

REPORT TO THE SPECIAL MAYORAL COMMITTEE : 23 MAY 2006
OFFICE OF CITY MANAGER

2006/07 TO 2008/09 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK
(MTREF) BUDGET

1. BACKGROUND

Buffalo City Municipality is located in the Eastern Cape Province and includes the urban areas of East London, Mdantsane and King Williams Town together with various coastal towns and rural villages. The municipality covers an area of over 2 900 km² and has a population of around 800 000 residents.

The municipality is characterised by high levels of unemployment and poverty. In some parts major service and housing backlogs are prevalent.

1.1. Economic Structure of Buffalo City Municipality

Buffalo City and Nelson Mandela Metro are the two major economic centres in the Eastern Cape. The East Cape Province is generally seen as one of the poorer provinces in South Africa, with an 8,1% contribution to the gross domestic product (GDP) of the country in 2004.

Table 1

Gross domestic product per province			
Current prices			
Province	2003 R billion	2004 R billion	%
Western Cape	181,7	199,4	14,4
Eastern Cape	100,7	112,9	8,1
Northern Cape	27,8	30,0	2,2
Free State	68,5	75,8	5,5
KwaZulu- Natal	207,0	231,6	16,7
North West	79,0	87,1	6,3
Gauteng	422,0	462,0	33,3
Mpumalanga	86,4	94,4	6,8
Limpopo	83,4	93,1	6,7
GDP	1 257,0	1 386,6	100

Source: Statistics South Africa

The most dominant economic sector in Buffalo City is the industrial or manufacturing sector that includes the automotive, textile, pharmaceutical, electronics and food processing industries. Forming the basis of industrial activity, the automotive industry is the largest contributor to the economy of the city and is the third largest sector in the South African economy, accounting for 33% of the country's manufacturing output.

The East London Port is South Africa's only river port, situated at the mouth of the Buffalo River. Although the port is of the highest international standard, it is considered underutilised. The Port has completed the building of a bridge, linking the port to its major client DaimlerChrysler. This motor vehicle terminal includes a four-storey parking facility with a throughput capacity of 50 000 units a year. In addition to the specialised vehicle handling facilities, the Port also offers 12 commercial berths, a grain elevator that is the largest in South Africa, and a dry dock for ship repair.

1.2. Growth Opportunities

In terms of growth opportunities the Buffalo City Development Agency (BCDA), a section 21 company, has been formed to manage the East London beachfront development that entails a major revamp over the next years. The Industrial Development Corporation is a co-partner with Buffalo City Municipality of the project, with the intention to make the City more attractive to potential investors and inhabitants. Certain areas have been earmarked for possible development and are expected to generate some R500 million from the private sector.

Major residential development is planned in Buffalo City that includes high, middle and low-income housing development. In addition, a new R120 million shopping mall is proposed for Mdantsane. In 2005 the municipality approved 4 118 building plans with a total estimated cost of R676,2 million.

Table 2

Total building plans approved			
	2004 Rm	2005 Rm	Increase
Residential	333,1	483,5	45,2%
Industrial	6,7	15,5	132,9%
Commercial	101,9	177,2	73,9%
Total	441,6	676,2	53,1%

Source : CA-Ratings 2006

1.3 Financial profile of Buffalo City Municipality

1.3.1 Revenue and expenditure flexibility

In terms of its revenue base Buffalo City is currently the largest category B municipality in the country. It recorded an income of R1 546,3 million in 2005, an increase of 26% from the previous year. The proposed budget for 2006/07 year indicates an operating budget of R1,6 billion.

The following table indicates the relative size of some of the larger municipalities based on revenue.

Table 3

Municipality	Revenue Rm	Population
Buffalo City	1 546,3	701 890
Emfuleni	1 466,6	658 421
Mangaung	1 405,6	645 441
Rustenburg	792,4	395 540
Matjhabeng	776,3	408 170
Klerksdorp	670,6	359 202
uMhlathuze	643,6	289 190
Polokwane	597,8	508 277
Mbombela	521,5	474 806
Drakenstein	498,6	194 419

Source: CA Ratings – May 2006

Revenue sources of Buffalo City are similar to most local municipalities and comprise primarily income from property taxes, service charges and from the sale of water and electricity. A breakdown of the gross revenue sources of Buffalo City is as follows:

Table 4

Revenue Sources				
	2005 Budget Rm	%	2006 Budget Rm	%
Property rates	255,4	16,5	273	17,2
Grants	371,1	24,0	416	26,2
Electricity	387,0	25,0	407	25,6
Water	146,4	9,5	136	8,5
Other service charges	188,1	12,2	131	8,2
Other income	198,2	12,8	228	14,3
TOTAL	1 546,2	100,0	1 591	100,0

Source: Buffalo City 2006

Previously grants and subsidies from government comprised a smaller portion of Buffalo City's income. In 2005 the City received 24,0% of its revenue in the form of grants, compared to 12,3% in 2003 and 17,2% in 2004. Total grants of R371,1 million include the equitable share and provincial grants of various natures. Future grants appear to be on the increase, based on central government's policy to improve the service delivery at the municipal level.

Subsequent to year-end a restructuring grant of R130 million was allocated to Buffalo City, which will be utilised in various activities.

The primary future revenue source is property rates levied on the value of the land, including the value of improvements. In 2005, this revenue source of R255,4 million contributed 16,5% of the revenue. Buffalo City's property valuation demonstrates a well-diversified and stable tax base. Table 7 reflects property the valuation:

Table 5

Property Valuation 2005	
	Rbn
Residential	6,0
Commercial	3,8
State	1,1
Municipal	0,3
Total	11,2
Average rate earned (cent)	2,27

Source: CA-Ratings 2006

Trading services such as water and electricity sales jointly comprise 34,5% of total revenue. Water distribution losses remains high at 40% compared to the national standard of around 20%. The City has set a target to reduce the distribution losses to 30% over the medium term.

The sale of electricity contributed 25% of the City's income. Buffalo City provides electricity to the urban and semi-urban areas in its jurisdiction whereas Eskom provide to the rural areas. Distribution losses at 9% of units bought are acceptable when compared with the industry average and reflect a well-managed electricity distribution network.

Buffalo City is currently in the process of finalising a feasibility study in terms of Section 78 of the Municipal Structures Act to make a decision whether it's electricity function must be incorporated into the Nelson Mandela RED.

The operating expenditure of Buffalo City is largely inflexible and requires sound budgeting and discipline to keep costs within budget. For 2005 most of the expenditure items were slightly below budget except bad debt charges, interest paid and general expenses. Overall the actual costs at R1 366,5 million were slightly below budget. The growth in expenses of 13,4% was below the revenue growth and resulted in the strong operating surplus.

The following table reflects a breakdown of the operating expenses of the municipality:

Table 6

Operating Expenditure 2005		
	Rm	%
Bad debts	80,6	5,9
Electricity purchases	227,7	16,2
Water purchases	57,1	4,2
Depreciation	59,4	4,3
Employee costs	449,6	32,9
Interest paid	57,4	4,2
Other expenses	368,6	27,0
Repairs and maintenance	72,0	5,3
	1 366,4	100,0

Source: CA-Ratings 2006

Municipal services are labour intensive and staff remuneration normally constitutes a large proportion of the municipality's expense budget. The staff-to-income ratio of Buffalo City at 29,0% demonstrates an improvement from the 34,5% in 2004, and is currently below the norm of 30%. Councillors' costs comprise a minor portion of total expenditure.

1.4 Debt management

Buffalo City's credit rating is supported by a stable balance sheet in spite of the pressure on infrastructure spending that will remain high in order to eradicate backlogs in basic services and to support and facilitate economic development.

The city's financial strategy is considered conservative and borrowings were kept at modest levels during 2005. Interest bearing liabilities increased marginally from R402 million to R425 million in 2005. Long-term loans consist of local stock and other loans that bear interest at rates between 9% and 17,9% per annum. *(CA-Ratings: 2006)*

The slightly higher debt level combined with the growth in revenue resulted in the debt-to-revenue ratio improving from 32,80% in 2004 to 27,5% in 2005. Debt-to-own source revenue (excluding grants) also improved from 40% to 36% and reflects a modest debt level for the city. The current debt burden is well within the financial goals approved by the council that has set the interest bearing debt-to-income target at some 35% of revenues by 2007. *(CA-Ratings: 2006)*

Buffalo City's interest charges at 3,7% of revenue is relatively low. The additional borrowings are going to increase the finance charges to approximately 4,9% of total revenue in 2008, but it is still considered to be within the affordability measures of a municipality.

Cash retained from operations before capex increased by 25% during 2005 to R390 million. Compared with interest-bearing debt at 91%, it is a marked improvement from the 77% in 2004 and it provides a sound base for financing development of infrastructure. A net cash flow of R110 million was recorded in 2005, also strongly up from 2004, that translates into a payback period of its interest-bearing debt of less than four years. Future cash flows are expected to remain sound underpinned by good own source revenues and acceptable debt levels. *(CA-Ratings : 2006)*

1.5 Liquidity management

Buffalo City's liquidity position is considered sound given the net cash resources and monthly cash flows. The city has an active cash management system in operation to control this crucial aspect of its finance. Over the last decade municipalities have been burdened by a culture of non-payment for services resulting in generally low collection rates and increasing outstanding debtor's balances.

The age analysis of Buffalo City's outstanding debtors indicates balances older than 180 days of R239 million but provisions of only R139 million were raised against them. *(Financial Statements: 2005)*

Although the provisions for bad debts appear to be reasonable given the ultimate possible write-offs after repossession of property for recovering of bad debts is taken into account, the cash flow of the City depends on the continued focus on the collections of outstanding receivables.

“If Buffalo City does not take strict measures to collect the outstanding debtors, an additional amount of R100 million will have to be written-off. Maintaining and improving the current collection rate is crucial for the financial sustainability of the city, and it remains a key rating consideration”. (*CA-Ratings : 2006*)

Investment balances have grown handsomely in 2005 to R290 million as a result of sound operational cash flows and grants received. However the cash investments reflect the cash backing of certain reserves, in aggregate R26 million, as well as unspent conditional grants of R151 million. Some R100 million are sinking fund investments linked to the redemption of long-term loans and the remaining R40 million are available as the city’s own discretionary funds which is considered adequate relative to monthly operational cash requirements. Subsequent to the year end Buffalo City obtained a guarantee from the IFC to replace the sinking fund investments. Accordingly these investments are available to utilise for operational and capital expenditure.

The improvement in the cash flows from operations in 2005 contributed to an improved coverage ratio and working capital. Cash from operations cover interest payments 7,7 times compared with 6,3 times in 2004. Operating cash flow cover short-term liabilities 1,2 times compared with 1,1 times in 2004. These coverage ratios should remain strong if the city maintains its current level of collections. (*CA-Ratings: 2006*)

1.6 Constraining factors

According to CA-Ratings in their credit rating assessment May 2006, they indicate the following constraining factors impedes on Buffalo City’s ability to expand: -

- Service demands remain high as a result of unemployment and low per capital income.
- Capital spending pressures remain high to eradicate infrastructure backlogs.
- Uncertainty regarding the MIDP after 2012 that might impact negatively on the motor manufacturing industry and therefore on the economy of Buffalo City.
- Inflexible operating expenditure, a major constraint to the whole municipal industry, and high staff costs.
- High level of deferred maintenance that will be costly for the city to eradicate and could affect service delivery over the long-term.
- Concern regarding the scarcity of technical staff and the likely impact on infrastructure development and the maintenance of assets.
- Expected growth in debt levels.

CA-Ratings has affirmed Buffalo City’s long-term rating of **zaA-** and a short-term rating of **zaA2**. The long-term rating indicates a **strong** capacity to repay long-term liabilities whereas the short-term rating reflects a **strong** capacity to repay short-term liabilities. The rating outlook is **positive** indicating that a rating upgrade over the intermediate term is possible should the balance sheet continues to strengthen and the debt burden remains within the target range set by the City.

2. MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK BUDGET

The formulation of the 2006/07 Medium Term Revenue and Expenditure Framework (MTREF) budget commenced in August 2005 with the approval of the budget schedule and IDP Process Plan by Council on 29 September 2005 indicating the key deadlines for the reviews of the IDP and the preparation of the budget.

A Strategic Workshop convened at Mpongo Park on 28 October 2005 to establish the strategic direction for the review of the IDP and the preparation of the budget for the 2006/07 to 2008/09 MTREF.

The Draft Budget was adopted by Council on 24 February 2006 and was further presented to the new mayoral committee members on 28 March 2006. The community consultations on the reviewed IDP as well as the draft budget took place from 4 April 2006 to 24 April 2006. The final budget for the 2006/07 to 2008/09 MTREF is submitted to Council for adoption.

3. 2005/06 ESTIMATED YEAR END PERFORMANCE

3.1 Background

Before considering the 2006/07 to 2008/09 MTREF budget, attention should be given to the current year's budget performance and achievements in order to determine the extent to which the City has met its objectives.

3.2 Operating Revenue and Expenditure

As at 30 April 2006 the City is reflecting a revenue of R1,27 billion and expenditure of R1,06 billion with a surplus of R216 million. It is estimated that by year end our total revenue would be R1.9 billion with accrued surplus of R148 million, after taking into account estimated net conditional grant utilized R135 million.

3.3 Capital Expenditure

The total approved budget for the 2005/06 budget year is R520 million and as at 30 April 2006 the actual performance against budget including commitments was 30.2%. The Capital Budget has been adjusted to R305 million in the 4th Adjustment Budget that was submitted to Council on 17 May 2006. It is estimated that the actual performance at year-end will be R276 million.

4. BUDGET RELATED POLICIES: OVERVIEW AND AMENDMENTS

A number of budget related policies have been taken into account in the development of the 2006/07 to 2008/09 MTREF budget and included amongst those, are the following: -

4.1 Budget and Tariff Policy

The Budget and Tariff Policy has been developed in terms of Chapter 4 Section 15 to 32 of the MFMA and are being submitted for approval by Council with the budget on 30 May 2006 (detailed policies attached as Annexure 4).

4.2 Policy on Reserves and Asset Management Policy

The Policy on Reserves and Asset Management Policy are included in the accounting policies, which were adopted by Council on 30 August 2005. These are currently under review to incorporate post GRAP implementation issues and will be submitted to Council for adoption in the 2006/07 financial year.

5. BUDGET ASSUMPTIONS

The following budget assumptions were used in the development of the 2006/07 to 2008/09 MTREF budget and have been modified with the latest available information taking into account the guidelines from Eskom, Amatola Water, National Electricity Regulator and National Treasury Circular No 27 of the Municipal Finance Management Act.

The following table identifies the Budget assumptions, which have been used in the development of 2006/07 to 2008/09 budget.

Table 7 : Budget Assumptions

Description	2004/05 Budget Year	2005/06 Budget Year	2006/07 Budget Year	2007/08 Budget Year	2008/09 Budget Year
National Treasury Guidelines	7.00%	5.50%	3% - 6%	3% - 6%	3% - 6%
CPIX	4.50%	5.10%	5.20%	4.80%	4.50%
Salaries	7.85%	6.00%	6.50%	6.50%	7.00%
Electricity Purchases	2.50%	4.20%	6.89%	6.20%	6.20%
Water Purchases	4.70%	4.50%	5.50%	5.50%	5.50%
Electricity & Water Growth Rates, Refuse & Sewerage Growth	2.00%	2.00%	2.00%	2.00%	2.00%
Free Basic Electricity (Indigent)	50 kwh p.m.	50 kwh p.m.	50 kwh p.m.	50 kwh p.m.	50 kwh p.m.
Free Basic Water (Indigent)	6 kl p.m.	6 kl p.m.	6 kl p.m.	6 kl p.m.	6 kl p.m.
Basic Welfare Package	R173.13	R196.37	R206.00	R216.57	R227.90
Equitable Share Allocation	R179,5m	R184,2m	R213,3m	R240,9m	R274,6m
Bad Debt Provision	R61,9m	R32,7m	R21,5m	R23,1m	R24,9m

6. PROPOSED TARIFF INCREASES

The following table identifies the proposed tariff increases that have been applied in the preparation of the 2006/07 to 2008/09 MTREF budget.

Table 8 : Proposed tariff increase for the 2006/07 to 2008/09 with prior year comparatives

Description	2004/05 Budget Year %	2005/06 Budget Year %	2006/07 Budget Year %	2007/08 Budget Year %	2008/09 Budget Year %
Rates	8.50%	7.00%	5.50%	5.50%	5.00%
Refuse	6.00%	5.00%	5.00%	5.00%	5.00%
Sewerage	7.00%	5.00%	5.00%	5.00%	5.00%
Water	7.00%	2.00% - 6.00%	5.50%	5.50%	5.50%
Electricity	6.00%	5.00%	5.90%	6.20%	6.20%
<u>Average Increase</u>	6.90%	5.20%	5.38%	5.44%	5.34%

Sewerage Tariffs are currently under review and the method of charging for sewerage services may be changed fundamentally for the 2007/08 financial year.

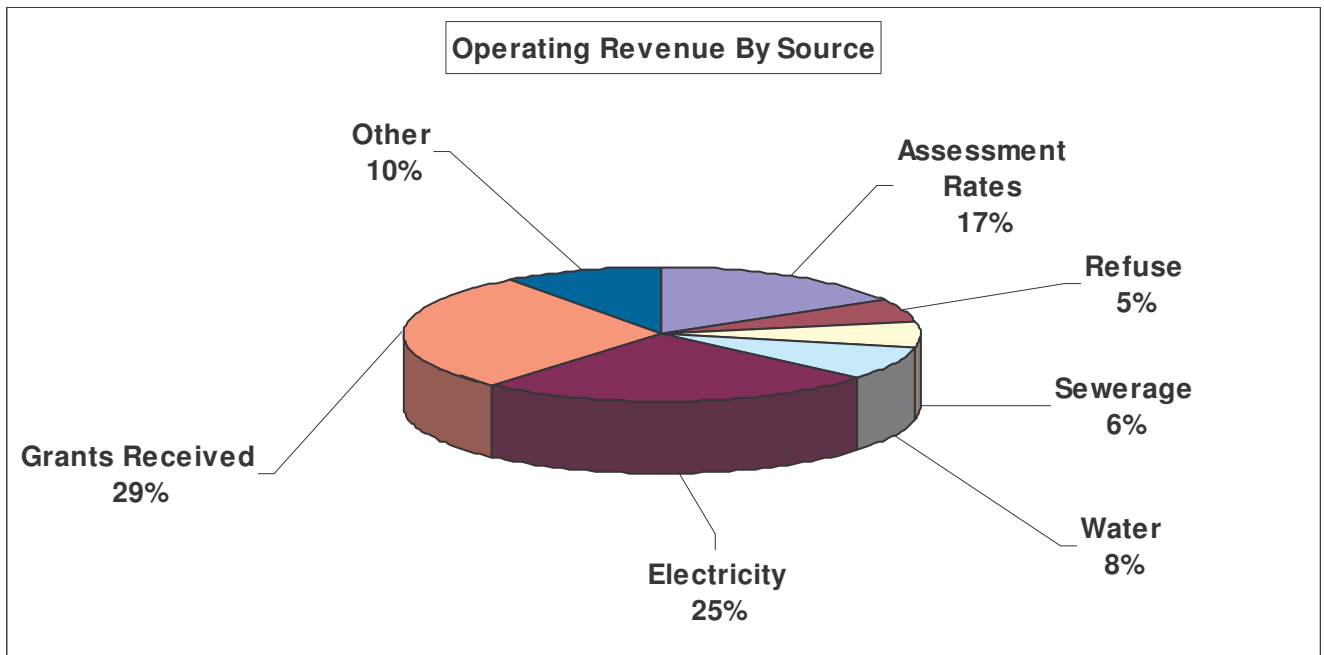
7. OPERATING BUDGET FOR THE 2006/07 TO 2008/09 MTREF

Table below identifies the 2006/07 Medium Term Revenue and Expenditure Framework budget with the actual expenditure for 2004/05 and projected expenditure for 2005/06 financial year.

Table 9 : Operating Budget For The 2006/07 To 2008/09 MTREF

Operating Revenue by Source	2004/05 Audited Actual R	2005/06 Full Year Forecast R	2006/07 Budget Year R	2007/08 Budget Year+1 R	2008/09 Budget Year+2 R
<u>Operating Revenue</u>					
Assessment Rates	254,735,277	273,699,327	294,527,846	316,941,415	339,444,256
Refuse Charges	83,738,702	88,211,704	93,132,234	99,744,623	106,826,491
Sewerage Charges	94,422,833	104,702,203	111,917,089	119,863,203	128,373,490
Trade Effluent	6,741,534	7,597,848	7,432,541	7,804,168	8,194,377
Water Charges	144,189,518	136,953,087	143,167,090	154,062,106	165,786,232
Electricity Charges	386,543,264	407,671,111	443,087,884	476,354,923	514,549,060
Fire Levy	10,918,617	11,821,300	15,839,305	16,963,895	18,168,332
Government Grant / Subsidy	414,036,091	212,481,526	244,297,362	273,140,744	306,949,513
Operating Projects Grants	0	200,531,296	265,930,547	150,421,228	187,434,176
Fines	9,558,805	9,274,832	6,650,983	7,116,552	7,122,995
Housing Rentals	127,221	1,017,853	144,293	154,394	165,201
Other Rentals	9,278,988	7,977,176	10,524,229	11,260,925	12,049,188
Income Foregone	(130,954)	0	(145,755)	(153,772)	(161,461)
Other	124,260,295	124,862,489	134,194,200	142,984,059	145,891,398
<u>Total Revenue</u>	1,538,420,191	1,586,801,752	1,770,699,848	1,776,658,463	1,940,793,248
<u>Operating Expenditure by Type</u>					
Salaries, Wages & Allowances	437,748,966	470,122,828	537,386,010	566,965,964	600,618,603
Employee Costs Capitalised	0	(3,350,201)	(12,998,113)	0	0
Remuneration of Councillors	11,881,867	15,141,854	16,000,690	16,782,288	17,667,616
General Expenses	436,273,373	370,638,226	385,947,800	413,324,428	457,029,124
Operating Projects	0	66,111,352	120,806,478	23,193,282	29,374,929
Bulk Electricity Purchases	221,700,012	233,800,685	249,911,138	270,713,741	293,247,953
Bulk Water Purchases	57,089,035	62,234,944	75,133,203	79,746,933	81,581,807
Repairs & Maintenance	72,000,699	81,593,361	95,706,658	98,480,985	104,422,861
Depreciation	59,375,953	84,135,335	74,695,185	91,989,868	106,054,836
Interest on External Loans	57,429,603	58,367,019	67,632,268	71,072,979	74,330,980
<u>Total Direct Operating Expenditure By Type</u>	1,353,499,508	1,438,795,403	1,610,221,317	1,632,270,468	1,764,328,709
Internal Charges	122,126,000	462,991,487	486,082,791	550,346,899	550,346,899
		0	0	0	0
<u>Total Operating Expenditure</u>	1,475,625,508	1,901,786,890	2,096,304,108	2,182,617,367	2,314,675,608
Internal Recoveries	(132,082,068)	(462,991,487)	(486,082,791)	(550,346,899)	(550,346,899)
<u>Sub-Total</u>	1,343,543,440	1,438,795,403	1,610,221,317	1,632,270,468	1,764,328,709
Contribution to Leave Reserve Fund	13,142,831	0	14,834,989	15,799,264	16,905,212
		0			
<u>Total Expenditure</u>	1,356,686,271	1,438,795,403	1,625,056,306	1,648,069,732	1,781,233,921
<u>Surplus / (Deficit)</u>	181,733,920	148,006,349	145,643,542	128,588,731	159,559,327

FIGURE 1: OPERATING BUDGET 2006/07 – INCOME SOURCES



8. EQUITABLE SHARE ALLOCATION

Table 10 : Equitable Share Allocation

Allocations	2004/05 Budget Year R	2005/06 Budget Year R	2006/07 Budget Year R	2007/08 Budget Year R	2008/09 Budget Year R
Free Basic Water - 6kl	11,163,208	12,183,502	14,027,202	14,728,392	15,464,736
Free Basic Electricity - 50kwh	12,037,032	13,396,764	14,816,734	15,603,435	16,384,005
Poor Relief – Sewerage	6,441,186	24,467,638	33,144,300	34,801,200	36,540,000
Poor Relief – Refuse	6,255,560	22,758,322	30,825,900	32,369,400	33,988,500
Poor Relief – Fire Levy	723,937	4,079,999	6,615,000	6,948,900	7,295,400
Poor Relief – Rates	43,603,300	20,569,680	27,124,050	28,611,600	30,040,500
R293 – Salaries	23,099,456	16,169,619	11,318,733	7,923,113	7,450,532
Equitable Allocation	43,312,949	37,200,396	43,980,573	71,038,363	102,046,086
Bulk Water Purchases	9,391,390	8,133,757	15,621,783	13,052,872	9,505,516
Bad Debt Provision	9,403,200	9,403,200	0	0	0
<u>Operating Budget</u>	165,431,218	168,362,878	197,474,275	225,077,275	258,715,275
<u>Capital Budget</u>	14,048,609	15,869,725	15,869,725	15,869,725	15,869,725
<u>Total Equitable Share</u>	179,479,827	184,232,603	213,344,000	240,947,000	274,585,000

9. BASIC MUNICIPAL WELFARE PACKAGE

Table 11

Package Compilation	2004/05 Budget Year R	2005/06 Budget Year R	2006/07 Budget Year R	2007/08 Budget Year R	2008/09 Budget Year R
Rates - 20000 Property Valuation	93.19	42.85	45.21	47.69	50.57
Refuse	16.04	47.41	51.38	53.95	56.65
Sewerage	17.16	50.97	55.24	58.00	60.90
Fire Levy	1.94	8.50	11.03	11.58	12.16
Electricity - 50kwh	20.11	21.26	19.76	20.80	21.85
Water - 6kl	24.69	25.38	23.38	24.55	25.77
Total Welfare Package Per Month	173.13	196.37	206.00	216.57	227.90

10. CAPITAL BUDGET 2006/07 TO 2008/09

The proposed capital expenditure for the 2006/07 to 2008/09 MTREF is detailed below per Service.

Table 12

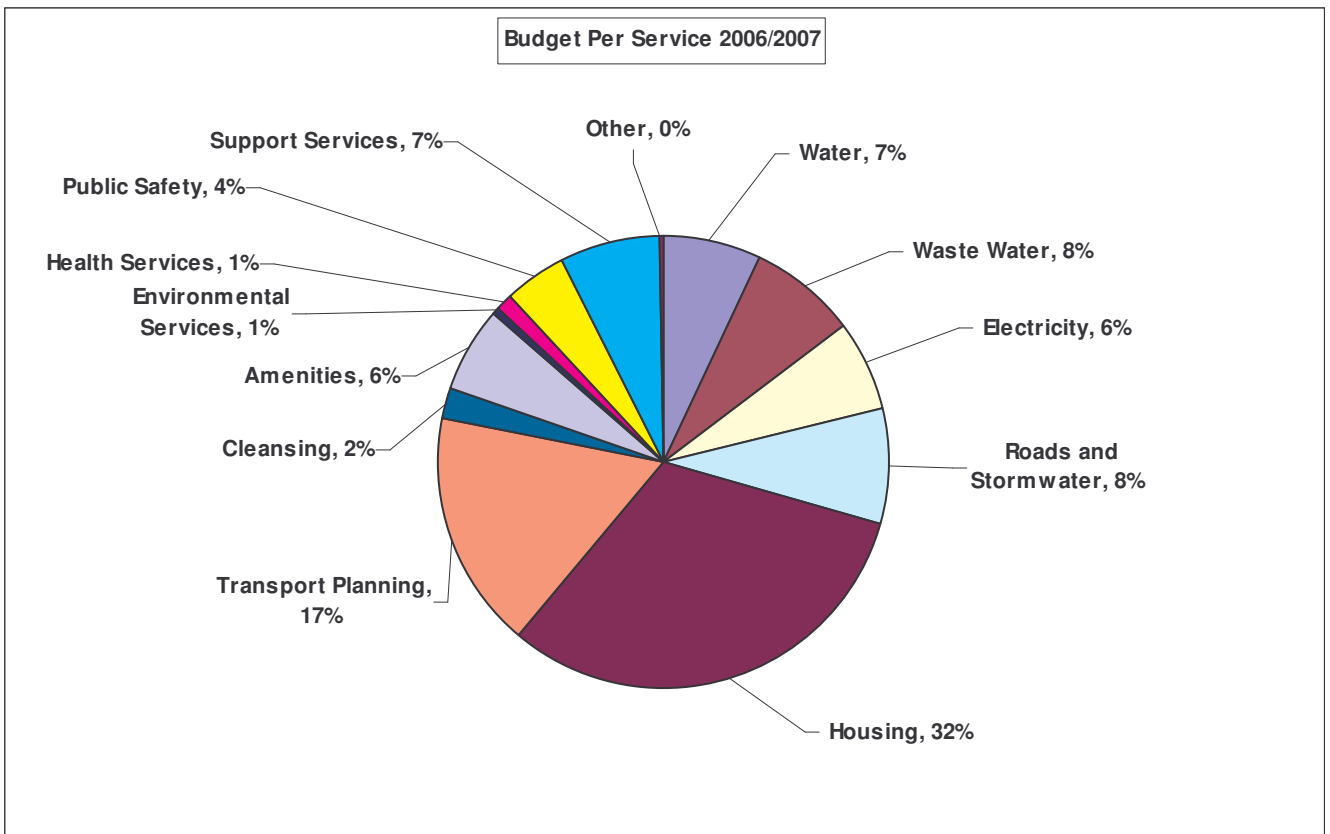
Capital Budget per Service	2004/05 Audited Actual R	2005/06 Approved Budget R	2005/06 Adjusted Budget R	2005/06 Full Year Forecast R	2006/07 Budget Year R	2007/08 Budget Year +1 R	2008/09 Budget Year +2 R
Water	56,663,251	41,089,344	44,065,296	36,433,973	33,592,768	31,955,298	26,906,744
Waste Water	23,249,893	117,867,288	123,843,010	32,143,010	36,767,820	38,904,717	35,540,000
Electricity	21,847,814	17,554,165	25,067,000	25,500,292	29,853,300	26,093,890	29,650,000
Roads and Stormwater	15,357,619	21,514,268	29,261,716	22,861,716	40,359,775	21,523,590	20,900,000
Housing	44,812,830	121,537,607	136,121,748	43,668,825	150,025,169	70,000,000	168,500,000
Transport Planning	10,616,176	8,500,000	9,407,794	5,157,794	80,350,905	52,323,000	52,650,000
Cleansing	20,422,397	15,605,000	17,795,305	17,071,277	11,649,149	10,708,950	4,300,000
Amenities	9,381,047	8,880,349	11,134,294	11,134,294	28,751,491	8,792,255	11,504,256
Environmental Services	13,553,744	4,005,380	6,761,372	6,492,102	2,600,000	2,968,750	1,000,000
Health Services	4,524,805	6,029,090	7,444,899	5,345,354	5,536,372	2,160,000	5,650,000
Public Safety	6,407,304	22,721,157	21,321,157	14,361,469	20,506,091	13,636,000	3,690,000
Support Services	24,320,771	33,580,947	28,006,557	24,672,648	34,069,667	28,933,577	6,951,078
Other	16,338,921	37,280,203	60,543,314	31,733,986	1,913,000	1,614,000	900,000
Total	267,496,572	456,164,798	520,773,462	276,576,740	475,975,507	309,614,027	368,142,078

Detail list of capital projects is attached as Annexure 5.

10.1 Roll Over of Capital Projects funded from Capital Replacement Reserve (CRR)

Included in the 2006/07 budget is an amount of R13 million in respect of roll overs from 2005/06 budget year. These projects should be allowed by Council to be rolled over since the funding was committed already as at April 2006. In future roll overs funded from CRR will only be allowed if commitment is made 90 days prior end of financial year (refer Section 8.6 of the attached Budget Policy).

FIGURE 2: CAPITAL BUDGET PER SERVICE FOR THE 2006/07 FINANCIAL YEAR



11. SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS (SDBIP)

In terms of section 69(3)(a) of the MFMA “the Accounting Officer must no later than 14 days after the approval of the annual budget submit to the mayor a draft SDBIP for the budget year”.

Section 53(1) (c) (ii) of the MFMA states that “the mayor must take all reasonable steps to ensure that the municipality’s SDBIP is approved within 28 days after the approval of the budget”.

The SDBIP including measurable performance objectives for revenue from each source and vote will be submitted by the Accounting Officer to the Executive Mayor on 13 June 2006 and will be approved by the Executive Mayor on 27 June 2006.

12. ENTITY - BUFFALO CITY DEVELOPMENT AGENCY (BCDA)

The BCDA is registered as a section 21 company with the Registrar of Companies under the Companies Act of 1973. It is established in terms of the provisions of the Municipal Systems Act (2000) and the Municipal Finance Management Act (2003) as a municipal entity. The Agency is governed by a Board of three directors and it is administered by a Chief Executive Officer as the Accounting Officer. The Board was appointed in September 2005 by the Buffalo City Municipality (BCM). The agency is supported financially by BCM and the Industrial Development Corporation (IDC) for

the next three years. The agency has developed a business model that has three phases and is expected to last six years.

BCDA's mandate area is the East London coastline, stretching from the Race Track in the Westbank to Nahoon mouth. It is currently in phase one of the business model. The agency is expecting grant funding from BCM R1 million and IDC R5 million for the 2006/07 to 2008/09 MTREF period. The agency is also expecting grant funding from the DBSA of R150 000. The agency has packaged the first three pilot sites for development and is also due to commission a Master Plan for the beachfront area with a focus on the Esplanade.

Table 13 : Operating And Capital Budget For 2006/07 To 2008/09 Financial Years

DESCRIPTION	2004/05 Audited Actual R'000	2005/06 Full Year Forecast R'000	2006/07 Budget Year R'000	2007/08 Budget Year+1 R'000	2008/09 Budget Year+2 R'000
<u>Income</u>					
Grants - BCM	503	1,000	1,000	1,000	1,000
Grant - IDC		2,500	5,000	5,000	5,000
Other	62	491			
Total Operating Income	565	3,991	6,000	6,000	6,000
<u>Expenditure</u>					
Salaries, Wages & Allowances	82	1,516	1,948	2,142	2,357
General Expenses	517	2,321	2,967	2,820	2,897
Repairs and Maintenance			28	30	30
Total Operating Expenditure	499	3,837	4,943	4,992	5,285
Surplus / (Deficit)	66	154	1,847	1,008	715
<u>Capital Expenditure</u>	23	154	1,056	1,007	715

13. BUDGET RELATED RESOLUTIONS 2006/07 – 2008/09

It is recommended that: -

1. The annual budget for the financial year 2006/07; and indicative for the two projected outer years 2007/08 and 2008/09 be approved as set-out in the following tables:
 - 1.1. Operating revenue by source reflected in Annexure 1 Table 1;
 - 1.2. Operating expenditure by vote reflected in Annexure 2 Schedule 1;
 - 1.3. Operating expenditure by GFS classification reflected in Annexure 1 Table 2;
 - 1.4. Capital expenditure by vote reflected in Annexure 2 Schedule 2;
 - 1.5. Capital expenditure by GFS classification reflected in Annexure 1 Table 3;
 - 1.6. Capital funding by source reflected in Table 4; (Annexure 1)

1.7. Multi-year capital appropriations by function and associated funding reflected in Table 5. (Annexure 1)

2. Approval be granted for the increase in tariffs and charges with effect from 1 July 2006 in respect of the following:-

2.1 Service Tariffs:-

- Sewerage 5%
 - Refuse 5%
 - Water 5.5%
 - Electricity 5.9%
- (Refer to the 2006/07 Tariff Book for details)

2.2 General rate on land and improvements:-

- Residential 5.5%
 - Industrial 5.5%
 - Business 5.5%
 - Government & Parastatals 5.5%
- (Refer to the 2006/07 Tariff Book for details)

2.3 Miscellaneous Tariffs as set out in the tariff book.

3. Approval be granted to take up an external loan in the sum R250 million to finance capital expenditure in respect of 2006/07 to 2008/09 financial years.

4. The Budget and Tariff Policy reflected in section 4 of this report and detailed in Annexure 4 be approved. (Annexure 4)

5. In terms of section 83(3)(a)(iii) of Ordinance 20 of 1974 rebates of 40% be granted on rates in respect of single residential properties for pensioners and persons who receive a disability allowance and in accordance with such conditions as determined by the Council from time to time.

6. Indigent subsidy be granted to registered indigents in terms of Council's Indigent Policy as amended from time to time.

7. The indigent consumers be given 100% subsidy on their accounts which will result in an increase in the total welfare package from R196,37 to R206 per month.

8. Free basic electricity be maintained for the registered indigent consumers at 50kwh.

9. Free basic water of 6kl be maintained for all registered indigent consumers.

10. No new Capital expenditure be undertaken until all funding has been obtained and approved by Council.

11. Loan funding will only be allocated to those projects, which will result in the creation of a capital asset for the City.
12. Council adopts amended Integrated Development Plan.
13. Approval be granted for roll over of R13 million in respect of CRR funded committed capital projects to the 2006/07 budget year as per Section 8.6 of the Budget Policy.
14. The Director: Corporate Services advertise the Council's 2006/07 for any objections.
15. General Expenses be reduced by 5% across the board to allow wards specific developments and this process be concluded within the first 6 months of the next financial year.
16. **Council note the following:**
 - 16.1 The Service Delivery and Budget Implementation Plans (SDBIP) including measurable performance objectives for revenue from each source and vote will be submitted by the Accounting Officer to the Executive Mayor on 13 June 2006 (in terms of Section 69(3) of the MFMA) and be approved by the Executive Mayor on 27 June 2006 (in terms of section 53(1) of the MFMA).
 - 16.2 In terms of section 17(3)(f) of the MFMA no. 56 of 2003, particulars of the Council's investments are reflected in supporting tables 4 and 4a (Annexure 3)
 - 16.3 In terms of section 17(3)(c) of the MFMA no. 56 of 2003 the projected cash flow for the budget year broken down per month, is reflected in supporting Table 9. (Annexure 3)
 - 16.4 In terms of section 17(3)(k) of the MFMA no. 56 of 2003 the proposed cost to council of the salary, allowances and benefits of each political office bearer, councillor and senior official, is reflected in supporting Tables 8, 8a and 8b. (Annexure 3)

B.W. SHEPHERD
ACTING CITY MANAGER

ANNEXURE 1

Table 1 : Operating Revenue by Source

Table 2 : Operating Expenditure by GFS Classification

Table 3 : Capital Expenditure by GFS Classification

Table 4 : Capital Funding by Source

Table 5 : Summary of Revenue and Expenditure by GFS Classification

Table 6 : Operating Expenditure by Type

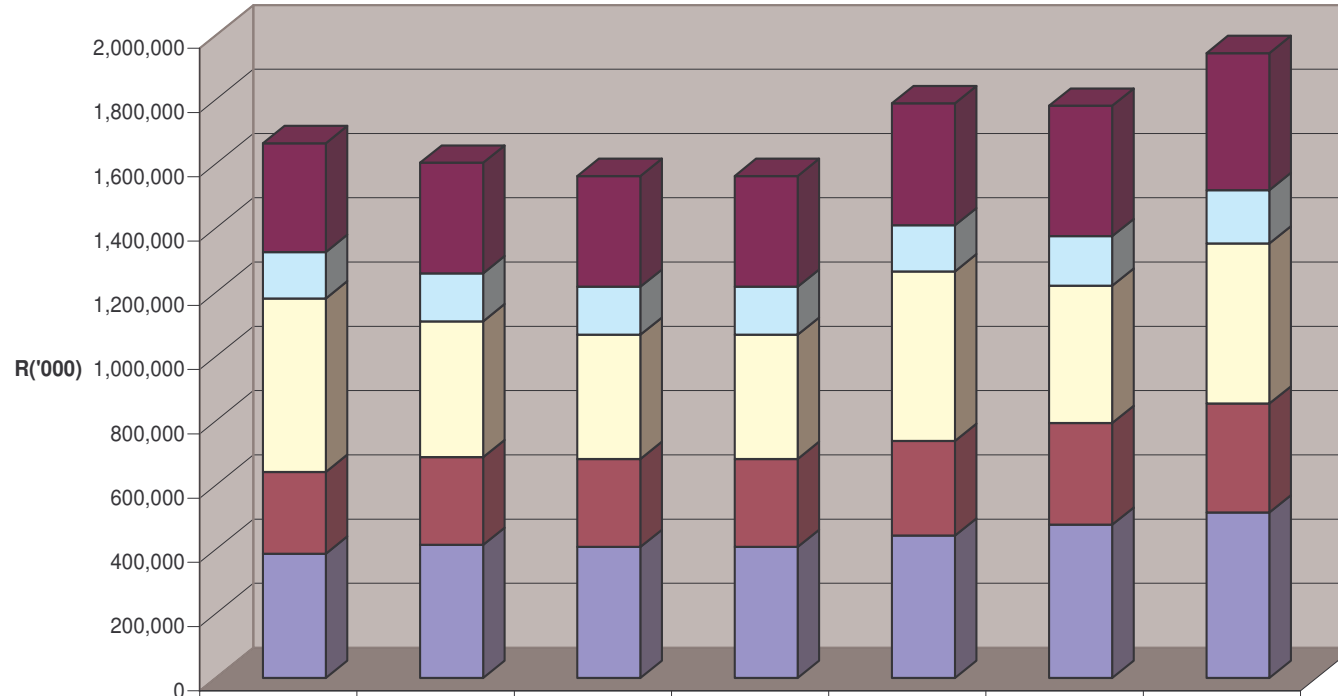
TABLE 1 : OPERATING REVENUE BY SOURCE

FIGURE 1: OPERATING BUDGET 2006.07 – INCOME SOURCES

TABLE 1 OPERATING REVENUE BY SOURCE	Preceding Year	Current Year			MTREF		
	2004/05	2005/06			Budget Year 2006/07	Budget Year +1 2007/08	Budget Year +2 2008/09
	Audited Actual R'000	Approved Budget R'000	Adjusted Budget R'000	Full Year Forecast R'000	Budget R'000	Budget R'000	Budget R'000
<u>Revenue by Source</u>							
Assessment Rates	254,735	273,699	273,699	273,699	294,528	316,941	339,444
Refuse Charges	83,739	89,412	89,412	89,412	93,132	99,745	106,826
Sewerage Charges	94,423	100,802	100,802	100,802	111,917	119,863	128,373
Trade Effluent	6,742	7,598	7,598	7,598	7,433	7,804	8,194
Water Charges	144,190	149,453	149,453	149,453	143,167	154,062	165,786
Electricity Charges	386,543	413,571	407,671	407,671	443,088	476,355	514,549
Fire Levy	10,919	11,821	11,821	11,821	15,839	16,964	18,168
Government Grant / Subsidy	414,036	253,778	200,660	200,660	244,297	273,141	306,950
Operating Projects Grants	0	0	64,382	64,382	94,873	14,193	7,175
Rental of facilities and equipment	9,406	8,995	8,995	8,995	10,669	11,415	12,214
Interest earned - external investments	32,593	5,620	5,620	5,620	8,577	10,787	10,811
Interest earned - outstanding debtors	30,127	36,900	36,900	36,900	37,593	37,593	37,593
Fines	9,559	6,275	6,275	6,275	6,651	7,117	7,123
Licenses and permits	11,996	13,465	13,465	13,465	14,991	16,040	16,920
Income Foregone	-131	0	0	0	-146	-154	-161
Other	49,543	63,442	63,442	63,442	73,033	78,564	80,568
Capital Grants	125,850	168,641	121,627	121,627	188,477	140,105	183,799
Total Revenue By Source	1,728,789	1,715,899	1,786,684	1,786,684	1,913,771	1,873,940	2,066,866

CHART 1 : REVENUE BY SOURCE

Revenue by Major Source (see next chart for break down of other)



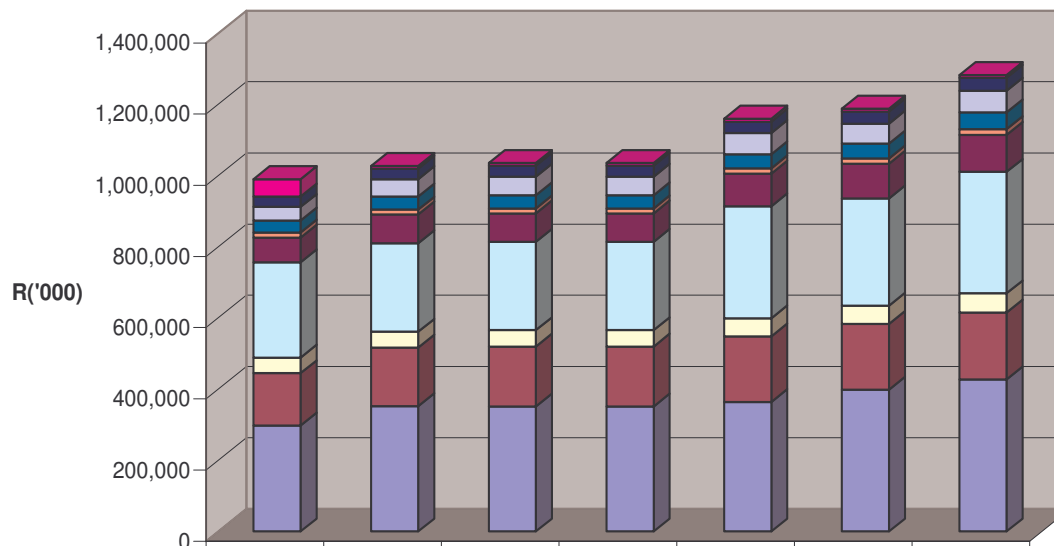
	04/05 Aud	05/06 Bud	05/06 Adj	05/06 Est	06/07 Bud	07/08 Proj	08/09 Proj
Other	338,916	344,329	344,329	344,329	379,689	405,738	426,630
Water tariffs	144,190	149,453	149,453	149,453	143,167	154,062	165,786
Grants & subsidies	539,886	422,419	386,670	386,670	527,647	427,439	497,924
Property rates	254,735	273,699	273,699	273,699	294,528	316,941	339,444
Electricity tariffs	386,543	413,571	407,671	407,671	443,088	476,355	514,549

TABLE 2 : OPERATING EXPENDITURE BY GFS CLASSIFICATION

TABLE 2 OPERATING EXPENDITURE BY GFS CLASSIFICATION	Preceding Year	Current Year			MTREF		
	2004/05	2005/06			Budget Year 2006/07	Budget Year +1 2007/08	Budget Year +2 2008/09
	Audited Actual R'000	Approved Budget R'000	Adjusted Budget R'000	Full Year Forecast R'000	Budget R'000	Budget R'000	Budget R'000
Executive & Council	38,402	48,716	51,885	51,885	59,783	55,659	60,756
Finance & Admin - Finance	153,143	124,838	128,634	128,634	148,257	163,588	196,219
Finance & Admin - HR	40,884	37,189	31,353	31,353	40,335	23,295	24,681
Finance & Admin - IT	12,172	20,868	17,958	17,958	15,948	16,570	17,056
Finance & Admin - Other	61,482	66,035	69,715	69,715	110,625	97,736	103,535
Planning & Development	53,759	61,827	63,430	63,430	88,547	65,106	68,970
Health	33,075	36,844	37,451	37,451	39,594	42,126	47,503
Community & Social Services	43,914	44,478	46,442	46,442	50,395	51,065	54,162
Housing	49,322	7,574	7,574	7,574	8,263	7,408	7,820
Public Safety	69,423	80,253	80,202	80,202	91,304	97,542	103,892
Sport and Recreation	28,948	29,873	30,761	30,761	31,839	34,541	36,445
Environmental Protection	43,274	44,163	43,993	43,993	47,347	50,180	53,399
Waste Management	97,228	110,943	111,842	111,842	123,113	131,702	139,173
Waste Water Management	89,916	108,105	104,895	104,895	103,056	106,932	114,558
Road Transport	82,411	82,542	80,609	80,609	77,463	97,526	100,334
Water	146,751	164,948	168,486	168,486	184,685	185,052	187,356
Electricity	297,866	351,699	350,880	350,880	363,726	398,224	427,407
Other	14,716	13,816	13,966	13,966	14,842	14,818	15,768
OPERATING EXPENDITURE BY GFS CLASSIFICATION	1,356,686	1,434,711	1,440,076	1,440,076	1,599,122	1,639,070	1,759,034

CHART 2 : OPERATING EXPENDITURE BY GFS CLASSIFICATION

Operating Expenditure by Major Vote (see next chart for breakdown of other)



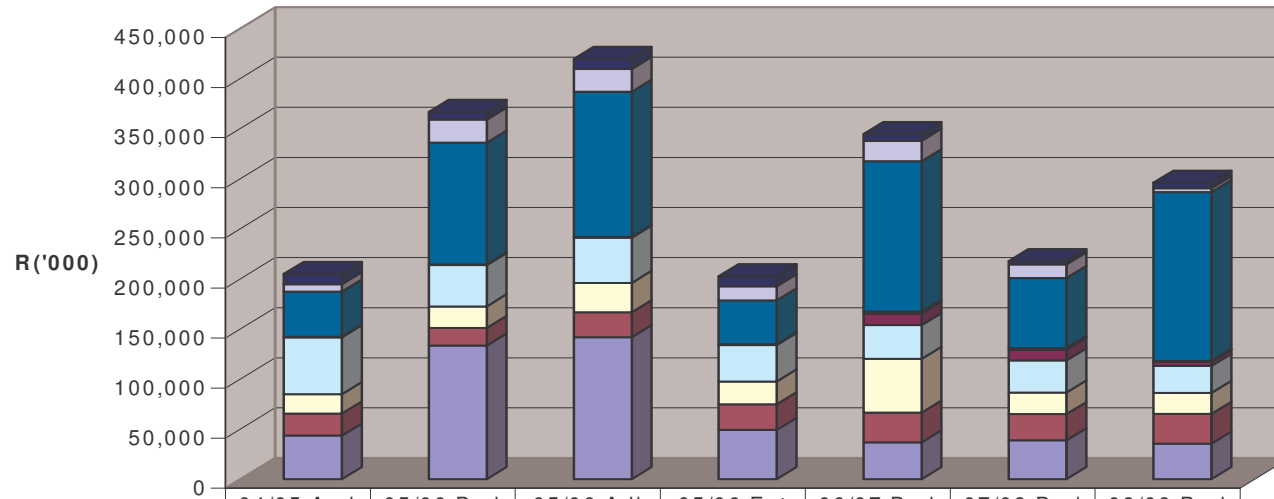
	04/05 Aud	05/06 Bud	05/06 Adj	05/06 Est	06/07 Bud	07/08 Proj	08/09 Proj
■ Housing	49,322	7,574	7,574	7,574	8,263	7,408	7,820
■ Sport and Recreation	28,948	29,873	30,761	30,761	31,839	34,541	36,445
■ Executive & Council	38,402	48,716	51,885	51,885	59,783	55,659	60,756
■ Health	33,075	36,844	37,451	37,451	39,594	42,126	47,503
■ Other	14,716	13,816	13,966	13,966	14,842	14,818	15,768
■ Public Safety	69,423	80,253	80,202	80,202	91,304	97,542	103,892
■ Finance & Admin	267,681	248,930	247,660	247,660	315,165	301,189	341,491
■ Community & Social Services	43,914	44,478	46,442	46,442	50,395	51,065	54,162
■ Water	146,751	164,948	168,486	168,486	184,685	185,052	187,356
■ Electricity	297,866	351,699	350,880	350,880	363,726	398,224	427,407

TABLE 3 : CAPITAL EXPENDITURE BY GFS CLASSIFICATION

TABLE 3 CAPITAL EXPENDITURE BY VOTE	Preceding Year 2004/05	Current Year 2005/06			Medium Term Revenue and Expenditure Framework		
					Budget Year 2006/07	Budget Year +1 2007/08	Budget Year +2 2008/09
	Audited Actual R'000	Approved Budget R'000	Adjusted Budget R'000	Full Year Forecast R'000	Budget R'000	Budget R'000	Budget R'000
Executive & Council	2,599	582	1,418	1,418	6,460	3,020	1,400
Finance & Admin	16,551	32,014	25,505	22,916	21,923	20,563	1,951
Planning & Development	21,271	35,038	43,892	26,150	36,784	34,287	37,150
Health	4,525	6,029	7,445	6,147	5,536	2,160	5,650
Community & Social Services	18,465	12,777	17,154	11,995	22,051	5,462	5,900
Housing	44,813	121,538	144,962	43,809	150,025	70,000	168,500
Public Safety	7,429	22,721	22,525	13,961	20,506	13,636	3,690
Sport and Recreation	10,247	7,830	10,079	10,079	6,700	3,330	5,604
Environmental Protection	0	4,005	6,761	6,090	2,600	2,969	1,000
Waste Management	0	0	0	0	11,649	10,709	4,300
Waste Water Management	43,672	133,472	141,638	49,214	36,768	38,905	35,540
Road Transport	19,413	21,514	29,262	22,862	53,526	21,524	20,900
Water	56,663	41,089	45,065	36,434	33,593	31,955	26,907
Electricity	21,848	17,555	25,067	25,500	29,854	26,094	29,650
CAPITAL EXPENDITURE BY VOTE	267,496	456,164	520,773	276,575	437,975	284,614	348,142

CHART 3 : CAPITAL EXPENDITURE BY GFS CLASSIFICATION

Capital Expenditure by Major Vote (see next chart for breakdown of other)



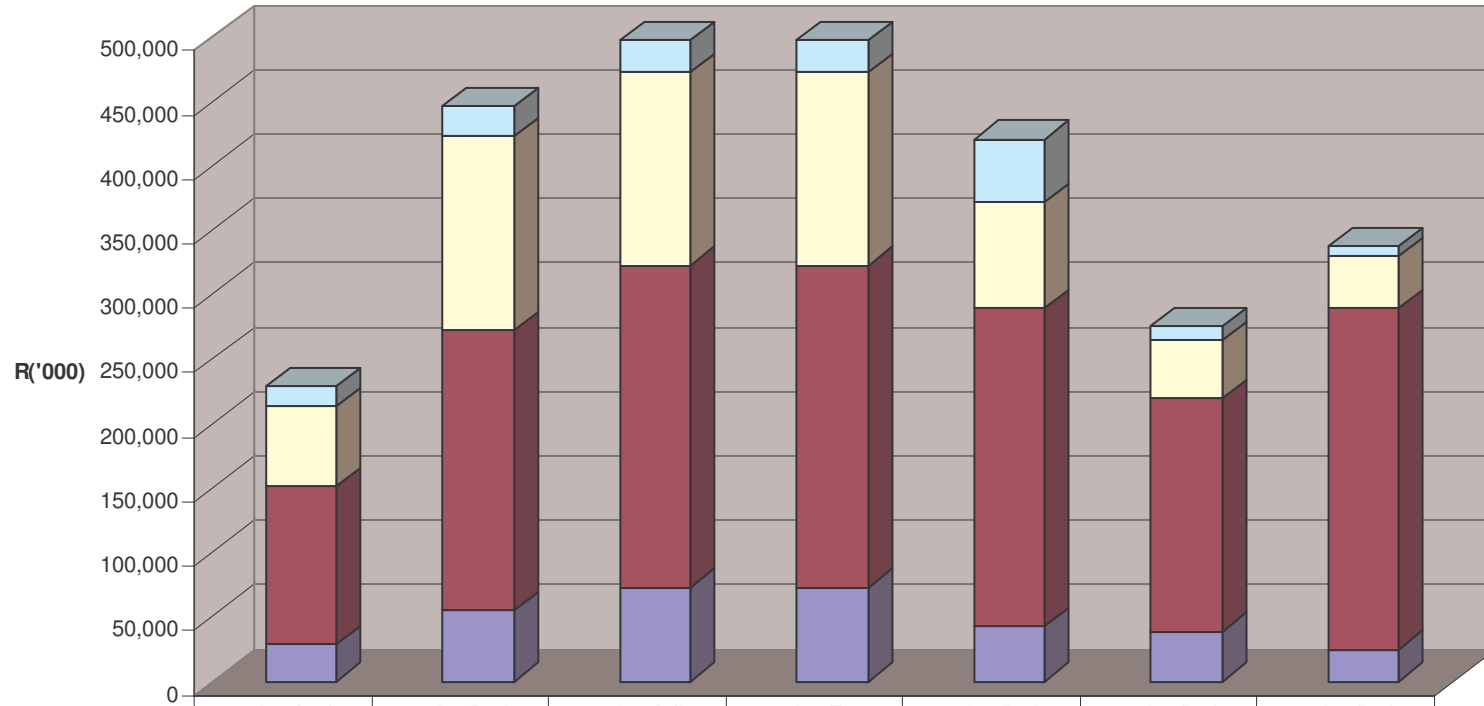
	04/05 Aud	05/06 Bud	05/06 Adj	05/06 Est	06/07 Bud	07/08 Proj	08/09 Proj
■ Sport and Recreation	10,247	7,830	10,079	10,079	6,700	3,330	5,604
■ Public Safety	7,429	22,721	22,525	13,961	20,506	13,636	3,690
■ Housing	44,813	121,538	144,962	43,809	150,025	70,000	168,500
■ Other	741	834	834	707	1,913	1,614	900
■ Waste Management	0	0	0	0	11,649	10,709	4,300
■ Water	56,663	41,089	45,065	36,434	33,593	31,955	26,907
■ Road Transport	19,413	21,514	29,262	22,862	53,526	21,524	20,900
■ Electricity	21,848	17,555	25,067	25,500	29,854	26,094	29,650
■ Waste Water Management	43,672	133,472	141,638	49,214	36,768	38,905	35,540

TABLE 4 : CAPITAL FUNDING BY SOURCE

TABLE 4 CAPITAL FUNDING BY SOURCE	Preceding Year 2004/05	Current Year 2005/06			MTREF		
	Audited Actual R'000	Approved Budget R'000	Adjusted Budget R'000	Full Year Forecast R'000	Budget Year 2006/07	Budget Year +1 2007/08	Budget Year +2 2008/09
					Budget R'000	Budget R'000	Budget R'000
National Government							
Amounts allocated / gazetted for that year	24,980	54,934	66,377	145,490	119,886	148,684	121,701
Amounts carried over from previous years	4,409	-	6,716	6,716	9,451	-	-
Total Grants & Subsidies - National Government	29,389	54,934	73,093	152,206	129,337	148,684	121,701
Provincial Government							
Amounts allocated / gazetted for that year	120,799	216,942	220,624	18,436	59,273	70,000	176,580
Amounts carried over from previous years	1,295	-	29,129	29,129	95,899	-	-
Total Grants & Subsidies - Provincial Government	122,094	216,942	249,753	47,565	155,172	70,000	176,580
District Municipality							
Amounts allocated for that year	16,356	-	-	-	-	-	-
Amounts carried over from previous years	6,619	-	2,187	2,187	-	-	-
Total Grants & Subsidies - District Municipalities	22,975	-	2,187	2,187	-	-	-
Total Government Grants & Subsidies	174,458	271,876	325,033	201,958	284,509	218,684	298,281
Public Contributions & Donations	15,911	9,192	21,456	11,122	27,822	13,825	8,051
Accumulated Surplus (Own Funds)	14,510	23,659	24,390	41,153	47,722	9,607	4,250
External Loans	62,617	151,437	149,894	22,343	77,923	42,498	37,560
TOTAL FUNDING OF CAPITAL EXPENDITURE	267,496	456,164	520,773	276,576	437,976	284,614	348,142

CHART 4 : CAPITAL FUNDING BY SOURCE

Capital Funding by Source



	04/05 Aud	05/06 Bud	05/06 Adj	05/06 Est	06/07 Bud	07/08 Proj	08/09 Proj
Accumulated Surplus	14,510	23,659	24,390	24,390	48,370	11,162	7,300
External Loans	62,617	151,437	149,894	149,894	83,114	45,338	40,760
Grants - Provincial Government	122,094	216,942	249,753	249,753	247,034	180,799	264,901
Grants - National Government	29,389	54,934	73,093	73,093	42,277	38,885	24,800

TABLE 5: SUMMARY OF REVENUE AND EXPENDITURE BY GFS CLASSIFICATION

TABLE 5 SUMMARY OF REV & EXP BY GFS CLASSIFICATION	2006/07						
	Appropriations			Funding			(Surplus) /
	Capital R'000	Operating R'000	Total R'000	Own Source R'000	External R'000	Total R'000	Deficit R'000
Executive & Council	6,460	59,783	66,243	500	14,052	14,552	51,691
Finance & Admin - Finance	21,923	148,257	170,180	368,876	89,240	458,116	(287,936)
Finance & Admin - HR		40,335	40,335		23,767	23,767	16,568
Finance & Admin - IT		15,948	15,948		487	487	15,461
Finance & Admin - Other		110,625	110,625	543	3,679	4,222	106,403
Planning and Development	36,785	88,547	125,332	25,083	55,670	80,753	44,579
Health	5,536	39,594	45,130	3,246	30,868	34,114	11,016
Community & Social Services	22,051	50,395	72,446	27,089	5,102	32,191	40,255
Housing	150,025	52,448	202,473	1,761	339,231	340,992	(138,519)
Public Safety	20,506	91,304	111,810	60,234	13,973	74,207	37,603
Sport & Recreation	6,700	31,839	38,539	4,934	5,115	10,049	28,490
Environmental Protection	2,600	47,347	49,947	1,164	2,625	3,789	46,158
Waste Management	11,649	123,113	134,762	99,622	38,850	138,472	(3,710)
Waste Water Management	36,768	103,056	139,824	91,527	102,870	194,397	(54,573)
Road Transport	53,526	77,463	130,989	33,971	23,961	57,932	73,057
Water	33,593	184,685	218,278	145,845	79,671	225,516	(7,238)
Electricity	29,853	363,726	393,579	475,943	41,892	517,835	(124,256)
Other		14,842	14,842	13,911	792	14,703	139
TOTAL	437,975	1,643,307	2,081,282	1,354,249	871,845	2,226,094	(144,812)

TABLE 5 : SUMMARY OF REVENUE & EXPENDITURE BY GFS CLASSIFICATION (Continued)

TABLE 5 SUMMARY OF REV & EXP BY GFS CLASSIFICATION	2007/08							2008/09						
	Appropriations			Funding			(Surplus) /	Appropriations			Funding			(Surplus) /
	Capital	Operating	Total	Own Source	External	Total	Deficit	Capital	Operating	Total	Own Source	External	Total	Deficit
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Executive & Council	3,020	55,659	58,679		4,364	4,364	54,315	1,400	60,756	62,156		4,779	4,779	57,377
Finance & Admin - Finance	20,563	163,588	184,151	376,305	118,143	494,448	(310,297)	1,051	196,219	197,270	396,120	134,027	530,147	(332,877)
Finance & Admin - HR		23,295	23,295		5,783	5,783	17,512		24,681	24,681		5,783	5,783	18,898
Finance & Admin - IT		16,570	16,570		450	450	16,120		17,056	17,056		252	252	16,804
Finance & Admin - Other		97,736	97,736	580	3,486	4,066	93,670		103,535	103,535	621	3,436	4,057	99,478
Planning and Development	34,288	65,106	99,394	26,716	27,049	53,765	45,629	38,050	68,970	107,020	27,111	30,238	57,349	49,671
Health	2,160	42,126	44,286	171	30,568	30,739	13,547	5,650	47,503	53,153	2,662	31,568	34,230	18,923
Community & Social Services	5,462	51,065	56,527	6,669	8,033	14,702	41,825	5,900	54,162	60,062	6,910	8,471	15,381	44,681
Housing	70,000	28,408	98,408	493	210,489	210,982	(112,574)	168,500	58,220	226,720	527	352,683	353,210	(126,490)
Public Safety	13,636	97,542	111,178	61,820	10,685	72,505	38,673	3,690	103,892	107,582	55,992	9,032	65,024	42,558
Sport & Recreation	3,330	34,541	37,871	4,615	1,876	6,491	31,380	5,604	36,445	42,049	5,358	3,600	8,958	33,091
Environmental Protection	2,969	50,180	53,149	2,305	1,613	3,918	49,231	1,000	53,399	54,399	359	1,613	1,972	52,427
Waste Management	10,709	131,702	142,411	108,800	40,576	149,376	(6,965)	4,300	139,173	143,473	110,682	40,213	150,895	(7,422)
Waste Water Management	38,904	106,932	145,836	129,997	76,977	206,974	(61,138)	35,540	114,558	150,098	139,061	75,351	214,412	(64,314)
Road Transport	21,524	97,526	119,050	7,193	17,309	24,502	94,548	20,900	100,334	121,234	7,041	16,865	23,906	97,328
Water	31,955	185,052	217,007	156,928	67,385	224,313	(7,306)	26,907	187,356	214,263	169,846	52,526	222,372	(8,109)
Electricity	26,094	398,224	424,318	505,403	37,026	542,429	(118,111)	29,650	427,407	457,057	547,639	36,362	584,001	(126,944)
Other		14,818	14,818	14,986	357	15,343	(525)		15,768	15,768	15,390	357	15,747	21
TOTAL	284,614	1,660,070	1,944,684	1,402,981	662,169	2,065,150	(120,466)	348,142	1,809,434	2,157,576	1,485,319	807,156	2,292,475	(134,899)

TABLE 6 : EXPENDITURE BY TYPE

TABLE 6 OPERATING EXPENDITURE BY TYPE	Preceding Year	Current Year			Medium Term Revenue and Expenditure Framework		
	2004/05	2005/06			Budget Year	Budget Year +1	Budget Year +2
					2006/07	2007/08	2008/09
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F	Budget R'000 G
<u>Operating Expenditure by Type</u>							
Employee related costs	437,749	501,556	493,274	480,715	524,388	566,966	600,619
Remuneration of Councillors	11,882	13,389	13,142	13,142	16,001	16,782	17,668
Bad debts	80,619	32,692	32,692	32,692	21,544	23,176	24,954
Collection costs	4,418	8,058	8,058	8,472	8,472	8,882	9,415
Depreciation	59,376	84,135	84,135	84,135	74,695	91,990	106,055
Repairs and maintenance	72,001	81,684	80,345	80,785	95,707	98,481	104,423
Interest on External Loans	57,430	58,367	58,367	58,367	67,632	71,073	74,331
Bulk purchases - Electricity	221,700	239,701	239,701	239,701	249,911	270,714	293,248
Bulk purchases - Water	57,089	64,056	62,235	62,235	75,133	79,747	81,582
Contracted services	3,377	2,399	2,764	2,764	2,484	2,572	2,726
Operating Projects	0	0	64,382	64,382	94,873	14,193	7,175
Advertising	458	421	425	425	433	445	472
Audit fees	1,355	1,519	1,508	1,508	2,330	2,446	2,593
Bank charges	4,706	4,164	5,364	5,364	5,651	5,925	6,281
Travel and Accommodation	1,867	1,873	2,442	2,442	2,199	2,253	2,378
Insurance	7,830	8,858	8,862	8,862	10,534	11,463	12,475
General Expenses Other	331,643	331,841	282,381	294,086	347,134	371,962	412,640
Total Operating Expenditure By Type	1,353,500	1,434,712	1,440,076	1,440,076	1,599,122	1,639,070	1,759,034

CHART 5: EXPENDITURE BY TYPE / EXPENDITURE CATEGORY

Operating Expenditure by Major Type (see next chart for break down of other)

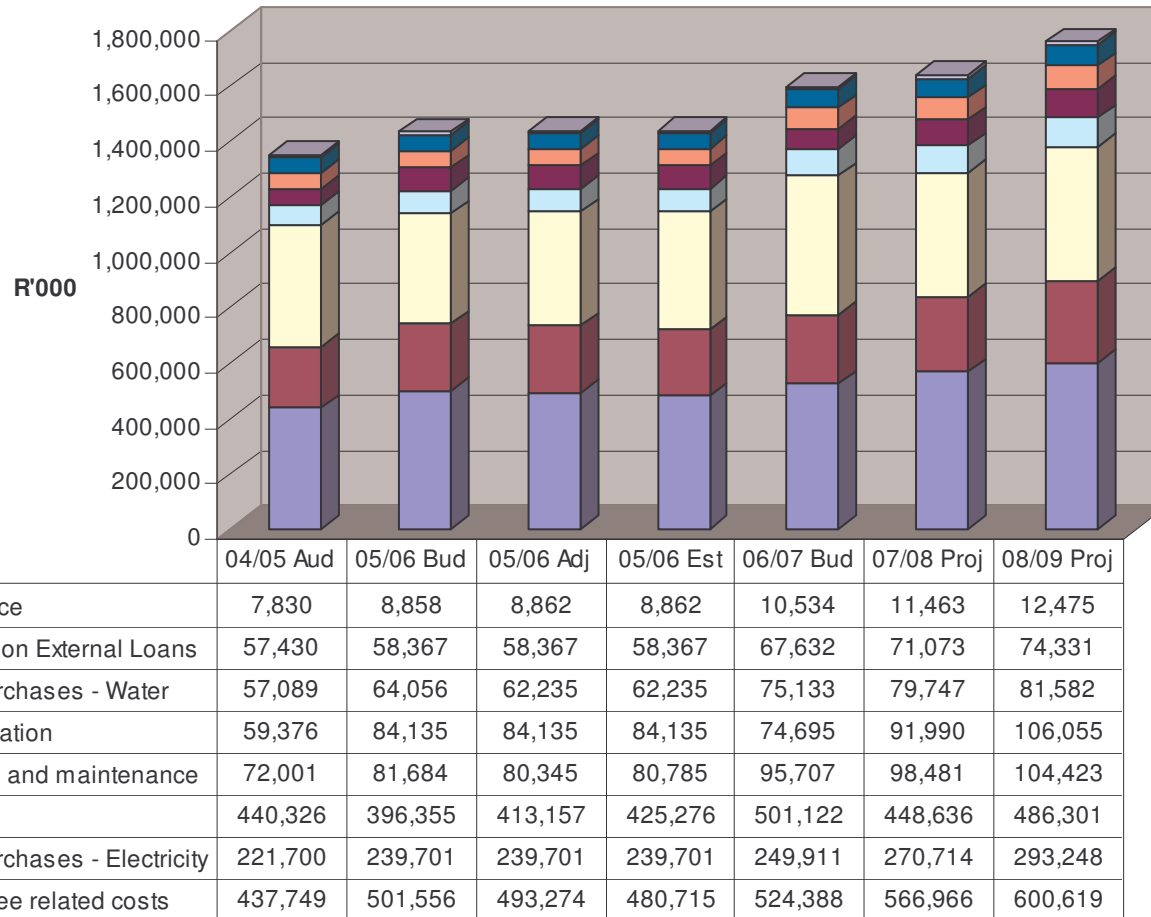
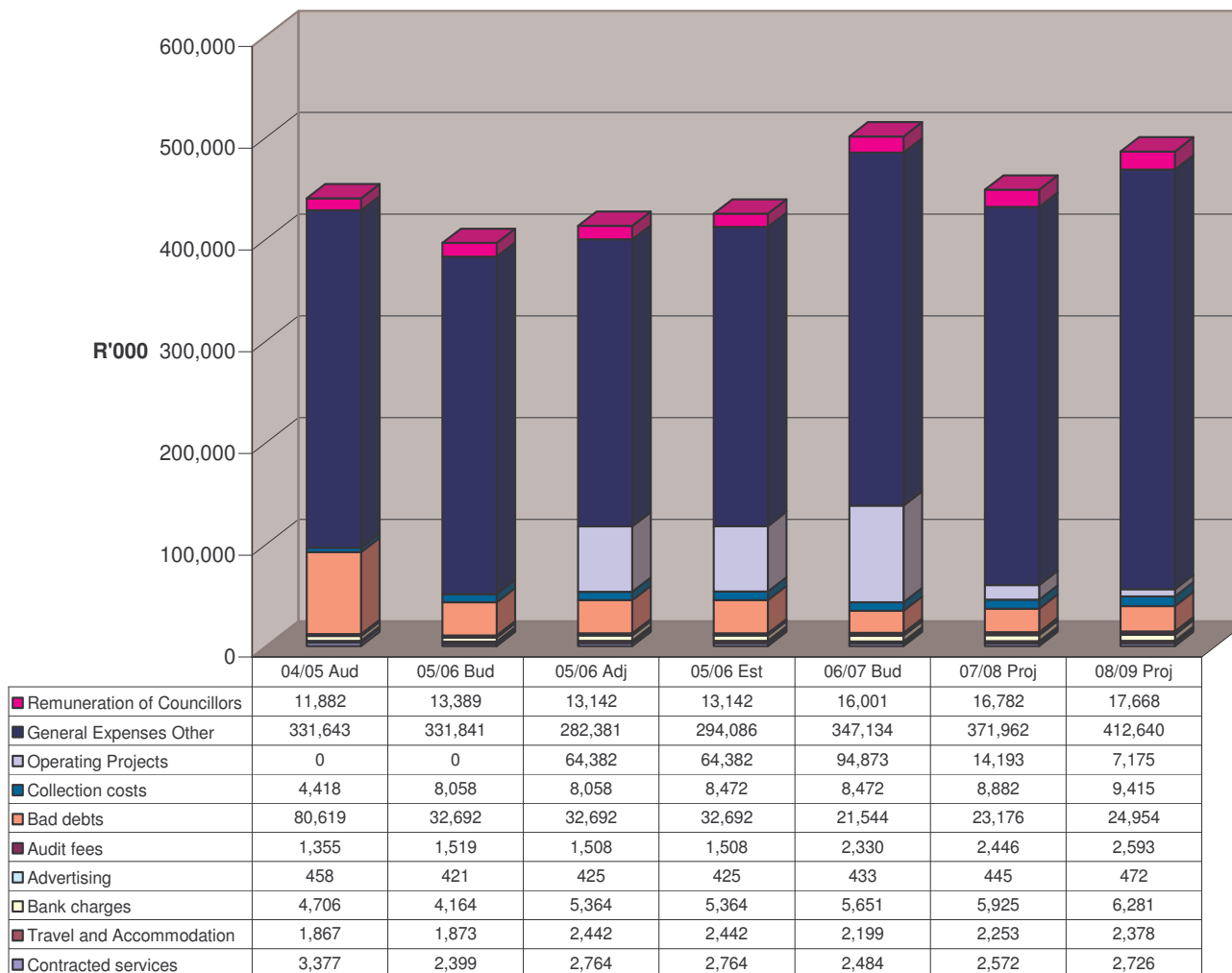


CHART 6: EXPENDITURE BY TYPE / EXPENDITURE CATEGORY

Operating Expenditure by Minor Type (break down of other from previous chart)



ANNEXURE 2

Schedule 1 : Operating Revenue by Vote

Schedule 2 : Capital Expenditure by Vote

SCHEDULE 1: OPERATING BUDGET BY VOTE

SCHEDULE 1 OPERATING EXPENDITURE BY VOTE	Preceding Year 2004/05	Current Year 2005/06			Medium Term Revenue and Expenditure Framework		
	Audited Actual R'000	Approved Budget R'000	Adjusted Budget R'000	Full Year Forecast R'000	Budget Year 2006/07	Budget Year +1 2007/08	Budget Year +2 2008/09
					Budget R'000	Budget R'000	Budget R'000
DIRECTORATE - EXECUTIVE MAYOR	47,546	43,285	44,320	44,320	50,849	50,564	53,522
Executive & Council	42,086	37,364	37,838	37,838	43,680	43,695	46,241
Finance & Admin - Other	5,460	5,921	6,482	6,482	7,169	6,869	7,281
CITY MANAGER'S OFFICE	21,311	38,579	42,378	42,378	54,724	33,708	37,611
Executive & Council	-2,791	8,945	10,261	10,261	10,846	7,918	10,247
Finance & Admin - Internal Audit	1,564	3,319	3,320	3,320	3,028	3,180	3,369
Finance & Admin - Legal Services	2,121	3,190	3,190	3,190	3,453	3,730	3,953
Planning & Development	12,350	15,510	17,842	17,842	29,063	10,601	11,217
Other (Market)	8,067	7,615	7,765	7,765	8,334	8,279	8,825
DIRECTORATE OF FINANCE	65,707	120,973	125,315	125,315	145,229	160,408	192,850
Finance & Admin - Finance	65,707	120,973	125,315	125,315	145,229	160,408	192,850
DIRECTORATE OF CORPORATE SERVICES	60,134	77,187	72,349	72,349	80,117	63,629	67,028
Executive & Council	2,643	2,408	3,786	3,786	5,257	4,045	4,267
Finance & Admin - HR	41,724	37,189	31,353	31,353	40,335	23,295	24,681
Finance & Admin - IT	-2,024	20,868	17,958	17,958	15,948	16,570	17,056
Finance & Admin - Other	17,791	16,722	19,252	19,252	18,577	19,719	21,024
DIRECTORATE OF ENGINEERING SERVICES	727,247	725,898	723,178	723,178	784,635	829,921	874,166
Finance & Admin - Other	10,382	18,603	18,308	18,308	55,705	42,187	44,511
Waste Water Management	96,941	108,105	104,895	104,895	103,056	106,932	114,558
Road Transport	84,031	82,543	80,609	80,609	77,463	77,463	100,334
Water	150,249	164,948	168,486	168,486	184,685	185,052	187,356
Electricity	385,644	351,699	350,880	350,880	363,726	398,224	427,407
DIRECTORATE OF PLANNING & DEVELOPMENT	108,388	78,334	78,489	78,489	96,058	89,612	95,003
Finance & Admin - Other	10,356	18,873	19,756	19,756	22,464	21,847	23,215
Planning & Development	41,423	46,317	45,588	45,588	59,484	54,505	57,753
Housing	50,127	7,574	7,574	7,574	8,263	7,408	7,820
Other (Bus Service & BCMET)	6,482	5,570	5,571	5,571	5,847	5,852	6,215
DIRECTORATE OF SOCIAL SERVICES	326,354	350,455	354,048	354,048	387,510	411,227	438,853
Finance & Admin - Other	3,753	3,272	2,727	2,727	3,257	3,384	3,552
Health	33,760	36,844	37,451	37,451	39,594	42,126	47,503
Community & Social Services	44,730	44,477	46,442	46,442	50,395	51,065	54,161
Public Safety	71,045	80,253	80,202	80,202	91,304	97,542	103,892
Sport and Recreation	29,621	29,873	30,761	30,761	31,839	34,541	36,445
Environmental Protection	43,932	44,163	43,993	43,993	47,347	50,180	53,399
Waste Management	98,888	110,943	111,842	111,842	123,113	131,702	139,173
Other (Dog Tax)	625	630	630	630	661	687	728
OPERATING EXPENDITURE BY VOTE	1,356,687	1,434,711	1,440,077	1,440,077	1,599,122	1,639,069	1,759,033

SCHEDULE 2 : CAPITAL BUDGET BY VOTE

SCHEDULE 2 CAPITAL EXPENDITURE BY VOTE	Preceding Year 2004/05	Current Year 2005/06			MTREF		
	Audited Actual R'000	Approved Budget R'000	Adjusted Budget R'000	Full Year Forecast R'000	Budget Year 2006/07	Budget Year +1 2007/08	Budget Year +2 2008/09
					Budget R'000	Budget R'000	Budget R'000
DIRECTORATE - EXECUTIVE MAYOR	2,773	470	1,306	1,306	0	0	0
Executive & Council	2,599	470	1,306	1,306	0	0	0
Finance & Admin - Other	174	0	0	0	0	0	0
CITY MANAGER'S OFFICE	5,502	7,622	13,995	13,868	7,918	7,214	5,400
Executive & Council	0	0	0	0	320	250	0
Finance & Admin - Internal Audit	331	310	557	557	1,913	1,614	900
Finance & Admin - Legal Services	0	0	0	0	0	0	0
Planning & Development	4,430	6,478	12,604	12,604	5,685	5,350	4,500
Other (Market)	741	834	834	707	0	0	0
DIRECTORATE OF FINANCE	8,156	25,993	9,737	9,279	14,795	18,695	150
Finance & Admin - Finance	8,156	25,993	9,737	9,279	14,795	18,695	150
DIRECTORATE OF CORPORATE SERVICES	7,889	5,823	15,323	13,192	13,268	4,638	2,301
Executive & Council	0	112	112	112	6,140	2,770	1,400
Finance & Admin - HR	7,889	5,711	15,211	13,080	140	50	50
Finance & Admin - IT	0	0	0	0	4,381	1,318	351
Finance & Admin - Other	0	0	0	0	2,607	500	500
DIRECTORATE OF ENGINEERING SERVICES	121,174	198,024	223,237	116,939	153,740	118,478	112,997
Finance & Admin - Other	0	0	743	0	0	0	0
Waste Water Management	23,250	117,867	121,344	32,143	36,768	38,905	35,540
Road Transport	19,413	21,514	30,984	22,862	53,526	21,524	20,900
Water	56,663	41,089	45,099	36,434	33,593	31,955	26,907
Electricity	21,848	17,554	25,067	25,500	29,853	26,094	29,650
DIRECTORATE OF PLANNING & DEVELOPMENT	60,913	149,264	175,814	56,647	179,209	97,323	201,150
Finance & Admin - Other	0	0	0	0	0	0	0
Planning & Development	16,100	27,726	31,047	12,978	29,984	27,323	32,650
Housing	44,813	121,538	144,767	43,669	149,225	70,000	168,500
Other (Bus Service & BCMET)	0	0	0	0	0	0	0
DIRECTORATE OF SOCIAL SERVICES	61,088	68,967	81,360	65,345	69,044	38,266	26,144
Finance & Admin - Other	0	0	0	0	0	0	0
Health	4,525	6,029	7,045	6,147	5,536	2,160	5,650
Community & Social Services	4,911	12,777	18,083	11,995	22,053	5,462	5,900
Public Safety	7,429	22,721	22,525	13,961	20,506	13,636	3,690
Sport and Recreation	10,247	7,830	9,110	10,079	6,700	3,330	5,604
Environmental Protection	13,554	4,005	6,591	6,090	2,600	2,969	1,000
Waste Management	20,422	15,605	18,006	17,073	11,649	10,709	4,300
Other (Dog Tax)	0	0	0	0	0	0	0
CAPITAL EXPENDITURE BY VOTE	267,495	456,163	520,772	276,576	437,974	284,614	348,142

SCHEDULE 3: CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2006/2007 R	2007/2008 R	2008/2009 R
NET ASSETS AND LIABILITIES			
Net Assets	1,448,814,512	1,684,661,875	1,993,180,033
COID Fund	5,979,312	5,979,312	5,979,312
Capital Replacement Reserve	9,288	9,288	9,288
Capitalisation Reserve	54,090,142	46,842,482	41,191,182
Government Grant Reserve	797,754,108	978,432,809	1,221,019,646
Donations and Public Contr Reserve	113,207,975	119,385,909	127,297,865
Self-Insurance Reserve	17,783,069	17,783,069	17,783,069
Revaluation Reserve	176,908,848	169,420,608	162,068,303
Accumulated Surplus	283,081,770	346,808,398	417,831,368
Non-Current Liabilities	584,356,000	599,589,000	564,947,000
Long-Term Liabilities	568,256,000	582,684,000	547,197,000
Non-Current Provisions	16,100,000	16,905,000	17,750,000
Current Liabilities	573,590,836	520,395,473	697,618,178
Consumer Deposits	22,775,255	24,141,770	25,590,276
Current Provisions	12,150,000	12,757,500	13,400,000
Creditors	152,242,662	168,452,203	186,644,902
Unspent Cond Grants and Receipts	280,246,919	209,905,000	297,631,000
Current portion of long-term liabilities	106,176,000	105,139,000	174,352,000
Total Net Assets and Liabilities	<u>2,606,761,348</u>	<u>2,804,646,348</u>	<u>3,255,745,211</u>
ASSETS			
Non-Current Assets	2,033,786,849	2,269,665,065	2,668,063,280
Property Plant and Equipment	2,032,905,691	2,269,367,048	2,667,955,308
Investments	-	-	-
Long-Term Receivables	881,158	298,017	107,972
Current Assets	572,975,999	534,981,283	587,681,531
Inventory	16,000,000	16,500,000	17,000,000
Consumer Debtors	196,370,951	206,189,499	216,498,974
Other Debtors	65,000,000	70,000,000	85,000,000
Current Portion of Long-term Receivables	298,017	107,972	-
Call Investments Deposits	238,546,083	171,879,434	186,489,186
Cash in Bank	56,760,948	70,304,378	82,693,371
TOTAL ASSETS	<u>2,606,762,848</u>	<u>2,804,646,348</u>	<u>3,255,744,811</u>

BUDGETED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2007

	<u>COID Fund</u>	<u>Capital Replacement Reserve</u>	<u>Capitalisation Reserve</u>	<u>Government Grant Reserve</u>	<u>Donations and Public Contributions Reserve</u>	<u>Self-Insurance Reserve</u>	<u>Revaluation Reserve</u>	<u>Unappropriated Surplus</u>	<u>Total</u>
	R	R	R	R	R	R	R	R	R
2007									
Balance at 01 July 2006	5,979,312	9,288	61,508,311	536,671,167	95,283,472	17,783,069	184,474,818	231,277,750	1,132,987,187
Transactions i.r.o. Previous Year	-	-	-	-	-	-	-	-	-
Correction of Error	-	-	-	-	-	-	-	-	-
Changes in Accounting Policy	-	-	-	-	-	-	-	-	-
Restated Balance	5,979,312	9,288	61,508,311	536,671,167	95,283,472	17,783,069	184,474,818	231,277,750	1,132,987,187
Accumulated Surplus/(Deficit) for the year	-	-	-	-	-	-	-	315,827,325	315,827,325
Transfer to CRR	-	25,834,662	-	-	-	-	-	(25,834,662)	-
Transfer Interest Earned to Grants and Property, Plant and Equipment Purchased	-	(25,834,662)	-	-	-	-	-	25,834,662	-
Capital Grants used to Purchase PPE	-	-	-	289,811,195	-	-	-	(289,811,195)	-
VAT Corrections	-	-	-	-	-	-	-	-	-
Donated/Contributed PPE	-	-	-	-	24,318,658	-	-	(24,318,658)	-
Transfer to Provision	-	-	-	-	-	-	-	-	-
Contribution to Insurance Reserve	-	-	-	-	-	-	-	-	-
Insurance Claims Processed	-	-	-	-	-	-	-	-	-
Asset Disposals	-	-	-	-	-	-	-	-	-
Offsetting of Depreciation	-	-	(7,418,169)	(28,728,254)	(6,394,155)	-	(7,565,970)	50,106,548	-
Balance at 30 June 2007	5,979,312	9,288	54,090,142	797,754,108	113,207,975	17,783,069	176,908,848	283,081,770	1,448,814,512

ANNEXURE 3

Supporting Table 1 : Reconciliation of IDP & Budget – Revenue

Supporting Table 2 : Reconciliation of IDP & Budget – Opex

Supporting Table 3 : Reconciliation of IDP & Budget – Capex

Supporting Table 4 : Investment particulars by Type

Supporting Table 4a : Investment particulars by Maturity

Supporting Table 5 : Government Grants and Subsidies - Allocations

Supporting Table 6 : New Borrowings

Supporting Table 7 : Grant Allocation to Entity

Supporting Table 8 : Disclosure of Salaries, Allowances and Benefits

Supporting Table 8a: Summary of Total Salaries, Wages, Allowances

Supporting Table 8b: Summary of Personnel Numbers

Supporting Table 9 : Monthly Cashflows

Supporting Table 10 : To be submitted to the Mayor on 13 June 2006

SUPPORTING TABLE 1: RECONCILIATION OF IDP & BUDGET – REVENUE

SUPPORTING TABLE 1 RECONCILIATION OF IDP & BUDGET - REVENUE	Preceding Year 2004/05	Current Year 2005/06			Medium Term Revenue and Expenditure Framework		
	Audited Actual R'000	Approved Budget R'000	Adjusted Budget R'000	Full Year Forecast R'000	Budget Year 2006/07	Budget Year +1 2007/08	Budget Year +2 2008/09
					Budget R'000	Budget R'000	Budget R'000
<u>Revenue by Source</u>							
Environmental	129,127	110,734	113,031	113,031	128,014	135,785	143,332
Economic	18,366	16,064	20,237	20,237	33,910	13,598	13,400
Spatial & Infrastructure	780,294	637,222	634,388	634,388	676,636	701,780	740,893
Finance & Institutional	545,742	613,121	617,895	617,895	690,817	718,375	788,976
Social	86,847	57,690	54,645	54,645	70,265	71,000	73,932
TOTAL OPERATING REVENUE	1,560,376	1,434,831	1,440,196	1,440,196	1,599,642	1,640,538	1,760,533

SUPPORTING TABLE 2: RECONCILIATION OF IDP & BUDGET – OPEX

SUPPORTING TABLE 2 RECONCILIATION OF IDP & BUDGET - OPEX	Preceding Year 2004/05	Current Year 2005/06			Medium Term Revenue and Expenditure Framework		
	Audited Actual R'000	Approved Budget R'000	Adjusted Budget R'000	Full Year Forecast R'000	Budget Year 2006/07	Budget Year +1 2007/08	Budget Year +2 2008/09
					Budget R'000	Budget R'000	Budget R'000
<u>Revenue by Source</u>							
Environmental	162,301	175,430	177,886	177,886	195,745	207,785	220,967
Economic	24,855	28,061	32,483	32,483	47,645	27,540	28,905
Spatial & Infrastructure	751,342	796,017	794,541	794,541	873,193	911,673	960,180
Finance & Institutional	267,432	245,951	242,958	242,958	272,759	270,644	311,193
Social	172,713	189,253	192,208	192,208	209,780	221,427	237,788
TOTAL OPEX EXPENDITURE	1,378,643	1,434,712	1,440,076	1,440,076	1,599,122	1,639,069	1,759,033

SUPPORTING TABLE 3: RECONCILIATION OF IDP & BUDGET – CAPEX

SUPPORTING TABLE 3 RECONCILIATION OF IDP & BUDGET - CAPEX	Preceding Year 2004/05	Current Year 2005/06			Medium Term Revenue and Expenditure Framework		
	Audited Actual R'000	Approved Budget R'000	Adjusted Budget R'000	Full Year Forecast R'000	Budget Year 2006/07	Budget Year +1 2007/08	Budget Year +2 2008/09
					Budget R'000	Budget R'000	Budget R'000
Environmental	26,589	22,210	27,307	26,313	15,223	14,938	7,300
Economic	5,549	7,762	13,438	13,311	9,098	9,214	7,500
Spatial & Infrastructure	181,833	347,300	398,662	173,586	332,950	215,800	314,147
Finance & Institutional	18,470	32,596	26,923	24,334	27,014	23,334	2,451
Social	35,056	46,297	54,443	39,032	53,690	21,328	16,744
TOTAL CAPITAL EXPENDITURE	267,497	456,165	520,773	276,576	437,975	284,614	348,142

SUPPORTING TABLE 4: INVESTMENT PARTICULARS BY TYPE

SUPPORTING TABLE 4 INVESTMENT PARTICULARS BY TYPE	Preceding Year 2004/05	Current Year 2005/06			MTREF		
	Audited Year R '000	Approved Budget R'000	Adjusted Budget R'000	Full Year Forecast R'000	Budget Year 2006/07	Budget Year +1 2007'08	Budget Year +2 2008/09
					Budget R'000	Budget R'000	Budget R'000
Investment Type							
Securities - National Government Listed Corporate Bonds							
Deposits - Banks	181,566,768	137,295,676	620,783,306	620,783,306	320,853,876	240,640,407	180,480,305
Deposits - Public Investment Commissioners							
Deposits - Corporation for Public Deposits							
Bankers Acceptance Certificates							
Negotiable Certificate of Deposit - Banks							
Guaranteed Endowment Policies (sinking funds)							
Repurchase Agreements - Banks							
Municipal Bonds							
Promissory Notes	108,208,926	127,578,324	8,650,249	8,650,249	10,198,644	12,024,201	14,176,533
TOTAL INVESTMENTS	289,775,694	264,874,000	629,433,555	629,433,555	331,052,520	252,664,608	194,656,838

SUPPORTING TABLE 4(a): INVESTMENT PARTICULARS BY MATURITY

SUPPORTING TABLE 4a	Type of Investment	Expiry Date of investment	Monetary Value R'000 (Incl interest)	Interest to be Realised R'000
INVESTMENT PARTICULARS BY MATURITY				
<u>Name of Institution / Investment ID</u>				
Investec	Ceded Promissory Notes	27/03/2008	6,892,651	544,366
Standard	Ceded Promissory Notes	29/07/2009	1,757,598	108,319
Absa	Call Account	Call Account	1,179,507	52,190
Nedbank	Surety		270,792	5,380
Peoples Bank	Surety		296,200	13,861
First National	Call Account	Call Account	9,198,382	411,157
First National	Short term cash investment	05/06/2006	20,000,000	
First National	Short term cash investment	13/06/2006	10,000,000	
First National	Short term cash investment	10/08/2006	30,000,000	
First National	Short term cash investment	22/06/2006	20,000,000	
Absa	Call Account	Call Account	15,467,140	612,323
Absa	Call Account	Call Account	3,459,493	154,150
Absa	Call Account	Call Account	2,838,187	193,307
Absa	Call Account	Call Account	2,297,909	115,142
Absa	Call Account	Call Account	163,027	6,726
Absa	Call Account	Call Account	5,081,343	239,107
Absa	Call Account	Call Account	115,152	5,582
Absa	Call Account	Call Account	3,820,022	137,547
Absa	Call Account	Call Account	4,034,728	154,594
Absa	Call Account	Call Account	8,969,437	209,437
Absa	Short term cash investment	13/06/2006	15,000,000	
Absa	Short term cash investment	15/06/2006	20,000,000	
Absa	Short term cash investment	10/08/2006	30,000,000	
Investec	Call Account	Call Account	6,231,090	327,840
Investec	Call Account	Call Account	1,756,146	93,679
Investec	Call Account	Call Account	3,486,058	196,512
Investec	Call Account	Call Account	25,291,117	795,928
Investec	Call Account	Call Account	10,832,886	1,259,286
Investec	Call Account	Call Account	3,897,023	45,952
Investec	Call Account	Call Account	5,747,517	227,556
Investec	Call Account	Call Account	4,769,599	155,695
Investec	Short term cash investment	10/08/2006	30,000,000	
Standard	Call Account	Call Account	8,746,898	432,573
Standard	Short term cash investment	13/06/2006	20,000,000	
Standard	Short term cash investment	15/06/2006	20,000,000	
Standard	Short term cash investment	10/08/2006	30,000,000	
Nedbank	Call Account	Call Account	6,877,104	279,020
Nedbank	Call Account	Call Account	1,551,276	60,503
Nedbank	Call Account	Call Account	900,355	24,915
Nedbank	Call Account	Call Account	15,250,822	250,822
Nedbank	Short term cash investment	22/06/2006	20,000,000	
Nedbank	Short term cash investment	05/06/2006	20,000,000	
Nedbank	Call Account	Call Account	23,335	12,212
Nedbank	Call Account	Call Account	2,139,045	18,862
Nedbank	Short term cash investment	14/05/2006	20,000,000	
Nedbank	Short term cash investment	13/06/2006	20,000,000	
Nedbank	Short term cash investment	15/06/2006	20,000,000	
Nedbank	Short term cash investment	10/08/2006	30,000,000	
Stanlib	Call Account	Call Account	18,115,910	826,753
Stanlib	Call Account	Call Account	67,556,289	2,901,756
Meeg	Short term cash investment	11/06/2006	4,175,000	
First National	Call Account	Call Account	9,357	47
Investec	Call Account	Call Account	1,235,161	147,894
			629,433,556	11,020,992

SUPPORTING TABLE 5: GOVERNMENT GRANTS AND SUBSIDIES - ALLOCATIONS

SUPPORTING TABLE 5 GOVERNMENT GRANTS & SUBSIDIES - ALLOCATIONS ¹	Preceding Year 2004/05	Current Year 2005/06			Medium Term Budget Year 2006/07
	Audited Actual R'000	Approved Budget R'000	Adjusted Budget R'000	Full Year Forecast R'000	Budget R'000
<u>National Grant Allocations</u>					
1. Equitable Share	179,480	184,233	184,233	184,233	213,344
2. Financial Management Grant	2,500	2,500	2,500	2,500	500
3. Restructuring Grant	20,000	35,000	35,000	35,000	35,000
4. Water Services Operating & Transfer Subsidy (DAAF)	3,288	3,721	3,721	3,721	8,834
5. Municipal Systems Improvement Grant	2,000	4,250	4,250	4,250	4,000
6. National Electrification Programme	8,999	12,150	12,150	12,150	13,000
7. Municipal Infrastructure Grant	80,200	95,111	95,111	95,111	100,161
8. Department of Science & Technology	5,561	0	0	0	0
Sub Total - National Grant Allocations	302,028	336,965	336,965	336,965	374,839
<u>Provincial Grant Allocations²</u>					
1. Health	19,958	16,722	16,722	28,198	28,568
2. Housing	35,783	122,525	144,214	144,214	147,283
3. Dept of Local Govt. & Traditional Affairs	1,200	0	414	414	250
4. Library	500	1,686	1,686	500	1,686
5. Arts & Culture	0	0	250	250	0
Sub Total - Provincial Grant Allocations	57,441	140,933	163,286	173,576	177,787
<u>Other Grant Allocations</u>					
1. Development Bank of SA	4,115	900	1,900	1,900	912
2. Amatola District Municipality	19,203	0	3,817	3,817	0
3. BCMET	4,346	4,295	5,700	5,700	5,566
4. EL IDZ	2,395	0	0	0	0
5. Swedish International Development Agency	9,607	6,493	9,204	9,204	7,495
6. LOTTO	1,575	0	19	19	0
7. VUNA Awards	1,000	0	1,081	1,081	0
8. Other	1,034	500	4,019	4,019	8,000
Sub Total - Municipal Grant Allocations	43,275	12,188	25,740	25,740	21,973
TOTAL GRANT ALLOCATIONS	402,744	490,086	525,991	536,281	574,599

SUPPORTING TABLE 6: NEW BORROWINGS

SUPPORTING TABLE 6	Preceding Year 2004/05	Current Year 2005/06			MTREF		
					Budget Year 2006/07	Budget Year + 1 2007/08	Budget Year + 2 2008/09
NEW BORROWING	Audited Actual R'000	Approved Budget R'000	Adjusted Budget R'000	Full Year Forecast R'000	Budget R'000	Budget R'000	Budget R'000
Development Bank of South Africa	63,925	151,437	-	-	83,114	45,338	40,760
NEW BORROWING	63,925	151,437	-	-	83,114	45,338	40,760

SUPPORTING TABLE 7: GRANT ALLOCATIONS TO ENTITIES

SUPPORTING TABLE 7	Preceding Year 2004/05	Current Year 2005/06			MTREF		
					Budget Year 2006/07	Budget Year +1 2007/08	Budget Year +2 2008/09
GRANT ALLOCATIONS	Audited Actual R'000	Approved Budget R'000	Adjusted Budget R'000	Full Year Forecast R'000	Budget R'000	Budget R'000	Budget R'000
Allocations to Entities							
Buffalo City Development Agency		500	1,000	1,000	1,000	1,000	1,000
TOTAL ALLOCATIONS TO ENTITIES		500	1,000	1,000	1,000	1,000	1,000

SUPPORTING TABLE 8: DISCLOSURE OF SALARIES

SUPPORTING TABLE 8 Disclosure of Salaries,allowances & Benefits	Salary	Social	Allowances	*Performance	Total Package
	Rand('000)	Contribution Rand('000)	Rand('000)	Bonuses Rand('000)	Rand('000)
<u>Municipal Councillors</u>					
List each political office bearer by designation					
1. Executive Mayor	339,278	50,641	110,018		499,937
2. Speaker	269,835	34,451	95,664		399,950
Member of executive Committee x 9	2,173,625	372,268	828,684		3,374,577
Total of all other councillors	8,971,445	1,172,669	1,404,323		11,726,226
<u>Official of the Municipality</u>					
Municipal Manager	465,948		388,305	169,556	1,023,809
1.Chief Financial Officer	465,948		310,644	127,323	903,915
2. Director Corporate Services	465,948		310,644	117,943	894,535
3. Director Social Services	465,948		310,644	121,215	897,807
4. Director Engineering Services	465,948		310,644	99,820	876,412
5. Director Planning & Economic Development	465,948		310,644	108,977	885,569
<u>Municipal Entities</u>					
Total of all Board of Directors					
Board Chairman			19,200		19,200
Board Members (2)			32,000		32,000
Chief Executive Officer	527,775		18,000		545,775
Senior Manager reporting to CEO	320,000		9,600		329,600

*Bonuses for Municipal senior managers reporting to MM are based on 2003/04 actual bonuses paid to them.

SUPPORTING TABLE 8(a): DISCLOSURE OF SALARIES

SUPPORTING TABLE 8a Summary of Total Salaries,Wages,Allowances	Preciding Year	Current Year			MTREF		
	2004/05	2005/06	2005/06	2005/06	Budget Year	Budget Year+1	Budget Year+2
	Audited Actual R'000	Approved Budget R'000	Adjust Budget R'000	Full Year Forecast R'000	2006/07 Budget R'000	2007/08 Budget R'000	2008/09 Budget R'000
Councillors(Political office beares plus Other							
Basic salaries	7,344,615	8,638,008	0	8,638,008	11,754,284	12,518,312	13,394,593
Pension contribution	922,583	1,212,356	0	1,212,356	1,024,745	1,024,745	1,024,745
Medical Aid Contribution	354,102	657,940	0	657,940	365,044	365,044	365,044
Allowances	3,260,567	2,880,501	0	2,880,501	2,856,617	2,874,187	2,883,234
Sub Total - Councillors	11,881,867	13,388,805		13,388,805	16,000,690	16,782,288	17,667,616
Senior Managers (s57 of system Act)							
Basic salaries	2,621,556	2,761,752	0	2,761,752	2,795,688	2,977,408	3,176,986
Pension contribution	471,880	497,112	0	497,112	501,828	534,446	571,857
Medical Aid Contribution	124,395	139,770	0	139,770	139,773	139,773	139,773
Allowances	1,297,665	1,501,524	0	1,501,524	1,941,525	1,941,525	1,941,525
Performance Bonus				744,834	744,834	744,834	744,834
Sub Total - Senior Managers	4,515,496	4,900,158		5,644,992	6,123,648	6,337,986	6,574,975
Other Municipal Staff							
Basic salaries	282,683,466	330,326,312	0	330,326,312	354,487,342	377,468,286	403,771,871
Pension contribution	45,170,960	55,381,587	0	55,381,587	59,806,812	63,702,747	68,162,273
Medical Aid Contribution	17,324,726	21,346,791	0	21,346,791	21,570,538	21,570,538	21,570,538
Allowances	33,130,075	35,995,317	0	35,995,317	46,727,042	47,290,155	47,930,139
Overtime	25,576,254	19,928,338	0	19,928,338	20,162,980	20,170,274	19,927,235
Performance Bonus	21,054,665	27,788,524	0	27,788,524	29,813,892	31,732,727	33,980,061
Sub total - Other Municipal Staff	424,940,146	490,766,869		490,766,869	532,568,606	561,934,727	595,342,117
Board Members Of Entities							
Allowances							
Board Fees	0	70,000	120,000	112,600	140,000	90,000	90,000
Sub Total -Board Members of Entities	0	70,000	120,000	112,600	140,000	90,000	90,000
Senior Managers of Entities							
Basic salaries	81,759	1,167,775	932,552	662,841	1,377,808	1,515,588	1,667,147
Pension contribution							
Medical Aid Contribution							
Allowances							
Sub Total-Senior Managers of Entities	81,759	1,167,775	932,552	662,841	1,377,808	1,515,588	1,667,147
Other Staff of Entities							
Basic salaries		532,225	584,186	110,380	570,192	627,211	689,933
Pension contribution							
Medical Aid Contribution							
Allowances							
Overtime							
Sub Total - Other Staff Entities	0	532,225	584,186	110,380	570,192	627,211	689,933
Total Employees Costs	441,419,268	510,825,832	1,636,738	510,686,487	556,780,944	587,287,800	622,031,788

SUPPORTING TABLE 8(b): DISCLOSURE OF SALARIES

SUPPORTING TABLE 8b Summary of Personnel numbers (Full time equivalent)	Precidng Year	Current Year			MTREF		
	2004/05 Audited Actual No.	2005/06 Approved Budget No.	2005/06 Adjust Budget No.	2005/06 Full Year Forecast No.	Budget Year 2006/07 Budget No.	Budget Year+1 2007/08 Budget No.	Budget Year+2 2008/09 Budget No.
	Municipality						
Councillors(Political Office Beares plus Other	91	87	87	87	87	87	87
Senior Managers including MM (s57 Systems Act	7	7	7	7	7	7	7
Other Managers	47	47	47	47	47	47	47
Other Staff (clerical,labourers etc)	2,711	2,748	2,748	2,748	2,748	2,748	2,748
Sub Total - Municipality	2,856	2,889	2,889	2,889	2,889	2,889	2,889
Entities							
Board Members	2		3	3	6	6	6
Senior Managers including CEO	1		2	2	2	3	4
Other Managers							1
Technical/Professional Staff							
Other Staff (Clerical, labourers etc)			2	2	2	3	3
Sub Total-Entities	3	-	7	7	10	12	14
TOTAL PERSONNEL NUMBERS	4,902	5,030	5,037	5,037	5,040	5,042	5,044

SUPPORTING TABLE 9: MONTHLY CASH FLOW

SUPPORTING TABLE 9 MONTHLY CASH FLOWS	Budget July 2006 R'000	Budget August 2006 R'000	Budget September 2006 R'000	Budget October 2006 R'000	Budget November 2006 R'000	Budget December 2006 R'000	Budget January 2007 R'000	Budget February 2007 R'000	Budget March 2007 R'000	Budget April 2007	Budget May 2007	Budget June 2007	Budget Full Year 2006/07	Budget Full Year 2007/08	Budget Full Year 2008/09
Opening balance	133,849,445	44,379,751	69,308,347	67,326,153	81,123,796	75,212,916	49,362,935	64,777,580	58,258,841	34,400,851	49,206,326	45,454,568	133,849,445	53,345,948	68,033,378
<u>Cash Operating Receipts by Source</u>															
Assessment Rates	31,187,063	31,187,063	31,187,063	21,369,468	21,369,468	21,369,468	21,369,468	21,369,468	21,369,468	21,369,468	21,369,468	21,369,468	285,886,399	306,609,125	328,378,373
Refuse Charges	7,508,010	7,508,010	7,508,010	7,508,010	7,508,010	7,508,010	7,508,010	7,508,010	7,508,010	7,508,010	7,508,010	7,508,010	90,096,123	96,492,948	103,343,947
Sewerage Charges	11,850,714	11,850,714	11,850,714	8,120,144	8,120,144	8,120,144	8,120,144	8,120,144	8,120,144	8,120,144	8,120,144	8,120,144	108,633,442	115,955,663	124,188,514
Trade Effluent	599,187	599,187	599,187	599,187	599,187	599,187	599,187	599,187	599,187	599,187	599,187	599,187	7,190,240	7,549,752	7,927,240
Water Charges	10,718,780	10,718,780	10,718,780	10,718,780	12,058,627	10,718,780	10,718,780	10,718,780	10,718,780	10,718,780	13,398,475	12,058,627	133,984,748	149,039,681	160,381,601
Electricity Charges	52,817,859	51,355,252	28,685,309	29,467,913	28,820,697	26,083,854	33,345,877	30,576,185	30,861,134	31,884,941	30,785,518	53,956,680	428,643,219	460,825,753	497,774,761
Fire Levy	1,276,912	1,276,912	1,276,912	1,276,912	1,276,912	1,276,912	1,276,912	1,276,912	1,276,912	1,276,912	1,276,912	1,276,912	15,322,944	16,410,872	17,576,044
Government Grant / Subsidy	20,358,114	20,358,114	20,358,114	20,358,114	20,358,114	20,358,114	20,358,114	20,358,114	20,358,114	20,358,114	20,358,114	20,358,114	244,297,362	273,140,744	306,949,513
Operating Projects Grants	7,906,053	7,906,053	7,906,053	7,906,053	7,906,053	7,906,053	7,906,053	7,906,053	7,906,053	7,906,053	7,906,053	7,906,053	94,872,635	14,193,282	7,174,929
Fines	554,249	554,249	554,249	554,249	554,249	554,249	554,249	554,249	554,249	554,249	554,249	554,249	6,650,983	7,116,552	7,122,995
Housing Rentals	12,024	12,024	12,024	12,024	12,024	12,024	12,024	12,024	12,024	12,024	12,024	12,024	144,293	154,394	165,201
Other Rentals	877,019	877,019	877,019	877,019	877,019	877,019	877,019	877,019	877,019	877,019	877,019	877,019	10,524,229	11,260,925	12,049,188
Income Foregone	-12,146	-12,146	-12,146	-12,146	-12,146	-12,146	-12,146	-12,146	-12,146	-12,146	-12,146	-12,146	-145,755	-153,772	-161,461
Property Rates	66,475	66,475	66,475	66,475	66,475	66,475	66,475	66,475	66,475	66,475	66,475	66,475	797,696	853,535	913,282
Service charges	554,886	554,886	554,886	554,886	554,886	554,886	554,886	554,886	554,886	554,886	554,886	554,886	6,658,634	7,124,377	7,623,468
Interest earned - external investments	714,782	714,782	714,782	714,782	714,782	714,782	714,782	714,782	714,782	714,782	714,782	714,782	8,577,984	10,810,953	10,810,953
Interest earned - outstanding debtors	3,132,764	3,132,764	3,132,764	3,132,764	3,132,764	3,132,764	3,132,764	3,132,764	3,132,764	3,132,764	3,132,764	3,132,764	37,593,163	37,593,163	37,593,163
Dividends received - external entities	3,813	3,813	3,813	3,813	3,813	3,813	3,813	3,813	3,813	3,813	3,813	3,813	45,750	45,750	45,750
Licenses and permits	1,249,224	1,249,224	1,249,224	1,249,224	1,249,224	1,249,224	1,249,224	1,249,224	1,249,224	1,249,224	1,249,224	1,249,224	14,990,882	16,040,033	16,919,607
Marginal income - amounts averaging less than R1 million	5,460,908	5,460,908	5,460,908	5,460,908	5,460,908	5,460,908	5,460,908	5,460,908	5,460,908	5,460,908	5,460,908	5,460,908	60,530,891	70,539,571	71,985,175
Capital Projects Grants	26,177,488	26,177,488	26,177,488	26,177,488	26,177,488	26,177,488	26,177,488	26,177,488	26,177,488	26,177,488	26,177,488	26,177,488	314,129,853	233,508,577	306,332,078
Investments redeemed	-	-	150,000,000	27,983,764	27,983,764	27,983,764	27,983,764	27,983,764	27,983,764	27,983,764	27,983,764	27,983,764	401,853,876	320,853,876	160,426,938
Cash Operating Receipts by Source	183,014,175	181,551,567	308,881,624	174,099,828	174,792,460	170,715,769	177,977,792	175,208,100	175,493,049	176,516,856	178,097,128	199,930,442	2,276,278,791	2,155,942,431	2,185,521,260
<u>Other Cash Receipts by Source</u>															
New loans raised				20,778,500			20,778,500				20,778,500		83,114,000	45,338,000	40,760,000
Receipts from old outstanding debtors													-	-	-
Sale of Collateral escrows													-	-	-
Total Cash Receipts by Source	183,014,175	181,551,567	308,881,624	194,878,328	174,792,460	170,715,769	198,756,292	175,208,100	175,493,049	197,295,356	178,097,128	220,708,942	2,359,392,791	2,201,280,431	2,226,281,260
<u>Cash Operating Payments by Type</u>															
Salaries, Wages & Allowances	44,782,168	44,782,168	44,782,168	44,782,168	44,782,168	44,782,168	44,782,168	44,782,168	44,782,168	44,782,168	44,782,168	44,782,168	537,386,010	566,965,964	600,618,603
Remuneration of Councillors	1,333,391	1,333,391	1,333,391	1,333,391	1,333,391	1,333,391	1,333,391	1,333,391	1,333,391	1,333,391	1,333,391	1,333,391	16,000,690	16,782,288	17,667,616
General Expenses	32,162,317	32,162,317	32,162,317	32,162,317	32,162,317	32,162,317	32,162,317	32,162,317	32,162,317	32,162,317	32,162,317	32,162,317	385,947,800	413,324,428	457,029,124
Operating Projects	7,906,053	7,906,053	7,906,053	7,906,053	7,906,053	7,906,053	7,906,053	7,906,053	7,906,053	7,906,053	7,906,053	7,906,053	94,872,635	14,193,282	7,174,929
Bulk Electricity Purchases	30,794,308	29,941,566	16,724,347	17,180,628	16,803,283	15,207,626	19,441,591	17,826,782	17,992,915	18,589,824	17,948,829	31,459,439	249,911,138	270,713,741	293,247,953
Bulk Water Purchases	6,261,100	6,261,100	6,261,100	6,261,100	6,261,100	6,261,100	6,261,100	6,261,100	6,261,100	6,261,100	6,261,100	6,261,100	75,133,203	79,746,933	81,581,807
Repairs & Maintenance	7,975,555	7,975,555	7,975,555	7,975,555	7,975,555	7,975,555	7,975,555	7,975,555	7,975,555	7,975,555	7,975,555	7,975,555	95,706,658	98,480,985	104,422,861
Interest on External Loans	-	-	16,908,067	-	-	16,908,067	-	-	16,908,067	-	-	-	16,908,067	67,632,268	71,072,979
Investments made	-	-	150,000,000	27,983,764	27,983,764	27,983,764	27,983,764	27,983,764	27,983,764	27,983,764	27,983,764	27,983,764	401,853,876	320,853,876	160,426,938
Cash Operating Payments by Type	131,214,891	130,362,149	284,052,997	145,584,975	145,207,630	160,520,040	147,845,938	146,231,129	163,305,329	146,994,171	146,353,176	176,771,853	1,924,444,278	1,852,134,476	1,796,500,811
<u>Other Cash Payments by Type</u>															
Capital expenditure - loans				9,234,889	9,234,889	9,234,889	9,234,889	9,234,889	9,234,889	9,234,889	9,234,889	9,234,889	83,114,000	45,338,000	40,760,000
Capital expenditure - grants	26,177,488	26,177,488	26,177,488	26,177,488	26,177,488	26,177,488	26,177,488	26,177,488	26,177,488	26,177,488	26,177,488	26,177,488	314,129,853	233,508,577	306,332,078
Grants and subsidies paid - entities	83,333	83,333	633,333	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,333	3,200,000	2,266,000	2,401,960
Transfer to reserves - sale of collateral escrows	115,008,157												115,008,157	-	-
Total Cash Payments by Type	272,483,869	156,622,970	310,863,819	181,080,685	180,703,340	196,565,750	183,341,648	181,726,839	199,351,039	182,489,881	181,848,886	212,817,563	2,439,896,288	2,133,247,053	2,145,994,849
NET INCREASE / (DECREASE) IN CASH & INVESTMENTS	44,379,751	69,308,347	67,326,153	81,123,796	75,212,916	49,362,935	64,777,580	58,258,841	34,400,851	49,206,326	45,454,568	53,345,948	53,345,948	68,033,378	80,286,411

ANNEXURE 4

- 1. Budget Policy**
- 2. Tariff Policy**

OPERATING BUDGET PER PROJECT

OPERATING BUDGET 2006/07 - 2008/09							
Cost Centre Name	Ward No.	Project Name	IDP Objective	Funding Source	2006/07 R	2007/08 R	2008/09 R
Directorate of Executive Mayor							
Mayoral Office	1- 45	Salary for HIV/Aids Co-ordinator Post (12 months)	I&F9 ii)	RG (Restructuring Grant)	295,000	0	0
Mayoral Office	1- 45	Special Programmes Focal Areas within BCM Commun	I&F17 iii)	EQ SHU (MURP)	700,000	0	0
					995,000	0	0
Special Programmes	1- 45	BCM Gender Strategy	I&F2 i)	SIDA	100,000	150,000	200,000
Special Programmes	1- 45	BCM Special Programmes C/O	I&F17 iii)	RG - C/O	1,000,000		
Special Programmes	1- 45	Disability Strategy	I&F2 i)	SIDA	100,000	150,000	200,000
					1,200,000	300,000	400,000
				Total - Mayoral Office	2,195,000	300,000	400,000
City Managers Office							
City Manager and Support Services	3,4,5	Buffalo City Development Agency	ED 4 i)	RG (Restructuring Grant)	500,000	0	0
City Manager and Support Services	1 - 45	City Development Strategy	ED 1 i)	RG (Restructuring Grant)	1,200,000	0	0
City Manager and Support Services	1 - 45	Trade and Investment	E1 i)	RG (Restructuring Grant)	471,000	0	0
City Manager and Support Services	1 - 45	Contingency amount for National Treasury reporting	I&F1 iii)	RG (Restructuring Grant)	625,000	625,000	2,750,000
City Manager and Support Services	1 - 45	Institutional Performance Audit in terms of IDP an	I&F7 iii)	RG (Restructuring Grant)	40,000	0	0
City Manager and Support Services	18	Mdantsane ICT Facility	I&F13 i)	EQ SHU (Equit Share - Urban	120,000	150,000	160,000
City Manager and Support Services	1 - 45	Restructuring Grant: Strategic Direction	I&F11 viii)	RG (Restructuring Grant)	800,000	200,000	0
					3,756,000	975,000	2,910,000
Integrated Environmental Management	1 - 45	Energy Savings - C/O		DST - C/O	654,054	0	0
					654,054	0	0
Local Economic Development Admin	1 - 45	Economic Development Strategy	ED 1 i)	RG (Restructuring Grant)	250,000	0	0
Local Economic Development Admin	32,33,35 - 45	Mdantsane Fish Factory	ED 8 iii)	DEAT	3,000,000	0	0
Local Economic Development Admin	36	EC - Isongololo Alleviate poverty through Tourism	ED 3 ii)	DEAT	2,500,000	0	0
Local Economic Development Admin	36	King Williams Town Tourism & Interpretation.	ED 3 ii)	DEAT	4,000,000	0	0
Local Economic Development Admin	14 - 19	Mdantsane Greening Project	ED 3 ii)	DEAT	6,840,000	0	0
Local Economic Development Admin	37	Mdantsane One Stop Shop	ED 7 iii)	EQ SHU (Equit Share - Urban	850,000	900,000	400,000
Local Economic Development Admin	1 - 45	SMME DATA BASE AND PROFILE PHASE 2	ED7 iii)	RG (Restructuring Grant)	500,000	0	0
Local Economic Development Admin	14,18	Tourism Development and Promotion (Mdantsane Touri	ED 6 iv)	EQ SHU (Equit Share - Urban	150,000	200,000	200,000
Local Economic Development Admin	23	ELUXOLWENI SEWING ,UPHOLSTERY & FURNITURE	E7 i)	LGH (Local Govt Housing)	88,795	0	0
Local Economic Development Admin	37	SMME Support Services.	E7 iii)	EQ SHU (Equit Share - Urban	597,416	0	0
Local Economic Development Admin	37	Duncan Village Business Hives c/o	E7 iii)	PUBLIC	513,880	0	0
Local Economic Development Admin	23	ELUXOLWENI SEWING ,UPHOLSTERY & FURNITURE	E7 i)	LGH - C/O	50,000	0	0
Local Economic Development Admin	1 - 45	Integrated Agriculture and Rural Development Strat - C/	ED 8 i)	RG - C/O	150,000	0	0
Local Economic Development Admin	1 - 45	SMME DATA BASE AND PROFILE -C/O	ED7 iii)	RG - C/O	368,220	0	0
Local Economic Development Admin	37	SMME Support Services. - C/O	E7 iii)	EQ SHU -C/O	297,416		
					20,155,727	1,100,000	600,000
Market	1 - 45	Restructuring of E.L. Fresh Produce Market. C/O	ED 4 i)	RG - C/O	200,000	0	0
					200,000	0	0
				Total - City Manager	24,765,781	2,075,000	3,510,000

OPERATING BUDGET PER PROJECT (CONTINUED)

Human Resources Development	1 - 45	Employee wellness programme: HIV/AIDS work place -	I&F9 ii)	SIDA - C/O	1,300,000	0	0
Human Resources Development	1 - 45	Performance Management Control Specialist Appointm	I&F11 iv)	RG - C/O	45,000	0	0
Human Resources Development	1 - 45	Performance Management IT System - C/O	I&F11 iv)	RG - C/O	300,000	0	0
Human Resources Development	1 - 45	Buffalo City Employee Wellness Prog - C/O	I&F9 ii)	RG - C/O	2,000,000	0	0
Human Resources Development	1 - 45	Performance Management Training and Implementatio	I&F11 iii)	SETA - C/O	400,000	300,000	300,000
Human Resources Development	1 - 45	Skills Development - C/O	I&F11 iii)	SETA - C/O	500,000	0	0
Human Resources Development	1 - 45	Business Process Re-Engineering - C/O	I&F9 i)	SETA - C/O	200,000	0	0
Human Resources Development	1 - 45	Employee Assistance Programme - C/O	I&F2 ii)	SETA - C/O	250,000	0	0
Human Resources Development	1 - 45	HIV/AIDS Management Programme - C/O	I&F9 ii)	SETA - C/O	150,000	0	0
Human Resources Development	1 - 45	Employee wellness programme: HIV/AIDS work place	I&F9 ii)	RG (Restructuring Grant)	1,000,000	0	0
					6,145,000	300,000	300,000
				Total - Corporate Services	20,420,497	749,597	551,929
Directorate of Engineering Services							
Sewerage Administration	1 - 45	Sanitation Policy Development - C/O	I&F18 i)	DWAF - C/O	34,997	0	0
					34,997	0	0
Water Administration	1 - 45	BC Water Services Authority Investigation	I&S16	RG (Restructuring Grant)	2,500,000	0	0
Water Administration	1 - 45	Water Meters	I&S19	RG (Restructuring Grant)	1,639,465	0	0
Water Administration	1 - 45	Sustainability Audit - C/O	I&S18	DWAF - C/O	505,000	0	0
Water Administration	1 - 45	WSA Business Plan - C/O	I&S18	DWAF - C/O	3,556,000	0	0
Water Administration	1 - 45	WSA Manager Post - C/O	I&S18	DWAF - C/O	690,000	0	0
Water Administration	1 - 45	Water Management Information System - C/O	I&S19	SIDA - C/O	722,936	0	0
					9,613,401	0	0
Bridle Drift Dam	7,36,40,41,43	Mdantsane Community Lodge	E2 ii)	DEAT	5,000,000	6,000,000	0
					5,000,000	6,000,000	0
Design Services	1 - 45	City Wide Maintenance Management System	I&F2 i)	RG - C/O	500,000	0	0
Design Services	1 - 45	Upgrading of Sports Field - (Roll-over)	I&S12 ii)	OTHER (Lotto) C/O	750,000	0	0
					1,250,000	0	0
Electricity Planning and Design	1 - 45	BCM Electricity Restructuring - C/O	I&S24 i)	RG - C/O	9,556,095	1,000,000	0
					9,556,095	1,000,000	0
				Total - Engineering Service	25,454,493	7,000,000	0

OPERATING BUDGET PER PROJECT (CONTINUED)

Directorate Of Development Planning							
Office Dir of Planning and Econ Dev.	19,27,5	Determine future operating model for utilities	ED 1 i)	RG (Restructuring Grant)	40,000	0	0
					40,000	0	0
Housing	19,27,5	Housing Accreditation	ED 1 i)	DHLGTA	1,480,000	0	0
					1,480,000	0	0
City Planning	34,35	Dimbaza Garden of Remembrance and Wall of Fame	I&S2 iii)	DEAT	9,000,000	0	0
City Planning	2	Planning - Needs Camp - C/O	I&S2 ii)	LGH - C/O	86,636	0	0
City Planning	24	Planning - Potsdam Unit V - C/O	I&S2 i)	TRUST FUND - C/O	130,000	0	0
City Planning	24	Map Preparation & Planning - C/O	I&S2 i)	TRUST FUND - C/O	130,000	0	0
City Planning	41	Settlement Planning of Kwaklifu Clifton Location	I&S2 ii)	LGH (Local Govt Housing)	6,105	0	0
City Planning	42,44,45	Settlement upgrading of Yellowwoods Zone Southern	I&S2 ii)	LGH (Local Govt Housing)	605,800	0	0
City Planning	14 - 24	Mdantsane Infill Areas - Upgrade	S1 i)	EQ SHU (Equit Share - Urban)	0	0	500,000
					9,958,541	0	500,000
Land Administration	1 - 45	Land Management Policy for Buffalo City	E7 ii)	SIDA	250,000	0	0
					250,000	0	0
Land Surveying	6 - 10	Gompo Survey - C/O	I&S2 ii)	LGH - C/O	55,000	45,000	45,000
Land Surveying	38,41	Kwa- Tshatshu - C/O	I&S2 ii)	LGH - C/O	137,495	0	0
Land Surveying	13,14	Mdantsane Bufferstrip Phase 2 - C/O	I&S2 ii)	LGH - C/O	34,550	0	0
Land Surveying	14 - 24	Mdantsane Infill Areas Subdivisions	I&S2 ii)	LGH (Local Govt Housing)	140,000	140,000	0
Land Surveying	18,20	Mdantsane Infill Areas Subdivisions Phase 2	I&S2 ii)	EQ SHU (Equit Share - Urban)	0	0	168,000
Land Surveying	31,33	NeedsCamp Surveys	I&S2 ii)	LGH (Local Govt Housing)	0	557,200	0
Land Surveying	41	Survey of Ilitha North	I&S2 ii)	LGH (Local Govt Housing)	63,140	0	0
Land Surveying	21	Survey Mahlangu Village - C/O	I&S2 ii)	LGH - C/O	23,454	0	0
Land Surveying	41	Survey of Kwaklifu Phakamisa	I&S2 ii)	LGH (Local Govt Housing)	0	150,360	0
Land Surveying	5,16,18,19,20	Survey of Mdantsane Infill Area - C/O	I&S2 ii)	DPLG - C/O	84,966	0	0
Land Surveying	45	Yellow Woods/Kei Road Subdivisions	I&S2 ii)	LGH (Local Govt Housing)	175,000	126,125	0
					713,605	1,018,685	213,000
Transport Planning and Operations Admin	1 - 45	ECDOT Projects	E8 i)	BCMETS	50,000	0	0
Transport Planning and Operations Admin	1 - 45	Transport plans	E8 i)	BCMETS	300,000	100,000	0
Transport Planning and Operations Admin	1 - 45	Implementation of Transport Authority	I&S8 iii)	RG (Restructuring Grant)	400,000	400,000	0
Transport Planning and Operations Admin	1 - 45	RESTRUCTURE CITY BUS SERVICE	I&S9 i)	RG (Restructuring Grant)	250,000	0	0
					1,000,000	500,000	0
				Total - Planning & Econ. Dev.	13,442,146	1,518,685	713,000

OPERATING BUDGET PER PROJECT (CONTINUED)

Directorate of Social Services							
Sportsfield	1 - 45	Viability Study on Market of Sports - C/O	S4 i)	RG - C/O	200,000	0	0
					<u>200,000</u>	<u>0</u>	<u>0</u>
Zoo	22	Masterplan L EL Zoological Gardens - C/O	S5 i)	RG - C/O	1,000,000	0	0
					<u>1,000,000</u>	<u>0</u>	<u>0</u>
Waste Disposal Sites	11	Closure & Rehab of Illegal Landfill Sites	E12 ii)	MIG	1,000,000	2,000,000	1,500,000
Waste Disposal Sites	11	Closure & Rehab of Illegal Landfill Sites - C/O	E12 ii)	MIG - C/O	600,000	0	0
					<u>1,600,000</u>	<u>2,000,000</u>	<u>1,500,000</u>
Disaster Management	1 - 45	Preparedness : DM Plans - C/O	S11 i)	HLG- C/O	19,287	0	0
Disaster Management	1 - 45	Training Staff & Volunteers - C/O	S11 i)	HLG- C/O	76,402	0	0
Disaster Management	1 - 45	Community Awareness - C/O	S11 i)	HLG- C/O	8,415	0	0
Disaster Management	1 - 45	Risk & Vulnerability Assessment - C/O	S11 i)	HLG- C/O	144,614	0	0
Disaster Management	1 - 45	Disaster Education Training And Research	S11 i)	HLG	150,000	0	0
Disaster Management	6 - 10, 35,37	Disaster Response And Recovery	S11 i)	HLG	100,000	0	0
					<u>498,718</u>	<u>0</u>	<u>0</u>
				Total - Social Services	<u>3,298,718</u>	<u>2,000,000</u>	<u>1,500,000</u>
				Total - BCM	<u>94,872,635</u>	<u>14,193,282</u>	<u>7,174,929</u>