewater Treatm	C0630134F1	184,596	287	1,111	5,000	53,000	75,000
	Bellville WaterWasteTreatment Works	C0630170F1	146,417	6,620	4,200	35,000	50,000	50,000
	Bellville WWTW-MIG	C0630170F2	150,800	–	30,800	35,000	50,000	35,000
	Athlone Wastewater Treatm	C0630201F1	62,142	12,000	17,000	2,400	9,700	3,000
	Infrastructure Replace/Re	C0630220F2	346,559	11,886	19,009	10,241	17,015	25,000
	Potsdam Wastewater Treatm	C0630328F1	95,617	47,034	28,500	–	–	–
	Potsdam WWTW-MIG	C0630328F2	71,000	19,200	47,000	–	–	–
	Replace & Upgr Sew Netw	C0630348F1	157,993	6,822	12,256	–	–	–
	Replace & Upgr Sew Netw	C0630348F1	157,993	6,822	12,256	–	–	–
	Fisantekraal WWTW-EFF	C0642094F1	105,686	3,000	31,000	54,500	15,000	–
	Fisantekraal WWTW-MIG	C0642094F2	77,500	–	27,000	50,500	–	–
	Development of Landfill Infrastructure	C0642387F1	160,662	40,421	61,900	–	–	–
	Identification and Dev of infrastucture	C0642387F2	77,500	25,000	37,500	–	–	–
	Northern Area Sewer Thornton	C0700407F1	150,000	–	500	20,000	40,000	40,000
	IT Equipment Replacement	C0700521F2	59,743	2,463	5,809	–	–	–
	Rosmead Avenue Reinforcement	C0700617F1	141,858	–	–	51,545	76,737	13,577
	Roggebaai Upgrade	C0741934F1	172,663	77,787	52,008	23,721	–	–

*continued on next page...*

Municipal Vote/Capital project  R thousand	Program/Project description	Project number	Total Project Estimate	Prior year outcomes		2009/10 Medium Term Revenue & Expenditure Framework		
				Audited Outcome 2005/06	Forecast 2006/07	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	Bisschop Road	C0741960F1	59,107	41,894	3,000	-	-	-
	De Grendel Reservoir	C0800214F1	129,000	-	150	2,000	18,000	35,000
	Trappies Sewerage System	C0811114F1	97,997	-	5,898	-	5,000	5,000
	SPS Unit new generator transformer	C0884005F1	58,000	-	8,000	20,000	30,000	-
	Vehicles:Replacement	C0884016F1	106,796	25,796	28,000	-	-	-
	Retreat Reinforcement	C0884047F1	64,708	-	16,127	48,231	350	-
	2010: CBD Elect Infrastr Re-inforcement	C0884060F1	126,749	88,166	25,935	12,648	-	-
	Installation of flow-control devices	C0886005F1	57,970	3,970	5,000	-	-	-
	Athlone Treated effluent	C0886011F1	52,280	9,280	15,000	8,000	10,000	10,000
	Contermans Kloof Water mains	C0886024F1	61,984	484	18,500	18,000	10,000	15,000
	Main Rd Upgrade M/Berg to Clovelly Rehab	C0886038F1	137,452	7,061	18,927	23,017	25,974	27,694
	Oakdale - Boston: Replace 33 kV Cables	C0984040F1	63,500	-	-	-	14,715	48,786
	New Building Complex Bloemhof	C0984065F1	77,618	-	7,618	35,000	35,000	-
	Conn Infr (Quote): N -DC Funded	C0984111F2	62,000	-	16,200	-	-	-
	Conn Infr (Quote): E -DC Funded	C0984112F2	64,500	-	16,200	-	-	-
	Syst Infrastr: E -DC Funded	C0984115F2	82,500	-	21,400	-	-	-
	Syst Infrastr: S -DC Funded	C0984116F2	85,400	-	22,200	-	-	-
	Streetlighting : City Wide	C0984259F1	62,063	-	22,063	-	-	-
	Electrification (AFF) 30385	C0984385F2	84,000	-	36,000	-	-	-
	Cape Flats Collector Sewer	C0986001F1	72,881	-	500	-	2,881	30,000
	Tamboerskloof Transformer Replacement	C1084030F1	75,000	-	-	-	-	47,832
	Bofors Upgrade	C1084031F1	75,000	-	-	-	-	47,000
	Oakdale Upgrade	C1084044F1	55,862	-	-	33,985	21,145	732
	Koeberg Rd Switching Station Ph 2	C1084050F1	146,113	-	-	-	-	5,090
	Development of Landfill Infrastructure	C1085022F1	219,900	-	-	219,900	-	-

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Municipal Vote/Capital project  R thousand	Program/Project description	Project number	Total Project Estimate	Prior year outcomes		2009/10 Medium Term Revenue & Expenditure Framework		
				Audited Outcome 2005/06	Forecast 2006/07	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	Development of Landfill Infrastructure	C1085022F2	50,000	-	-	50,000	-	-
	Reh. and Closure of L/fill Sites	C1085024F1	75,000	-	-	75,000	-	-
	Cape Flats WWTW-Refurbish Structures	C1086014F1	57,000	-	-	-	-	7,000
	Zandvliet WWTW-Extension	C1086033F1	110,800	-	-	-	500	300
	Development of Landfill Infrastructure	C1185022F1	250,000	-	-	-	250,000	-
	Development of Landfill Infrastructure	C1185022F2	50,000	-	-	-	50,000	-
	Development of Landfill Infrastructure	C1285022F1	232,000	-	-	-	-	232,000
	Development of Landfill Infrastructure	C1285022F2	50,000	-	-	-	-	50,000
	Reh. and Closure of L/fill Sites	C1285024F1	53,000	-	-	-	-	53,000
	<i>Various projects</i>			625,057	836,036	1,163,449	1,008,992	999,800
<b>Community Services</b>	Athlone Stadium: General Upgrading	C0500493F1	120,000	23,992	34,165	-	-	-
	Athlone Stadium: General Upgrading	C0500493F2	60,000	15,259	38,360	-	-	-
	<i>Various projects</i>			119,340	202,754	135,580	126,273	124,600
<b>Transport , Roads &amp; Stormwater</b>	Bicycle & Peds Facilities:PGWC	C0657707F1	56,146	11,647	4,553	-	-	-
	WC:Traffic Management Centre:PTIF	C0700007F2	60,000	-	25,000	35,000	-	-
	WC:N2:HospB:Psl:Eb:PTIF	C0701053F1	100,000	20,000	30,000	50,000	-	-
	WC:N2:HospB:Psl:Eb:EFF	C0701053F2	99,810	23,722	38,778	35,310	-	-
	Mitchell's Plain Station TI	C0701059F2	76,632	1,632	25,000	20,000	15,000	15,000
	Pelican Park: Strandfontein Rd Upgr_EFF	C0810325F1	69,483	1,483	5,000	30,687	17,313	15,000
	Pelican Park: Strandfontein Rd Upgr_MIG	C0810325F2	57,000	-	2,000	10,000	20,000	25,000
	Khayelitsha Rail Extention TI	C0810502F2	65,495	4,612	22,283	20,000	6,600	12,000
	WC:Ped Imprments to Somerset Rd:PTIF	C0810510F1	71,000	937	15,000	35,063	20,000	-
	Integrated Rapid Transit Syst(Ph1A):PTIF	C0900313F1	722,056	-	-	23,500	166,000	532,556
	Integrated Rapid Transit Syst(Ph1A):CRR	C0900313F2	60,000	-	-	25,000	35,000	-
	WC:Green Point Precinct lfra Relat Upgra	C0900453F1	80,000	-	-	80,000	-	-

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Municipal Vote/Capital project	Program/Project description	Project number	Total Project Estimate	Prior year outcomes		2009/10 Medium Term Revenue & Expenditure Framework		
				Audited Outcome 2005/06	Forecast 2006/07	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
<b>R thousand</b>								
	IRT:Klipfontein Corridor:PTIF	C0900487F1	70,000	-	-	14,000	56,000	-
	IRT:PropertyAcquisition:CRR	C0900497F2	75,010	-	-	75,010	-	-
	IRT:VehicleAcquisition:PTIF	C0900498F1	200,000	-	-	100,000	50,000	50,000
	IRT:PropertyAcquisition:PTIF	C1010320F1	184,700	-	-	50,000	85,000	49,700
	IRT:WestCoastCorridor:PTIF	C1010327F1	580,000	-	-	260,000	170,000	150,000
	IRT:West Coast Corridor:CRR	C1010337F2	125,000	-	-	115,000	10,000	-
	IRT:InnerCityService:PTIF	C1010350F1	80,000	-	-	80,000	-	-
	IM: Reconstruct Roads Metro	C1010410F1	69,530	-	-	-	69,530	-
	<i>Various projects</i>			301,160	652,471	660,078	416,813	280,489
<b>Corporate Services</b>	Radio Trunking Infrastructure	C0700621F1	50,557	18,357	1,200	-	2,000	2,000
	<i>Various projects</i>			45,218	51,307	49,085	28,525	28,660
<b>Housing</b>	Bardale / Fairdale: Develop 4000 Units	C0641540F1	193,528	1,849	19,000	20,000	60,000	52,000
	Pelican Park Phase 1 Housing Project	C0641511F1	85,000	-	-	15,000	30,000	40,000
	Land Acquisition (EFF)	C0915501F1	75,000	-	8,582	-	-	-
	Land Acquisition (PHDB)	C0915501F4	75,000	-	193,755	-	-	-
	<i>Various projects</i>			145,507	138,019	291,582	337,781	311,323
<b>Service Delivery Integration</b>	2010 Greenpoint Stadium	C0716301F1	500,000	225,000	-	-	-	-
	2010 Greenpoint Stadium	C0716301F2	3,074,000	813,964	1,965,161	195,000	-	-
	2010 Greenpoint Stadium	C0716301F3	212,000	-	212,000	-	-	-
	2010 Greenpoint Stadium	C0716301F4	660,000	-	220,000	440,000	-	-
	2010 Reconfiguration of Common	C0716302F1	353,000	393	57,150	200,457	95,000	-
	Dark Fibre Broadband Infrastructure	C0800389F1	118,366	-	55,642	58,136	2,294	2,294
	<i>Various projects</i>			48,795	45,634	85,431	63,331	36,181
<b>Economic and Social Development</b>	<i>Various projects</i>			16,541	27,907	35,158	23,893	23,893
<b>Finance Services</b>	<i>Various projects</i>			14,317	22,390	18,617	13,523	13,589
<b>Health</b>	<i>Various projects</i>			24,434	26,005	18,986	13,196	13,274
<b>Internal Audit</b>	<i>Various projects</i>			125	809	219	260	260
<b>Metro Police</b>	<i>Various projects</i>			15,551	17,854	6,906	6,938	6,938
<b>Office of the City Manager</b>	<i>Various projects</i>			4,339	17,629	36,175	33,000	33,000
<b>Safety &amp; Security</b>	<i>Various projects</i>			39,959	96,974	56,443	21,824	21,824
<b>Strategy and Planning</b>	<i>Various projects</i>			39,012	114,711	95,435	60,201	62,210
<b>Total Capital expenditure</b>						<b>5,514,294</b>	<b>4,200,805</b>	<b>4,166,603</b>

Note: Refer to Annexure 1 for detail of all capital projects.

Table 33: Detailed Capital detail (support Table A36)

## 18. Legislation compliance status

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

- **Budget and Treasury Office:** A budget office and Treasury office has been established in accordance with the MFMA.
- **Budgeting:** The annual budget is prepared in accordance with the requirements prescribed by National Treasury and the MFMA.
- **Financial reporting:** 100% compliance with regards to monthly, quarterly and annual reporting to the Executive Mayor, Mayoral Committee, Council, Provincial and National Treasury.
- **Annual Report:** The annual report is prepared in accordance with the MFMA and National Treasury requirements.
- **Municipal Entities:** Four municipal entities were consolidated into the 2007/2008 Annual Financial Statements. It must be noted that the Philippi East Trading Centre and RED1 were discontinued during the 2007/2008 financial year.
- **Internship Programme:** The City of Cape Town in participating in the Municipal Finance Management Internship Programme has employed a number of interns undergoing training in various finance departments. Three of the interns completed their two-year training period at the end of March 2007 and have taken up permanent employment within Finance. One intern is currently employed in the Treasury department.

## 19. Other supporting documents

Description	City Improvement District - Vote1	Community Services - Vote2	Corporate Services - Vote3	Economic and Social Development - Vote4	Finance Services - Vote5	Health Services - Vote6	Housing - Vote7	Internal Audit - Vote8	Metro Police - Vote9	Office of the City Manager - Vote10	Rates & Other - Vote11	Safety & Security - Vote12	Service Delivery Integration - Vote13	Strategy and Planning - Vote14	Transport, Roads & Stormwater - Vote15	Utility Services - Vote16	Total
<b>R thousand</b>																	
<b>Revenue By Source</b>																	
Property rates	-	-	-	-	0	-	-	-	-	0	3,739,165	-	-	-	0	-	3,739,165
Property rates - penalties & collection charges	-	0	-	-	0	-	-	-	-	-	65,700	-	-	-	-	0	65,700
Service charges - electricity revenue	-	0	-	0	-	-	-	-	-	-	-	-	-	-	-	5,302,637	5,302,637
Service charges - water revenue	-	-	-	0	-	-	-	-	-	-	-	-	-	-	-	1,507,653	1,507,653
Service charges - sanitation revenue	-	-	-	-	-	-	0	-	-	-	-	0	-	0	-	816,718	816,718
Service charges - refuse	-	4	-	-	-	-	-	-	-	-	-	143	-	-	-	640,231	640,378
Service charges - other	-	14,379	841	2,103	6,378	183	11,110	-	2,730	4	0	11,326	0	80,284	3,731	425,968	559,037
Rental of facilities and equipment	-	19,918	767	62,224	1	-	184,540	-	0	0	-	159	-	104	315	271	268,298
Interest earned - external investments	-	-	-	10	283,287	-	33,600	-	8	-	-	12	-	-	-	18	316,935
Interest earned - outstanding debtors	-	-	-	500	0	-	-	-	10	-	-	650	-	-	-	175,000	176,160
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	-	2,512	-	2	-	16	-	-	500	-	-	181,354	-	1,030	0	43	185,458
Licences and permits	-	356	0	165	0	31	-	-	0	-	-	22,731	-	893	100	-	24,276
Agency services	-	0	-	-	105,000	-	-	-	0	-	-	10,993	-	0	0	-	115,993
Other revenue	0	485	20,696	70	75,039	3,162	(33,683)	0	0	2,039	0	39	169	613	40,558	63,645	172,831
Transfers recognised	-	25,578	7,350	5,000	4,376	209,147	206,657	-	-	-	1,859,389	425	97,481	21,532	72,556	6,000	2,515,492
Gains on disposal of PPE	-	-	2,000	40,817	-	-	2,000	-	-	-	-	-	-	-	-	5,000	49,817
<b>Total Revenue</b>	<b>-</b>	<b>63,233</b>	<b>31,654</b>	<b>110,891</b>	<b>474,081</b>	<b>212,538</b>	<b>404,224</b>	<b>0</b>	<b>3,248</b>	<b>2,043</b>	<b>5,664,255</b>	<b>227,832</b>	<b>97,650</b>	<b>104,456</b>	<b>117,260</b>	<b>8,943,184</b>	<b>16,456,548</b>
<b>Expenditure By Type</b>																	
Employee related costs	-	627,270	344,476	101,982	370,281	334,179	164,375	23,729	142,792	92,714	14,562	692,126	157,733	253,397	303,697	1,664,970	5,288,283
Remuneration of councillors	-	-	-	-	-	-	-	-	-	86,260	-	-	-	-	-	-	86,260
Debt impairment	-	-	-	7,560	1,934	-	115,816	-	-	-	79,809	-	-	-	-	392,628	597,747
Depreciation & asset impairment	-	66,666	58,845	15,502	13,219	8,857	44,967	267	12,481	3,208	-	22,767	54,161	15,609	217,678	458,376	992,603
Finance charges	-	-	-	-	539,766	-	-	-	-	-	-	-	-	-	-	-	539,766
Bulk purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,949,228	3,949,228
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	-	18,723	13,498	3,494	7,623	5,182	2,821	2,866	1,589	3,923	-	2,552	75,167	12,512	23,722	549,039	722,711
Grants and subsidies	-	-	-	87,723	-	592	1,000	-	-	702	-	-	3,886	910	-	-	94,812
Other expenditure	-	337,664	499,134	51,852	340,707	139,003	316,021	2,531	45,669	86,559	336,682	181,959	378,952	55,803	446,137	1,230,072	4,448,745
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>-</b>	<b>1,050,323</b>	<b>915,952</b>	<b>268,113</b>	<b>1,273,530</b>	<b>487,814</b>	<b>644,999</b>	<b>29,394</b>	<b>202,530</b>	<b>273,367</b>	<b>431,054</b>	<b>899,404</b>	<b>669,899</b>	<b>338,230</b>	<b>991,234</b>	<b>8,244,312</b>	<b>16,720,155</b>
<b>Surplus/(Deficit)</b>	<b>-</b>	<b>(987,091)</b>	<b>(884,298)</b>	<b>(157,222)</b>	<b>(799,449)</b>	<b>(275,275)</b>	<b>(240,775)</b>	<b>(29,394)</b>	<b>(199,283)</b>	<b>(271,323)</b>	<b>5,233,201</b>	<b>(671,572)</b>	<b>(572,249)</b>	<b>(233,774)</b>	<b>(873,974)</b>	<b>698,871</b>	<b>(263,607)</b>
Transfers recognised - capital	-	48,938	11,703	7,092	381	0	244,807	-	0	450	-	7,223	196,950	10,251	1,056,095	320,281	1,904,171
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>-</b>	<b>(938,153)</b>	<b>(872,596)</b>	<b>(150,130)</b>	<b>(799,068)</b>	<b>(275,275)</b>	<b>4,032</b>	<b>(29,394)</b>	<b>(199,283)</b>	<b>(270,873)</b>	<b>5,233,201</b>	<b>(664,348)</b>	<b>(375,299)</b>	<b>(223,523)</b>	<b>182,121</b>	<b>1,019,152</b>	<b>1,640,565</b>

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

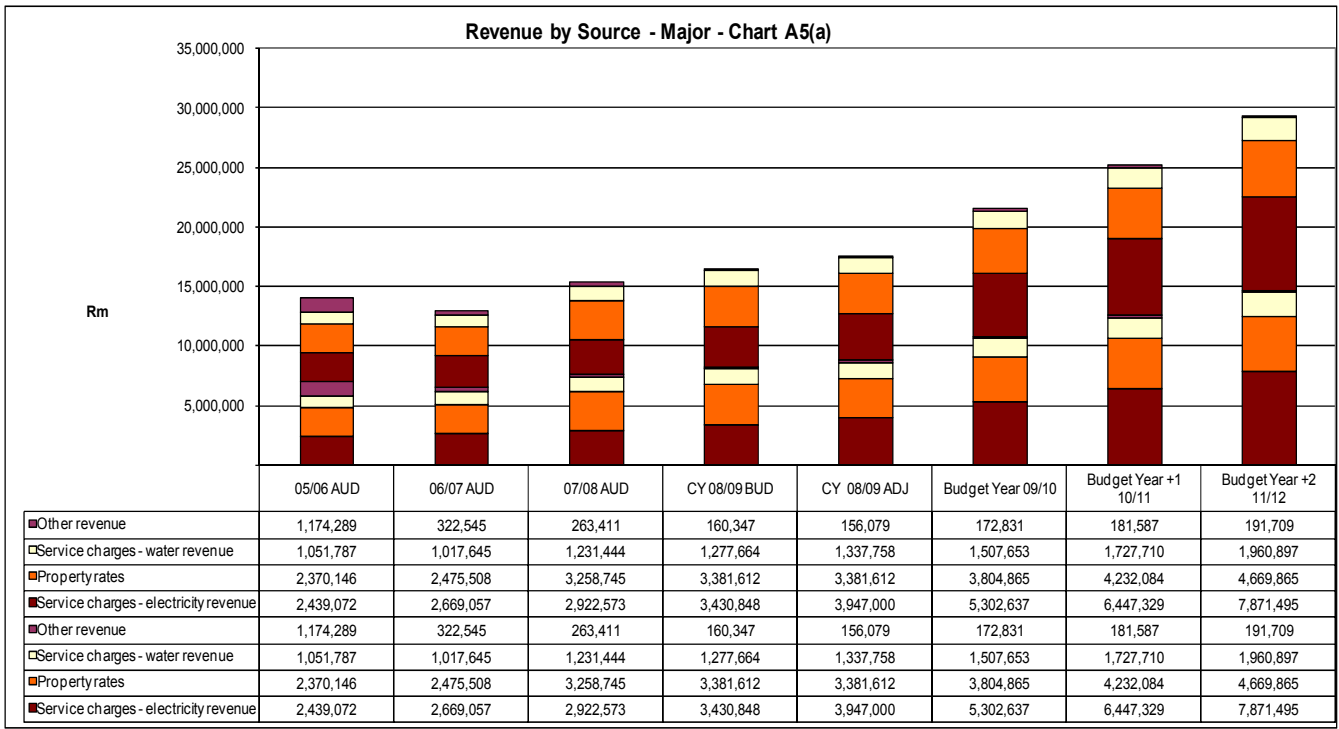


Figure 4: Revenue by Major Source (refer 'Minor' source for 'Other Revenue' allocation)

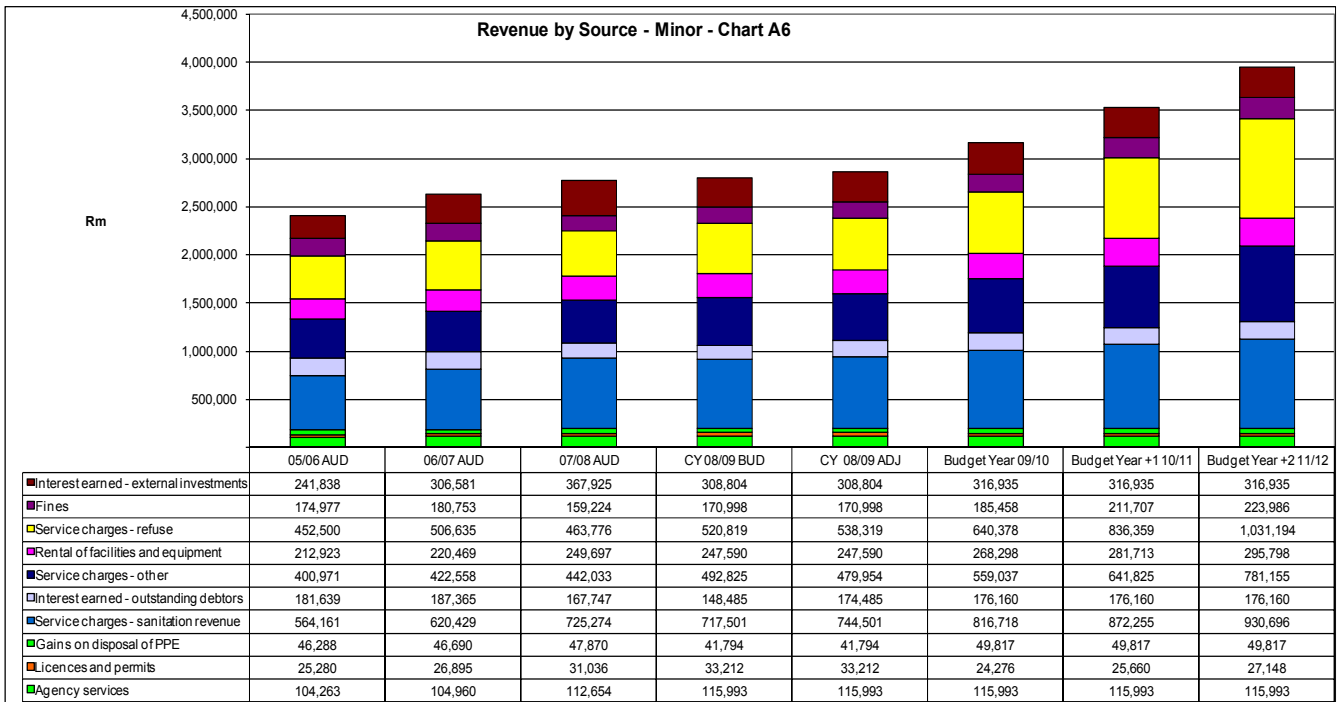


Figure 5: Revenue by Minor Source (Other)

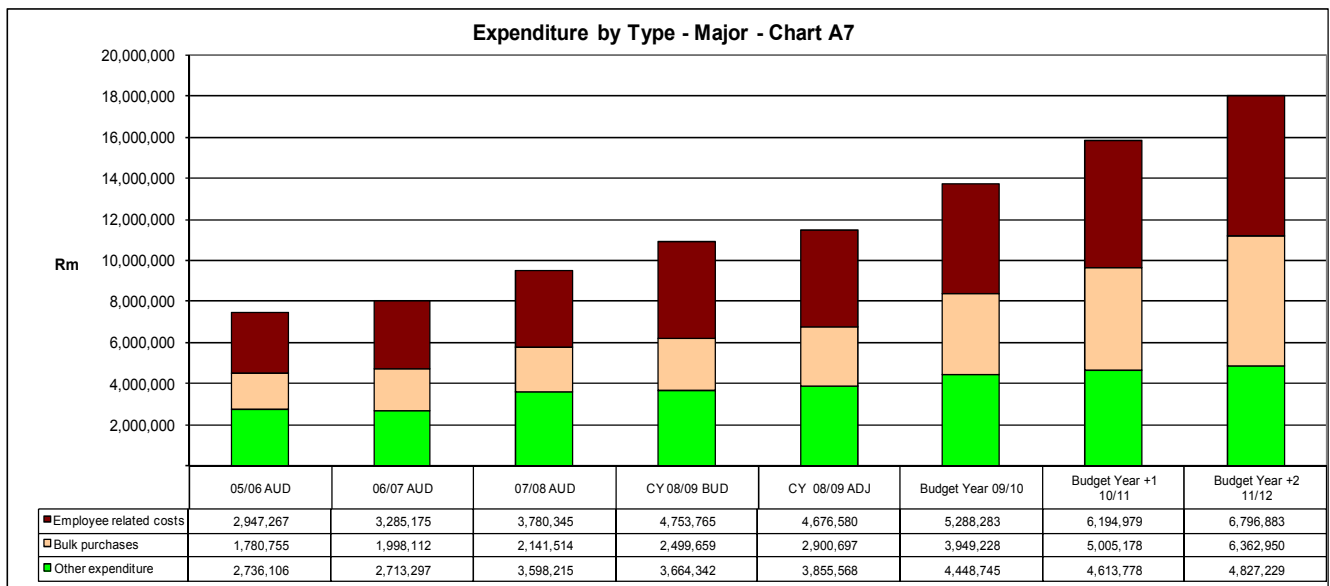


Figure 6: Operating expenditure by major type

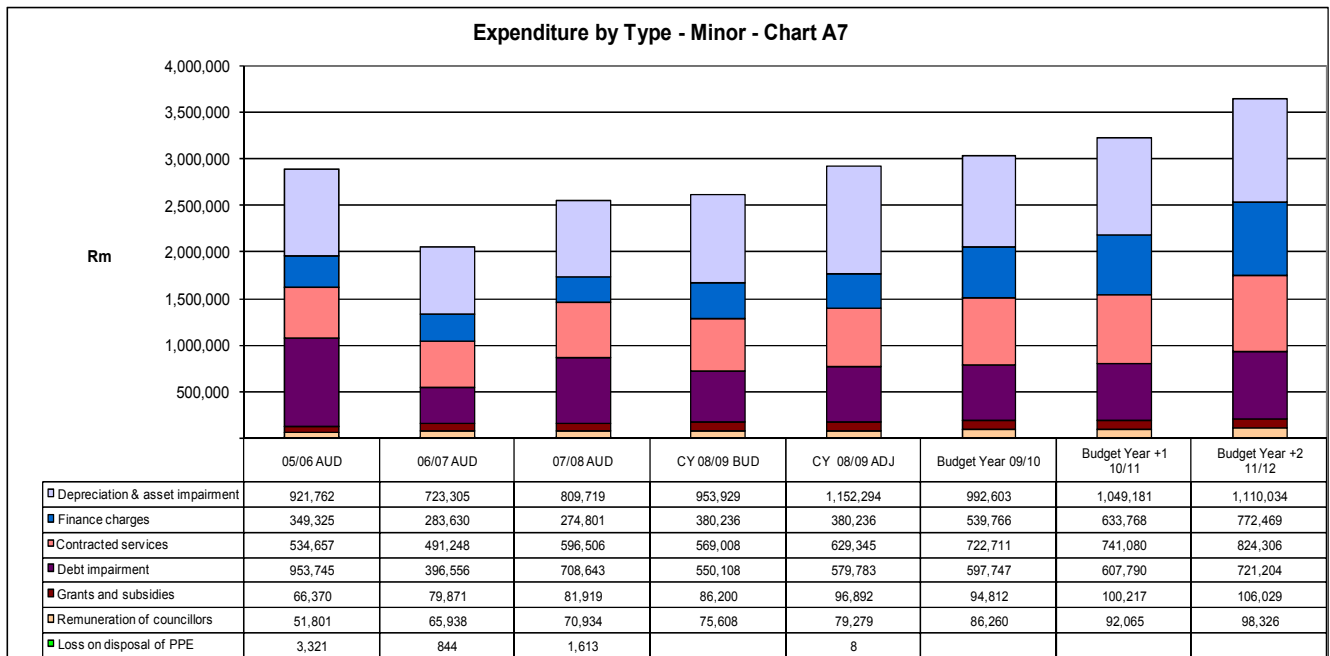


Figure 7: Operating expenditure by minor type

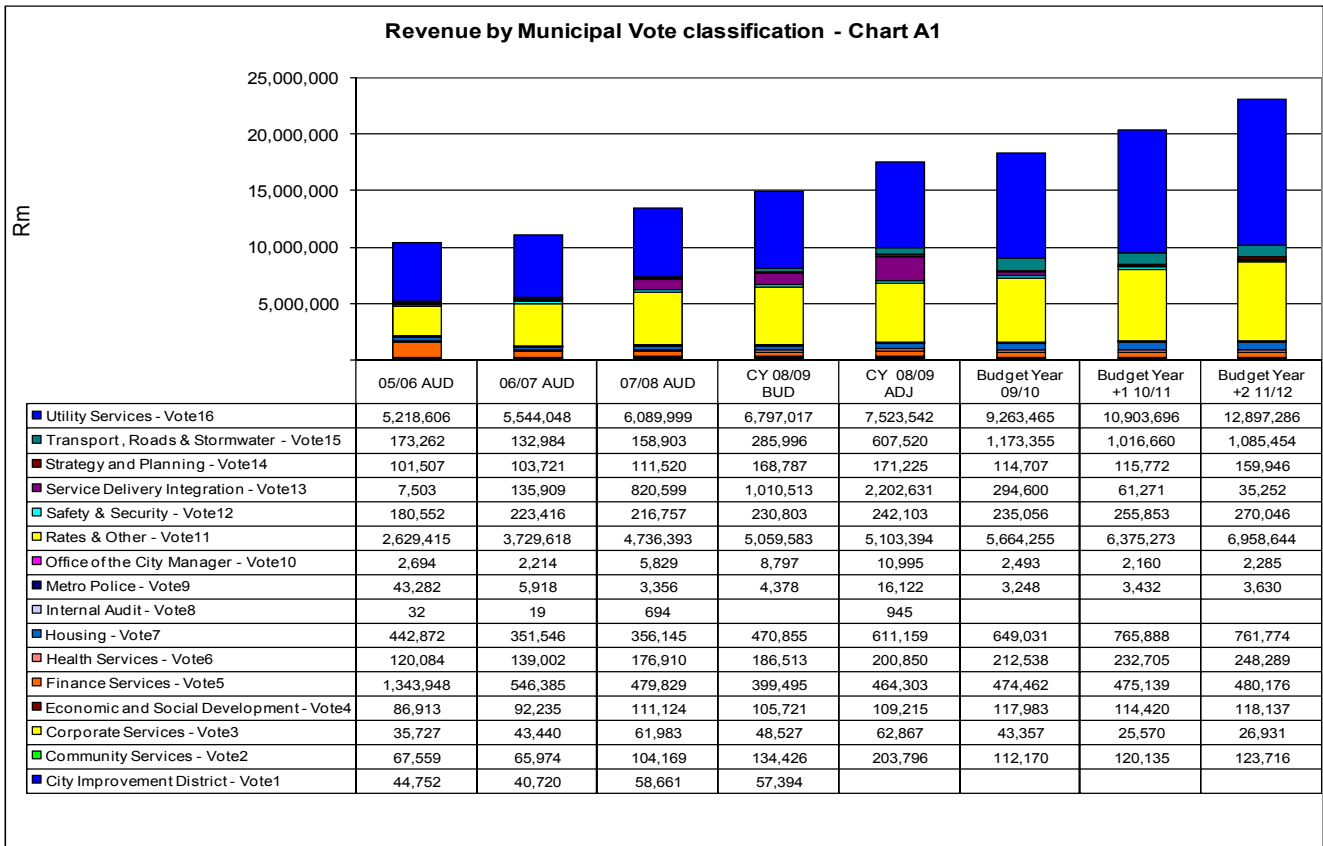


Figure 8: Revenue by municipal vote classification

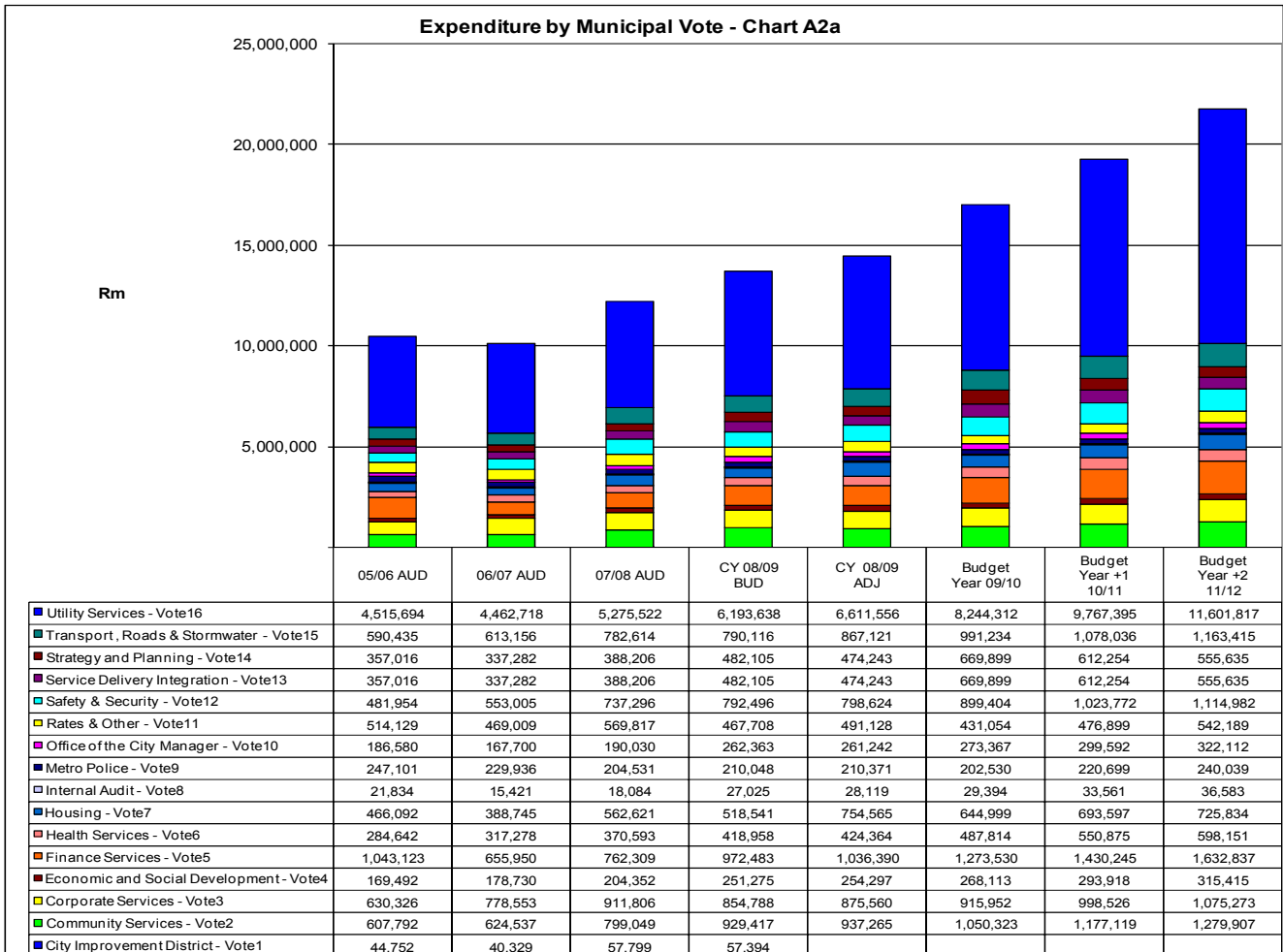


Figure 9: Expenditure by municipal vote classification

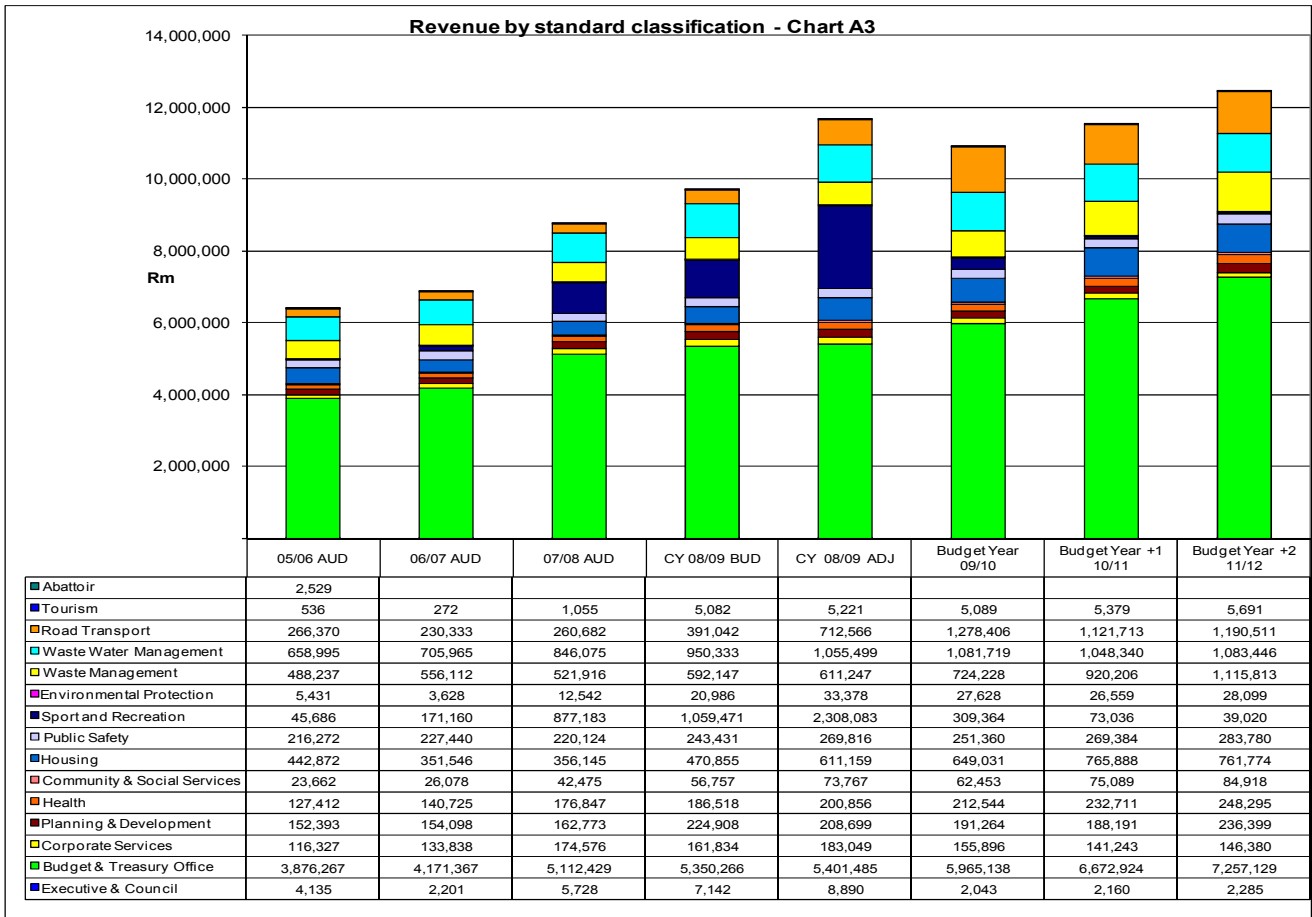


Figure 10: Revenue by standard classification

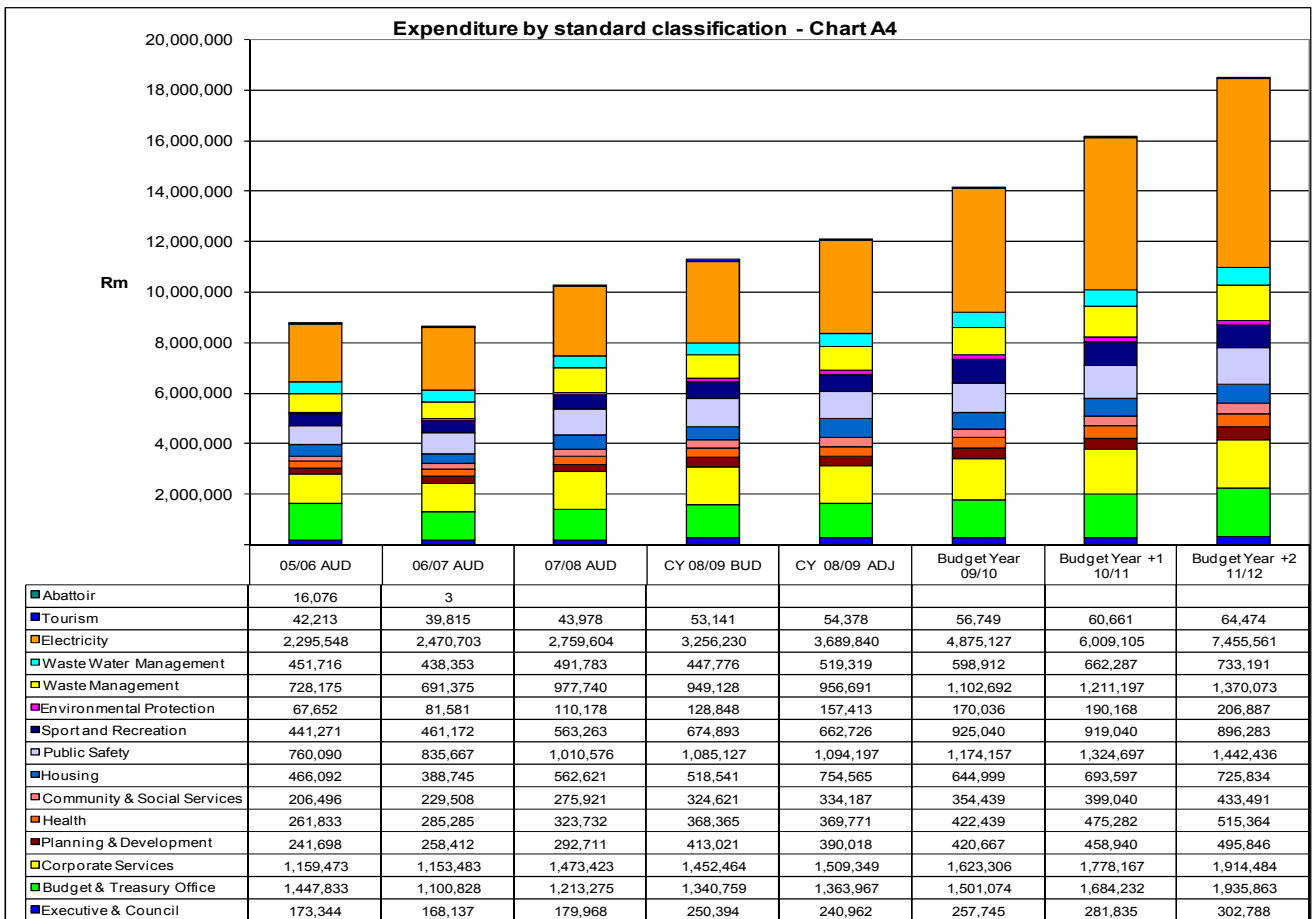


Figure 11: Expenditure by standard classification

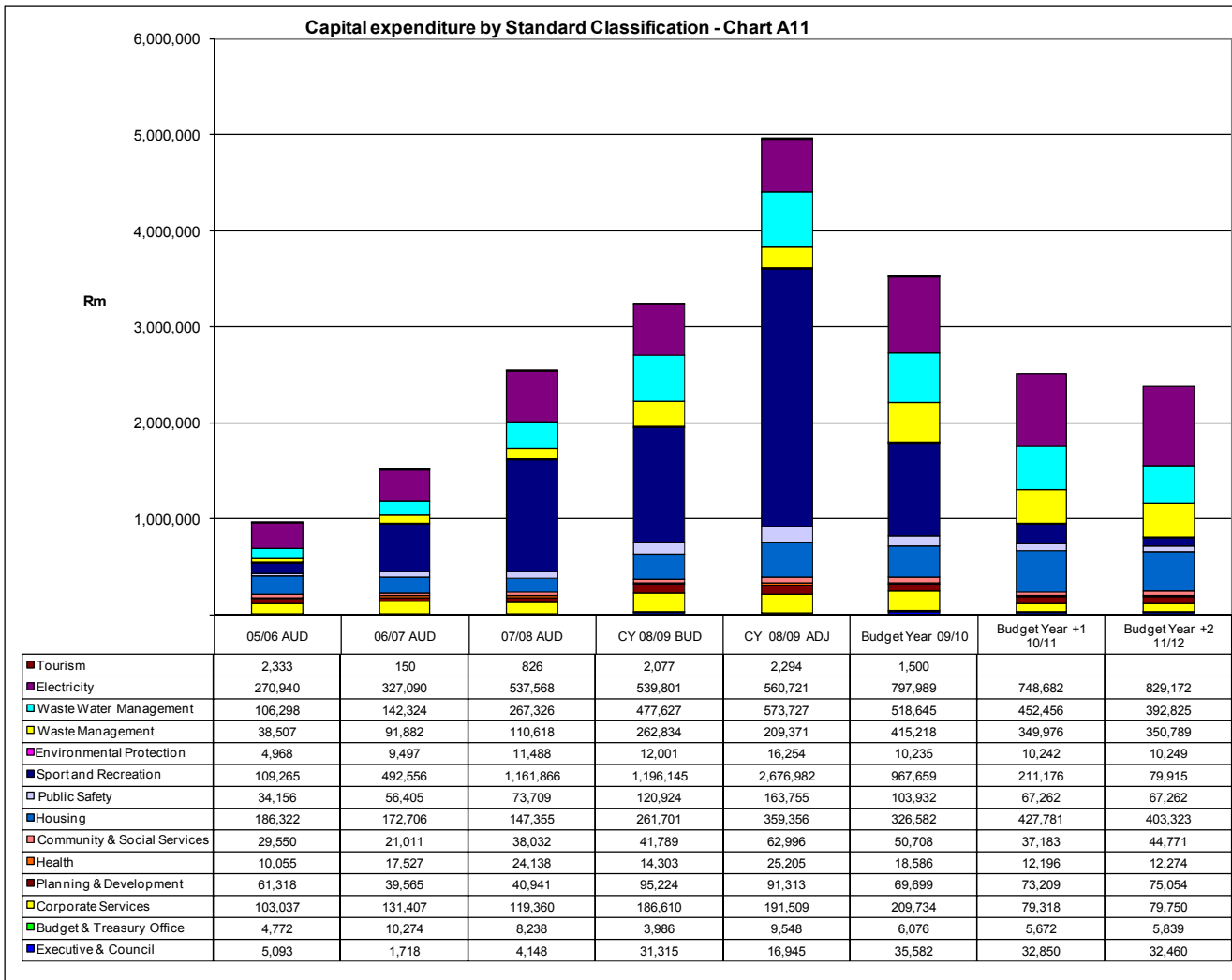


Figure 12: Capital expenditure by standard classification

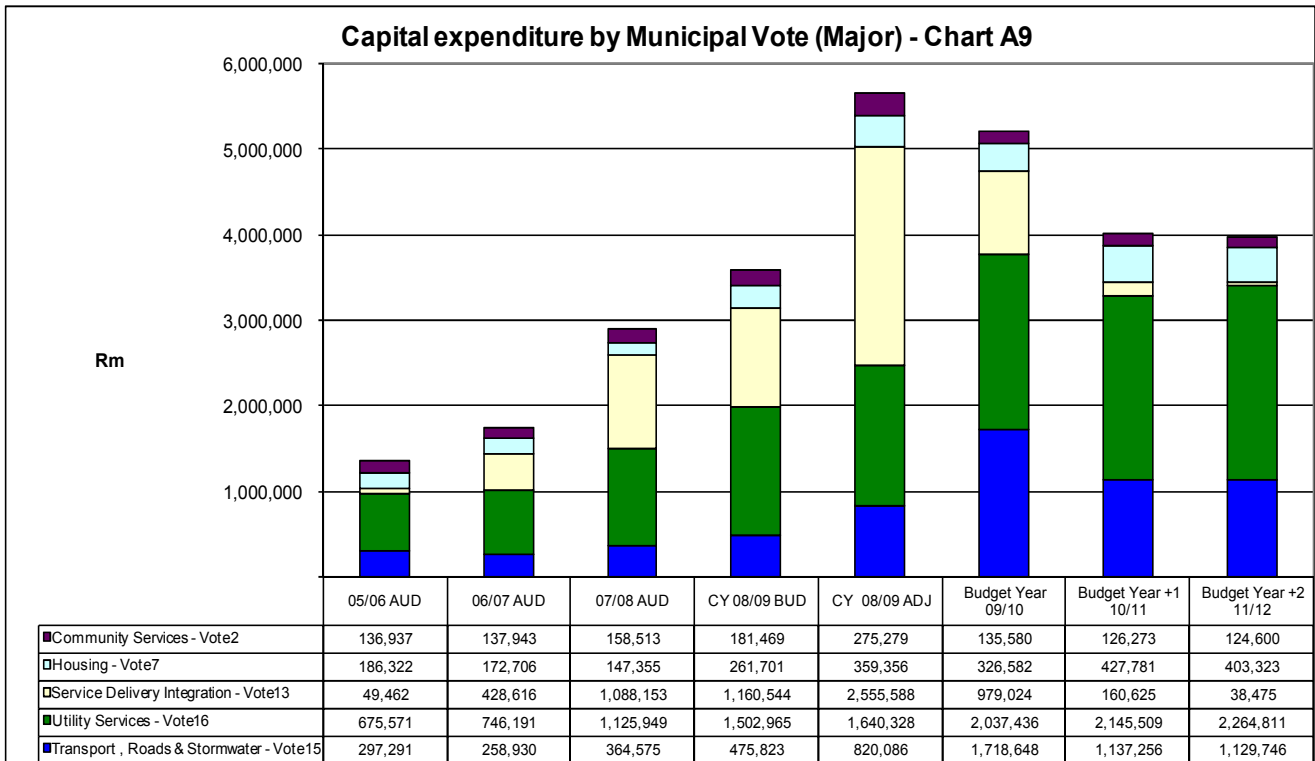


Figure 13: Capital expenditure by municipal vote – major

**Capital expenditure by Municipal Vote (Minor) - Chart A10**

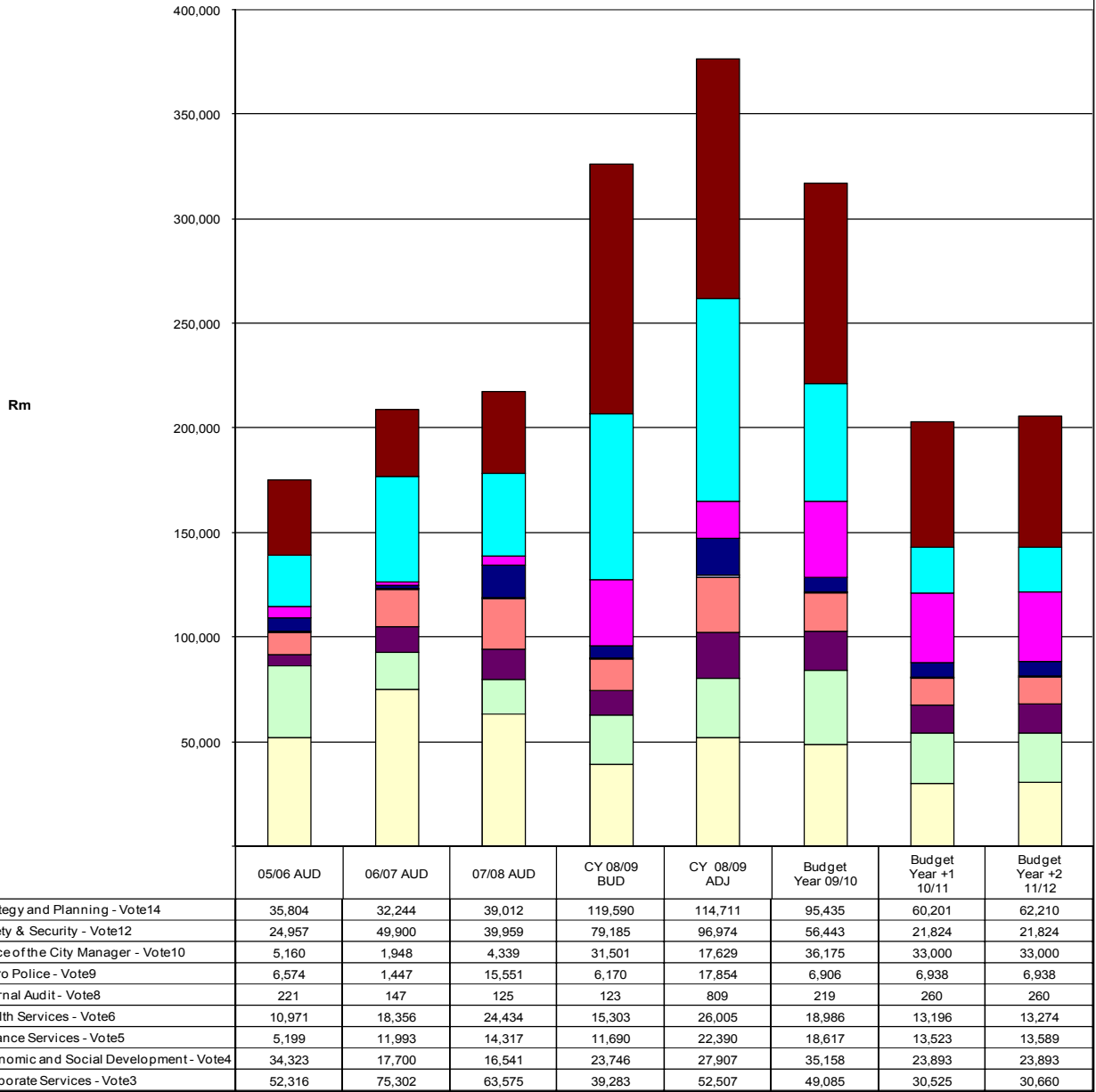


Figure 14: Capital expenditure by municipal vote – minor

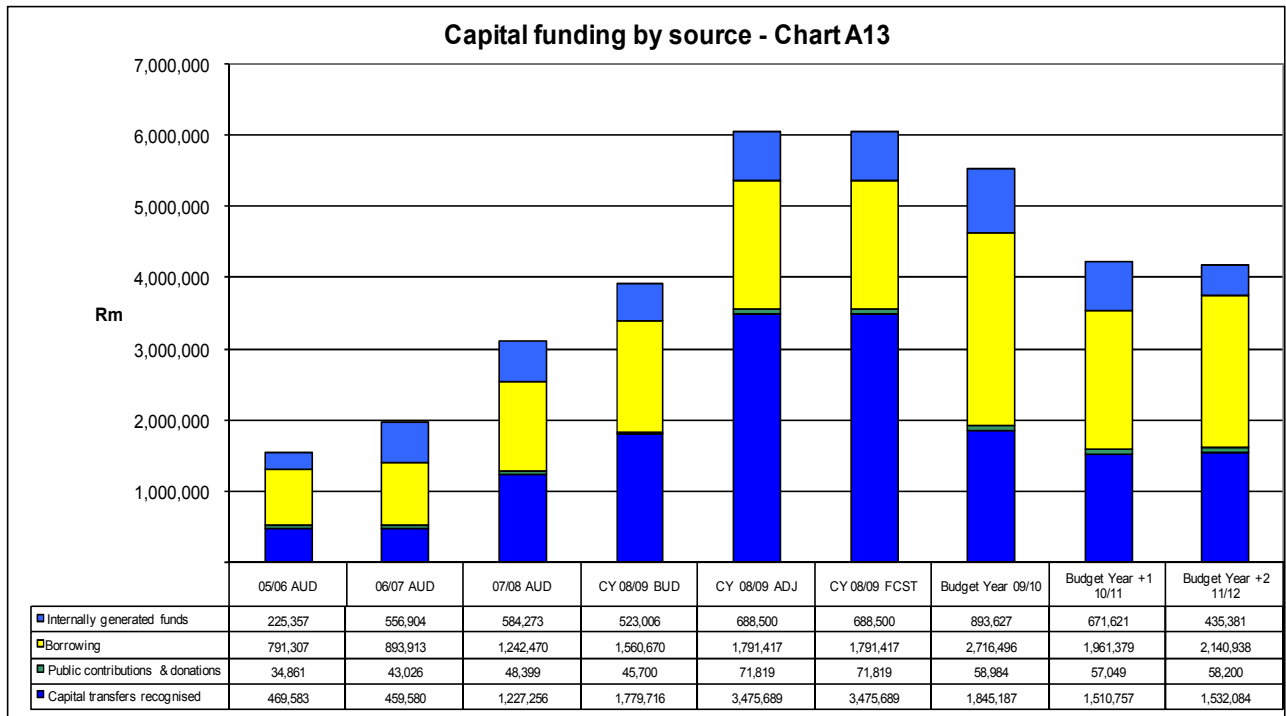


Figure 15: Capital funding by source

Strategic Objective R thousand	Goal	Goal Code	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
Creating Integrated Human Settlements		A	282,818	-	-	-	-	-	-	-	-
Economic Growth and Job Creation		B	109,689	-	-	-	-	-	-	-	-
Building Strong Communities		C	94,981	-	-	-	-	-	-	-	-
Access and Mobility		D	161,561	-	-	-	-	-	-	-	-
Equitable Services		E	509,121	-	-	-	-	-	-	-	-
Enabling Institutional Framework		F	141,262	-	-	-	-	-	-	-	-
Financial Sustainability		G	221,210	-	-	-	-	-	-	-	-
Economic development and job creation		H	-	274,094	-	-	-	-	-	-	-
Integrated Acces and Mobility		I	-	399,758	-	-	-	-	-	-	-
Building Integrated Human Settlements		J	-	111,231	-	-	-	-	-	-	-
Building Strong Communities		K	-	187,156	-	-	-	-	-	-	-
Equitable & Effective Service Delivery		L	-	651,279	-	-	-	-	-	-	-
Enabling Institutional Framework		M	-	201,168	-	-	-	-	-	-	-
Financial Sustainability		N	-	144,722	-	-	-	-	-	-	-
Shared Economic Growth and Development		O	-	-	1,192,331	1,383,817	2,906,206	2,906,206	-	-	-
Sustainable Urban Infrastructure and Services		P	-	-	1,240,447	1,691,831	1,883,640	1,883,640	-	-	-
Public Transport Systems		Q	-	-	70,263	55,341	303,493	303,493	-	-	-
Integrated Human Settlements		R	-	-	193,553	404,224	381,564	381,564	-	-	-
Safety and Security		S	-	-	113,443	118,317	162,936	162,936	-	-	-
Health, social and community development		T	-	-	95,452	17,648	151,485	151,485	-	-	-
Good Governance and Regulatory Reform		U	-	-	214,235	237,913	238,101	238,101	-	-	-

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Strategic Objective	Goal	Goal Code	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
Shared Economic Growth and Development	Assist investors to set up/expand businesses	V	-	-	-	-	-	-	4,408	5,009	8,868
	Develop new & strengthen existing partnerships	W	-	-	-	-	-	-	-	-	23,893
	Grow & strengthen the City's tourism capability	X	-	-	-	-	-	-	27,423	16,729	6,000
	Develop and grow LED & SMME opportunities	Y	-	-	-	-	-	-	12,130	-	-
	Prioritise skills dev. on need of local economy	Z	-	-	-	-	-	-	9,625	23,893	-
	Impr. process building plan & land use applicat.	AA	-	-	-	-	-	-	300	-	-
	Hosting FIFA 2010 World Cup in Cape Town	AB	-	-	-	-	-	-	1,240,433	233,118	3,000
	Reduce backlogs for basic services	AC	-	-	-	-	-	-	277,919	276,033	242,727
Sustainable Urban Infrastructure and Services	Conserve biodiversity & improve living environ.	AD	-	-	-	-	-	-	10,673	10,274	8,669
	Dev. demand mng. programs for utilities & trans	AE	-	-	-	-	-	-	75,950	254,150	41,150
	Reduce impact of floods on community livelihood	AF	-	-	-	-	-	-	38,333	45,000	57,000
	Safeguard health, protect natural aquatic etc.	AG	-	-	-	-	-	-	618	-	-
	Manage and maintain the City's beach nodes	AH	-	-	-	-	-	-	1,700	-	3,500
	Prioritise essent. large/bulk infrastr. progr.	AI	-	-	-	-	-	-	1,971,198	1,890,292	2,175,510
	Integration in infrastr., service plans & budget	AJ	-	-	-	-	-	-	14,898	6,904	4,919

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Strategic Objective	Goal	Goal Code	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
Public Transport Systems	Improve public transport & secure new invest.	AK	-	-	-	-	-	-	943,060	655,859	851,326
Integrated Human Settlements	Promote non-motorised transport (NMT)	AL	-	-	-	-	-	-	66,118	40,500	11,000
	Transform dormitory suburbs	AM	-	-	-	-	-	-	25,346	27,196	33,148
	Establish policy & spatial planning frameworks	AN	-	-	-	-	-	-	-	-	2,632
	Develop & Implement incremental housing progr.	AO	-	-	-	-	-	-	236,373	329,046	304,863
	Development of new housing opportunities	AP	-	-	-	-	-	-	69,050	74,676	76,042
	Increase rental stock through partnerships	AQ	-	-	-	-	-	-	-	2,632	-
	Redress land ownership inequity via Restitution	AR	-	-	-	-	-	-	2,000	5,890	10,500
	Facilitate gap housing via Banks&private sector	AS	-	-	-	-	-	-	-	2,632	2,632
Safety and Security	Improve service delivery to internat. Standard	AT	-	-	-	-	-	-	-	-	5,659
	Community & youth dev.progr. directed at safety	AU	-	-	-	-	-	-	1,090	-	-
	Impr. urban design to reduce crime & emergency	AV	-	-	-	-	-	-	43,491	40,133	40,738
	Dev. of CCTV network to ensure adequate cover	AW	-	-	-	-	-	-	7,252	6,000	6,000
	Improve law enforcement via more visible action	AX	-	-	-	-	-	-	13,339	9,250	13,260
	Fast, efficient & equitable emergency response	AY	-	-	-	-	-	-	48,579	23,629	16,558
	Disaster risk assess, prevent & response plans	AZ	-	-	-	-	-	-	8,341	5,340	8,306

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Strategic Objective	Goal	Goal Code	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
Health, social and community development	Establishment of ECD facilities & partnerships	BA	-	-	-	-	-	-	6,660	-	-
	Provide developmental programme. & events	BB	-	-	-	-	-	-	200	-	-
	Promote sustainable Comm. & healthy lifestyles	BC	-	-	-	-	-	-	36,151	53,995	60,262
	Implement prog. directed at street people	BD	-	-	-	-	-	-	610	-	-
	Prov. effective primary health care with Provin	BE	-	-	-	-	-	-	18,496	12,196	11,274
	Provide effective environmental health services	BF	-	-	-	-	-	-	505	1,000	2,000
				-	-	-	-	-	-	820	439
Good Governance and Regulatory Reform	Optimise staff structure/strategy/policy/skills	BG	-	-	-	-	-	-	157,470	68,034	63,379
	Enhance service deliv. via alternate mechanisms	BH	-	-	-	-	-	-	24,276	3,226	1,880
	Improve service culture and workplace ethics	BI	-	-	-	-	-	-	28,879	-	100
	Improve organisation & regulatory environment	BJ	-	-	-	-	-	-	43,036	38,381	35,307
	Management of key financial areas	BK	-	-	-	-	-	-	47,543	39,350	34,500
	Improvement of community satisfaction	BL	-	-	-	-	-	-			
				1,520,642	1,969,407	3,119,725	3,909,092	6,027,425	6,027,425	5,514,294	4,200,805

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

