

Executive summary

Chapter 1



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The 2010/11 Medium Term Budget proposes a total budget of R28,3 billion, Operating Budget of R25,2 billion and a Capital Budget of R3,1 billion.

The Operating Budget outlines the activities, services and functions carried out within the City. Each department's budget is characterised by programmes and activities and includes both financial and personnel resources necessary to carry out the functions as outlined in the IDP.

The Capital Budget includes funding for the ongoing maintenance, upgrading and replacement of the City's infrastructure, with an emphasis on community needs.

The past financial year has presented challenges to the City, resultant of the global economic meltdown. These challenges include coping with revenue shortfall and creating a balance between increasing demand for services and limited financial resources. Mindful of the envisaged slow economic recovery and that the effects of the recession might be felt for a longer time, the City developed a financial strategy to mitigate the budget pressures. Several options were considered, which includes maximising revenue generation, cost reflective tariffs and curtailing expenditure.

The 2010/11 Medium Term Budget reflects the reality of the current budgetary pressures. Not all programmes and activities could be accommodated in the proposed 2010/11 Budget. The emphasis is on:

- Ensuring that service delivery is maintained and current programmes are concluded;
- Basic needs of communities are addressed;
- Increasing the repairs and maintenance of facilities, and
- Ensuring that the City is financially sustainable over a medium term, while ensuring that service delivery continues.

The principle is to do more with less in order to support the recovery of the economy. This resonates well with the efficient and effective public service envisaged in the National Budget Review 2010.

The Budget has been developed within an overall planning framework and is aligned to the proposed programmes and projects designed to achieve the City's strategic objectives. The City's IDP is the primary point of reference for the MTB. Accordingly, the 2010/11 MTB continues to address the following key IDP interventions:

- Demand-side management initiatives and regulatory framework;
- Formalisation of informal settlements;
- Crime and safety initiatives;
- Accelerating housing delivery creating sustainable human settlements;
- Revised social package;
- 2010 FIFA World Cup;
- Transportation through the implementation of BRT;
- Up-scaling of HIV and AIDS;
- Promoting economic development to achieve economic growth of 9% per annum;
- Growth Management Strategy;
- Regeneration of the inner city;
- Basic service provision;
- Greening the City;
- Development of a secondary property market, and
- Innovative governance solutions.

Prudent financial management enabled the City to weather the financial storm. The City achieved an unqualified audit report in 2008/09, continuing the trend that started in 2006/07. The City's rating outlook remains stable, with the long-term domestic credit rating maintained at AA-. About 91% of the capital budget was spent in the 2008/09 financial year.