

Overview of budget funding

Chapter 8



Overview of budget funding

Review of past performance

Operating expenditure

The overall financial performance results for the 2008/09 financial year reflect an operating surplus of R726 million.

A summarised extract of the statement of financial performance is as follows:

	Revised Budget 2008/09 R'000	Actual Result 2008/09 R'000
Income	22 839 930	20 724 266
Expenditure	19 649 661	19 983 060
Operating Surplus before taxation	3 319 269	741 206
Less taxation	47 736	14 747
Less transfers	(2 970 116)	
Operating Surplus after tax	172 417	726 459

Revenue variance analysis

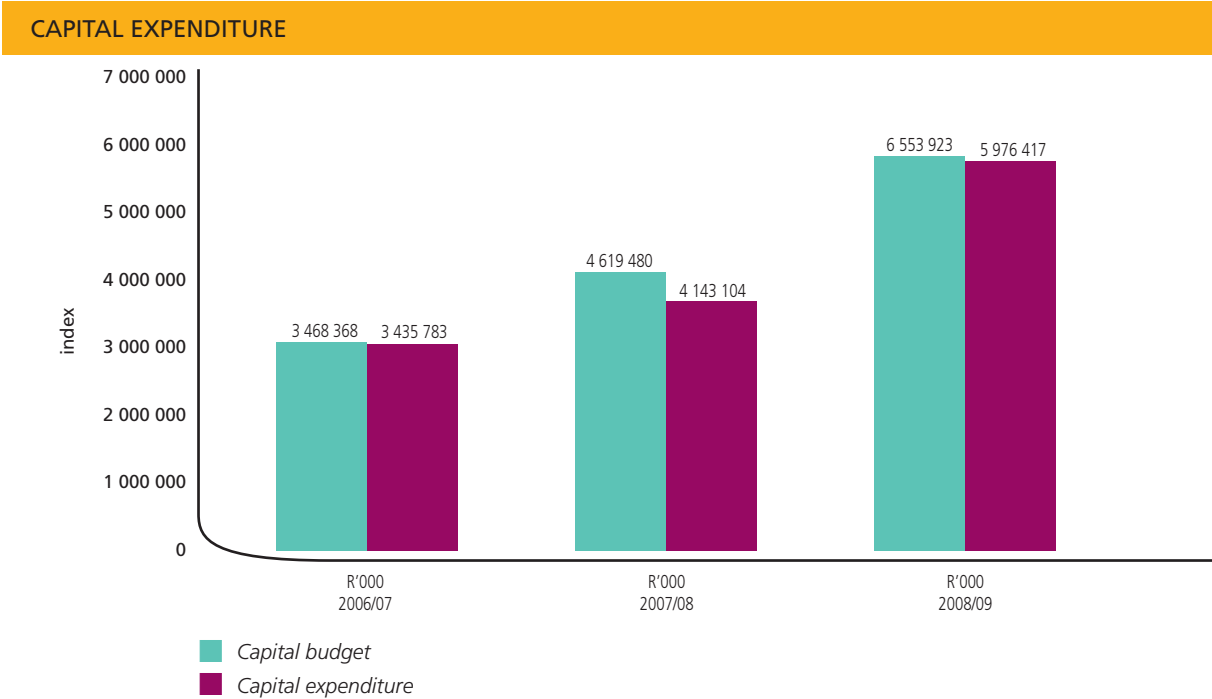
- Property rates are under budget as a result of the implications of the implementation of the MPRA;
- Fines and licenses are under budget as result of the challenges experienced with the implementation of the AARTO system, and
- Grants and subsidies received relate to capital grants and is under budget as a result of the accounting treatment whereby capital grants are only recognised once the asset has been capitalised.

Expenditure variance analysis

- Bad debts are over budget as a result of an increase in the arrear debtor’s balance, and
- General expenses are over budget as a result of pension fund contributions made, emanating from the actuarial process.

Capital expenditure

The graph below demonstrates the City’s capital spending against the budget over the last three financial years.



Long term financial overview

The key objective of the Financial Plan remains the achievement of financial sustainability in the medium to long term, whilst still achieving the City’s objectives as detailed in the IDP.

The Financial Plan is based on the following key objectives

- **Balanced Budget** – ensuring that the expenditure is aligned to the revenue and that the City has sufficient cash to meet its debt obligations;
- **Maintenance of surplus** – ensure that the City generates surpluses to ensure that the liquidity is maintained and to support the capital programme, and
- **Sustainability** – ensure that the capital investment is within the financial capacity of the City and ensure that there is continuous investment on the infrastructure maintenance and replacement in a medium to long term period.

The financial plan provides a prudent and sustainable financial framework within which the City will develop its annual budget. The demand for capital expenditure for the medium term budget is enormous in terms of housing backlogs, service delivery, infrastructure development, maintenance of infrastructure, etc.

The capacity to finance capital through external loans, is measured by the debt to revenue ratio, current ratio and the ability to afford annual capital interest and redemption payments.

Level of capital spending

The appropriate levels of capital expenditure and borrowing are based on the principles of affordability, prudence and sustainability (debt ratios and the impact or return of the capital investment on the operating budget).

Prudential Indicators

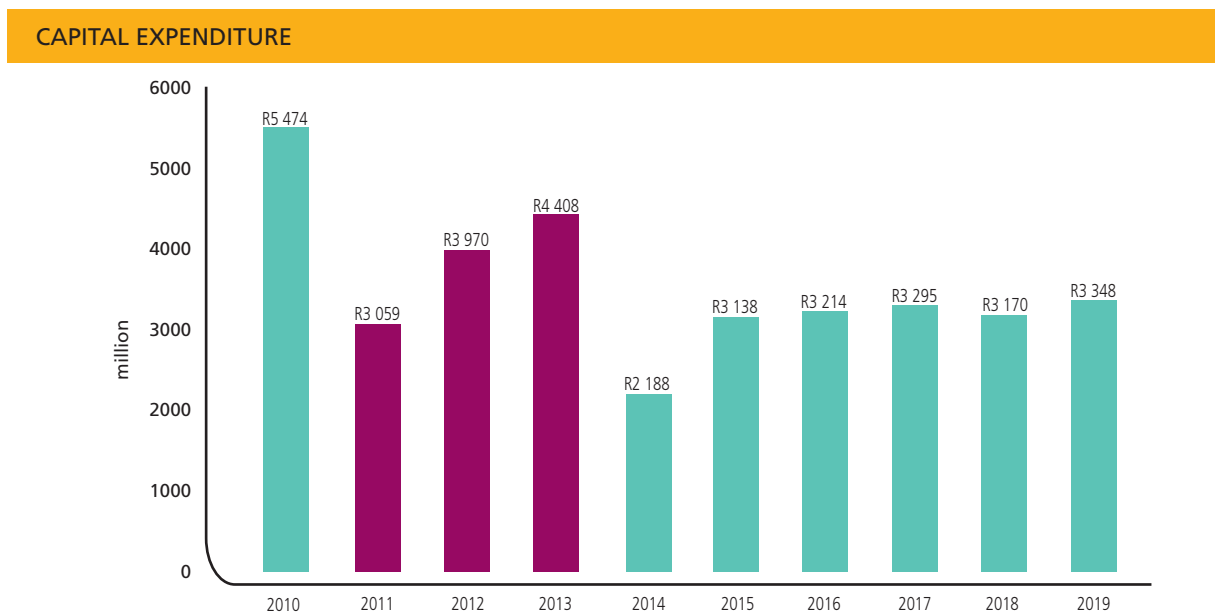
- Debt to equity
- Debt to revenue
- Liquidity (Current Ratio)
- Operating surplus.

In determining the level of borrowing and projecting the financial position of the City, one should always have the Credit Rating of the City in mind.

Capital investment programme

The Capital expenditure for 2010/11 will be approximately R3,1 billion, R3,9 billion for 2011/12 and R4,4 billion for 2012/13.

The graph below shows the ten-year projection of the capital investment programme (CIP).



The financial plan projects a capital spending of approximately R11,4 billion over a period of three years.

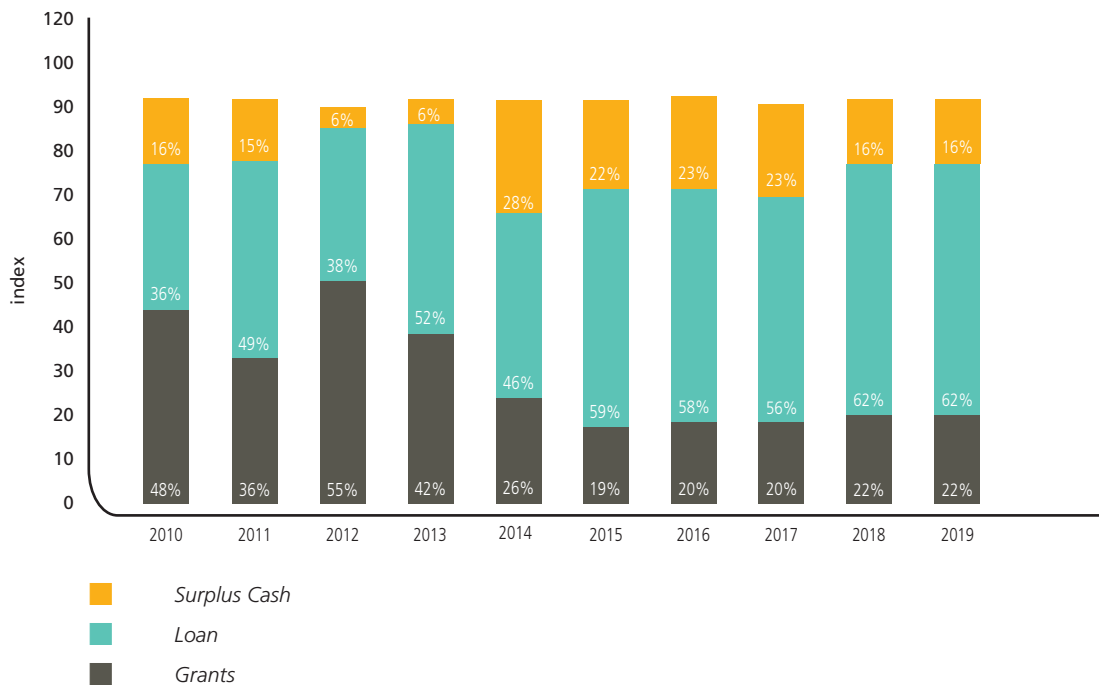
Funding sources

The table below reflects the projected capital per funding source for the next ten years.

	2010 Rm	2011 Rm	2012 Rm	2013 Rm	2014 Rm	2015 Rm	2016 Rm	2017 Rm	2018 Rm	2019 Rm
Loan	1 992	1 512	1 512	2 300	1 000	1 850	1 850	1 850	1 950	2 065
Surplus	855	457	278	279	620	687	727	770	515	546
Loan and surplus	2 847	1 969	1 790	2 579	1 620	2 537	2 577	2 620	2 465	2 611
Grants and donations	2 627	1 090	2 181	1 829	568	601	637	675	705	737
Total	5 474	3 059	3 970	4 408	2 188	3 138	3 214	3 295	3 170	3 348

The graph reflects the percentage per funding source for the next ten years.

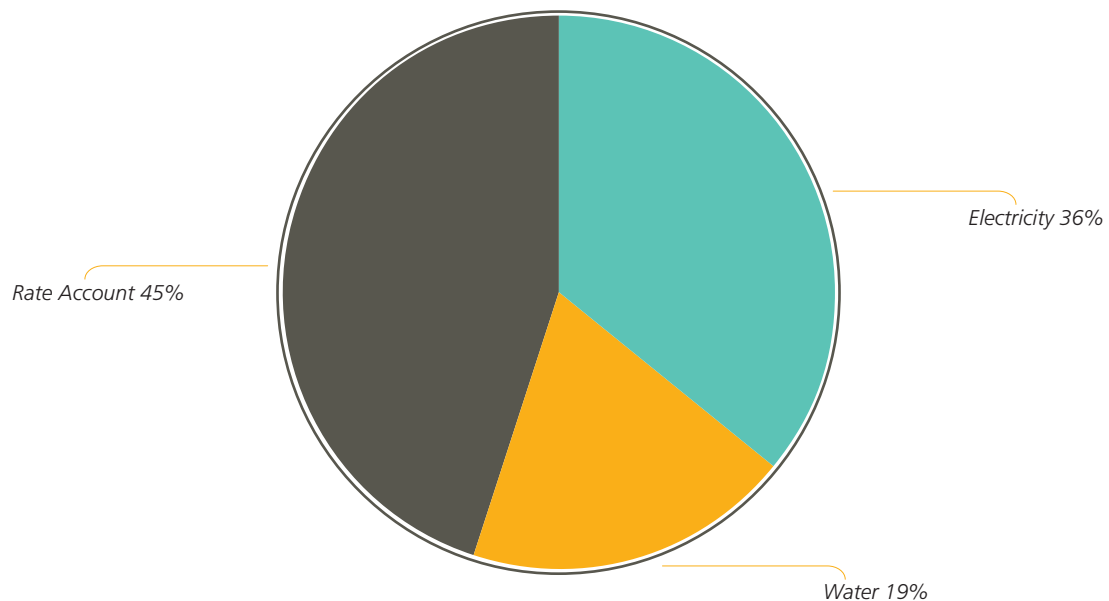
CAPITAL FUNDING



The capital will be funded from a combination of loans, surplus cash and grants and donations. In 2010/11 financial year, approximately 52% (R1,5 billion) will be financed from loans, 16% (R457 million) from cash resources and 32% (R935 million) from grants and donations.

The following revenue streams support the City's capital level of funding;

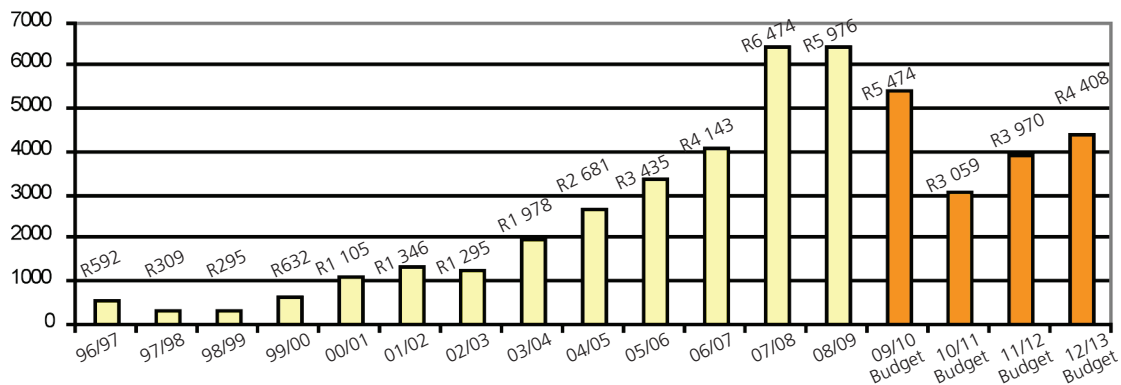
CAPEX: REVENUE SOURCE



- Electricity revenue support of electricity infrastructure investment and accounts for 36%;
- Water revenue supports the water infrastructure investment and accounts for 19%, and
- The Rate Account supports all the remainder of the City's infrastructure, accounting for 45% of the City capital portion.

The graph demonstrates the history of capital spending.

HISTORICAL TRENDS ON CAPITAL SPENDING (R millions)



The City's capital spending has seen a growth of more than 100% over the past five years and it has been peaking around the 2010 Soccer World Cup.

Measures of financial performance

- Current ratio shall not be less than one;
- Debt to revenue shall be between 50% – 46%;
- Interest as a percentage of operating expenditure remains below 7%;
- Salaries to operating not to be more than 30%, and
- Cost coverage ratio should cover at least one month.

The table below reflects the projected ratio's of the City over the next ten years.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Current ratio	0,64	0,84	0,99	1,19	1,12	1,20	1,28	1,28	1,25	1,24
Debt/revenue	53%	50%	49%	47%	47%	45%	46%	46%	45%	45%
Interest/operating	6,2%	5,7%	5,7%	5,0%	5,0%	5,5%	5,5%	5,8%	6,0%	5,9%
Salaries to operating	26%	26%	25%	24%	23%	23%	23%	23%	23%	23%

Current ratio

- Current ratio measures the ability of the City to pay its current liabilities out of the current assets. The industry usually looks for a ratio of 2:1. However, the acceptable current ratio is 1:1 for municipalities.
- The current ratio is below 1:1. The current ratio is expected to increase over the medium term and will fall within the benchmark of 1:1 in 2012/13 and remains within the target in the outer years.
- The ratio needs to be given utmost attention and the City will have to create cash through the operating account (minimise costs) to maintain liquidity.

Debt to revenue ratio

- Debt to revenue ratio, measures the percentage of revenue, committed to long-term debt.
- The debt to revenue ratio, as reflected in the above table, shows that the City has reached its limit of 50%. The ratio is expected to improve over the medium term between 50% – 46%.

Interest as percentage of operating expenditure

- The ratio has remained within the acceptable levels of up to 7%.

Salaries ratio

- Employee costs totaled 26% of the total expenditure for the 2010/11 financial year. This ratio is maintained within the limit of 30%.

Ratio analysis

The financial position of the City is projected to improve over the medium term, with most of the ratios expected to fall within the set benchmarks.

Funding arrangements and strategies

The City of Johannesburg has numerous funding options available, both short term and long term that are in line with the Municipal Finance Management Act, 2003 (MFMA) and the Municipal Borrowing Framework. Treasury continuously analyses current and available financing arrangements, with the aim of identifying the best financing mix. Treasury also monitors that the funding mix is in line with prudential indicators such as the revenue-to-debt ratio.

In April 2005, a R6 billion Domestic Medium Term Note (DMTN) programme was launched. The DMTN programme provides flexibility as it enables the City to raise funding as and when required. Under this programme the City can raise funding through various funding mechanisms, for example, vanilla bonds, commercial paper and retail bonds.

The aforementioned DMTN programme was fully utilised in 2009 and a new R7 billion DMTN programme was then established and approved by Council. Through the new DMTN programme, the City issued R1,364 billion in commercial paper to bridge cash flow mismatches. R242 million in commercial paper was issued under the old DMTN programme.

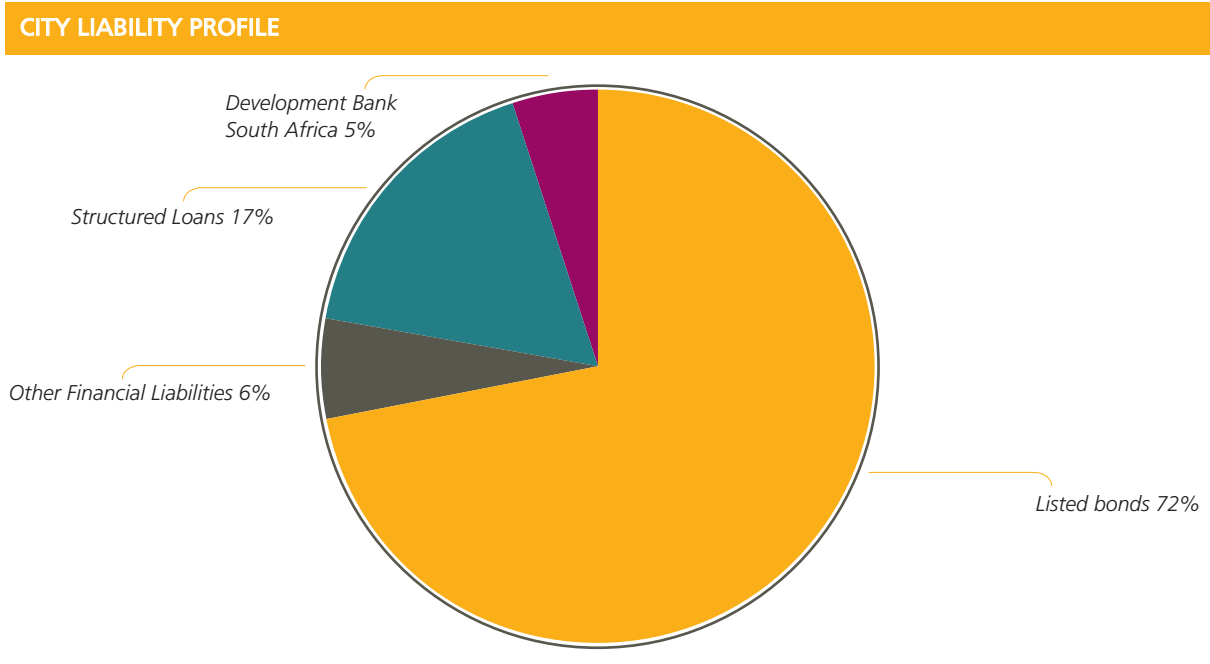
In terms of the City's internal redemption plan, the City successfully redeemed all the outstanding commercial paper issues. R242m in commercial paper was redeemed on 12 Feb 2010, R758m in commercial paper was redeemed on 23 March 2010 and the last tranche of R606m in commercial paper was redeemed on 22 April 2010. It should be noted that the City redeemed all its outstanding commercial paper issues well before the end of the financial year, on the 30 June 2010, as prescribed by section 45 of the MFMA.

The City had a bond portfolio consisting of six institutional fixed coupon bonds and three floating rate retail bonds. However, the debut institutional bond (COJ01) has since been redeemed from the sinking fund proceeds on 13 April 2010 and the shortest maturity JOZI bonds (JOZI01) with the nominal amount of R8.843m was redeemed when it matured on 21 September 2009.

The table below shows the summary of redemptions.

Counterparty	Instrument	Redemption date	Amount
Capital Market Investors	JOZI01: Retail Bond	21 September 2009	R8,843m
Capital Market Investors	COJ01C: Commercial Paper	12 February 2010	R242m
Capital Market Investors	COJ02C: Commercial Paper	23 March 2010	R758m
Capital Market Investors	COJ03C: Commercial Paper	22 April 2010	R606m

The City's liability profile is outlined below and the five outstanding institutional bonds with respective coupons and maturities are as follows:



COJ02 (2016: 11,90%); COJ03 (2013: 9,70%); COJ04 (2018: 9,00%); COJ05 (2023: 12,205%) and COJ06 (2015: 10,815%). The retail bond portfolio, totalling R148,022 million, constitutes of two bonds namely, Jozi02 and Jozi03, with maturity dates of 21 September 2010 and 21 September 2012.

The table below depicts the summary of all outstanding bonds.

Bond code	Issued amount	Tap amount	Comparison bond	Maturity	Coupon
JOZI02	20 722 000	None	3M Jibar	21 Sept 2010	3M Jibar +25 bpts Floating
JOZI03	127 300 000	None	3M Jibar	21 Sept 2012	3M Jibar +40 bpts Floating
COJ02	1 000 000 000	None	R157	15 Sept 2016	11,90%
COJ03	700 000 000	None	R157	26 April 2013	9,70%
COJ04	1 733 000 000	533m	R203	05 June 2018	9,00%
COJ05	2 268 000 000	468m	R208	05 June 2023	12,205%
COJ06	900 000 000	None	R157	09 Dec 2015	10,815%

Short term funding

Section 45 of MFMA guides short term borrowing in the City. Liquidity management is of paramount significance in a robust risk management framework. The City has overnight loan facilities approved with various banks, totalling R800 million for bridging any potential short term liquidity needs.

As mentioned above, one of the financial instruments that will continue to play a crucial role in the City's funding programme is the issue of commercial paper. This instrument offers flexibility in funding and is utilised to manage and match the cash-flow mismatches that may arise. Going forward, the City considers to issue commercial paper in July 2010 and Council has approved the proposed issuance. The proposed commercial paper issue will be redeemed prior to the end of the financial year 2010/11, as required by section 45(4)(a) and (b) of the MFMA. .

Long term funding

The City will continue to utilise the DMTN programme as a vehicle for issuance of financial instruments in the local debt capital markets. The City has established benchmark bonds across the yield curve and as such the primary strategy is to tap into existing bonds to fund CAPEX and increase volumes to improve tradability in the bonds. In the 2010/2011 financial year the City is aiming to issue up to R2 billion bonds, by either issuing new bonds or tapping into existing bonds to fund the external borrowing requirements. Diversification of funding sources is also key to mitigate concentration risk and as a result, the City will continue to utilise alternative funding sources, such as project finance, leases, loans, concessionary loans, syndicated loans, export credit agency funding and public private partnerships.

Investments

Investments by the City are done in accordance with, and in adherence to the Municipal Investment Regulations, issued in terms of the MFMA, the City's Treasury Policy and other relevant legislation. Cash Flow forecasts and liquidity needs by the City and various municipal-owned entities provide guidance for the type of investments employed and tenor thereof. The investments are made with primary regard for the risk profile and appetite of the investment, liquidity needs of the City and the return on investments.

Treasury is obliged to invest all the City's funds within approved limits with counterparties approved by the Asset and Liabilities Committee (ALCO). Due to high liquidity needs of the City, the investment portfolio constitutes mainly of money market instruments. Treasury continuously analyses the market for good investment opportunities, relative to appropriate benchmarks and market conditions. Part of the yield enhancing strategy is to invest in money market funds managed by asset managers. The interest rate on these funds is competitive, compared to the rates showed by conventional banks. ALCO has approved asset managers on the Treasury's counterparty list.

The City established a Sinking Fund, which is managed by an asset manager. The purpose of the sinking fund is to ensure that the City has the ability to redeem all bonds at maturity and the first bond, COJ01 with a R1 billion nominal amount, was redeemed on the 13 April 2010.

GT001 City Of Johannesburg Supporting Table SA10 Funding measurement

Description	MFMA section	2006/7	2007/8	2008/9	Current Year 2009/10		2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Funding measures									
Cash/cash equivalents at the year end - R'000	18(1)b	1 748 980	1 338 459	645 608	902 574	773 587	1 829 268	2 926 736	4 499 466
Cash + investments at the yr end less applications - R'000	18(1)b	(1 483 825)	(1 348 857)	(2 245 579)	(943 598)	(2 059 617)	(402 438)	779 181	2 463 484
Cash year end/monthly employee/supplier payments	18(1)b	2.0	1.3	0.5	0.6	0.5	1.1	1.5	2.1
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	1 339 389	1 954 544	741 206	1 333 678	2 921 612	1 959 212	3 200 928	2 961 694
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	1.8%	10.5%	17.4%	(5.0%)	12.2%	9.0%	9.0%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	91.6%	82.4%	82.4%	88.0%	90.3%	90.5%	88.6%	92.5%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	6.0%	6.5%	11.1%	6.2%	6.3%	6.1%	6.4%	6.1%
Capital payments % of capital expenditure	18(1)c;19	96.7%	129.0%	98.2%	100.0%	100.0%	96.0%	96.5%	97.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0.0%	64.7%	65.8%	60.8%	64.4%	69.5%	80.9%	86.5%
Grants % of Govt. legislated/gazetted allocations	18(1)a	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	50.5%	16.1%	(20.2%)	10.1%	8.7%	29.2%	(5.5%)
Long term receivables % change - incr(decr)	18(1)a	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asset renewal % of capital budget	20(1)(vi)	0.0%	0.0%	0.0%	0.0%	0.0%	30.8%	34.8%	0.0%

Statement of tariff setting and revenue strategies

The MFMA requires annual budgets of municipalities to be funded by realistically anticipated revenue to be collected, based on collection levels to date and the actual revenue collected in previous financial years.

The City is committed to reducing dependency on revenue streams that might undermine the City's long term environmental sustainability. The City's Future Revenue Optimisation programme involves exploring, and where feasible, introducing innovative product pricing options, through engagement with departments and municipal-owned entities. The primary focus of this programme is to explore demand-side management practices, investigate options for pricing for, and payment such as prepaid meters, direct billing of apartment blocks and multiple user meters per stand.

The City annually reviews the tariffs to ascertain whether they are still capable of producing the required revenue envelope, taking note of the prevailing trends. This process of tariff setting takes place within the framework of the City's tariff policy.

While the City is committed to maintaining tariff increases within the forecasted inflation, increases above inflation are applied to some services (mainly major trading services) due to budgetary requirements aimed at sustaining service provision.

For the 2009/10 financial year tariff increases for the major services were driven by the following broad considerations:

- Maintaining the City's infrastructure in good state of repair, mindful of the affordability of services;
- Producing surplus cash to maintain a positive working capital position;
- Increase in bulk purchases;
- Capital investment plans;
- The need to continue the roll-out of the demand-side management programmes;
- The projected shortage of water resources;
- Current national electricity constraints;
- The expected sluggish improvement of the economy;
- The impact of inflation and other cost increase;
- Expanded Social Package considerations, and
- National waste minimisation targets set within the Polokwane Declaration.

Informed by the aforementioned considerations, the City will increase tariffs for its major services as follows:

Electricity

Lifeline	15%
Single and three phases	22%
Prepaid	15%
Businesses and industrial	33,5%
Agricultural	24%

Water services and sewerage and sanitation services

0 to 6kl	Free
Greater than 6 up to 10kl	5,8%
Greater than 10 up to 15kl	7,1%
Greater than 15 up to 20kl	9,1%
Greater than 20 up to 30kl	12,6%
Greater than 30 up to 40kl	14,1%
In excess of 40kl	14,6%

Institutional and industrial/commercial tariffs to be increased by 14,1% for consumption up to 200kl and by 14,6% for consumption exceeding 200kl. All other tariffs to be increased by 14,1%.

Sewerage and sanitation services to be increased by 14% across the board.

Refuse removal services (based on property value)

R150 000 and less	Free
R150 001 to R300 000	12%
R300 001 to R500 000	12%
R500 001 to R700 000	12%
R700 001 to R1 500 000	12,5%
Greater than R1 500 000	12,5%

Residential property rates increased by 12% and the new Cents in the Rand is 0,004928.

Tariff schedules for the various services are available on the City's website.

GT001 City Of Johannesburg - Supporting Table SA11 Property rates summary

Description	2006/7	2007/8	2008/9	Current Year 2009/10		2010/11 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Valuation:								
Date of valuation:	2001/01/01	2001/01/01	2007/01/07					
Financial year valuation used								
Municipal by-laws s6 in place? (Y/N)	Yes	No	Yes					
Municipal/assistant valuer appointed? (Y/N)	Yes	Yes	Yes					
Municipal partnership s38 used? (Y/N)	No	No	No					
No. of assistant valuers (FTE)	-	-	29	-	-	-	-	-
No. of data collectors (FTE)	20	-	-	-	-	-	-	-
No. of internal valuers (FTE)	4	-	44	-	-	-	-	-
No. of external valuers (FTE)	7	-	-	-	-	-	-	-
No. of additional valuers (FTE)	-	-	-	-	-	-	-	-
Valuation appeal board established? (Y/N)	Yes	-	Yes	-	-	-	-	-
Implementation time of new valuation roll (mths)	24	-	-	-	-	-	-	-
No. of properties	427 886	427 886	623 636	570 485	570 485	570 485	-	-
No. of sectional title values	-	-	189 744	176 199	176 199	176 485	-	-
No. of objections by rate payers	-	-	22 488	22 488	-	-	-	-
No. of successful objections	-	-	14 944	14 944	-	-	-	-
No. of successful objections > 10%	-	-	13 051	13 051	-	-	-	-
Public service infrastructure value (Rm)	-	-	3 177	3 177	-	-	-	-
Municipality owned property value (Rm)	-	-	13 459	13 459	-	-	-	-
Valuation reductions:								
Valuation reductions-public infrastructure (Rm)	-	-	2 727	2 727	2 727	-	-	-
Valuation reductions-R15,000 threshold (Rm)	-	-	84 121	84 121	84 121	-	-	-
Valuation reductions-public worship (Rm)	-	-	2 817	2 817	2 817	-	-	-
Valuation reductions-other (Rm)	-	-	5 190	5 190	5 190	-	-	-
Total valuation reductions:	-	-	94 854	94 854	94 854	-	-	-
Total value used for rating (Rm)	-	-	642 806	642 806	642 806	-	-	-
Total market value (Rm)	-	686 363	-	-	-	-	-	-
Rating:								
Residential rate used to determine rate for other categories? (Y/N)	Yes	Yes	-	-	-	-	-	-
Differential rates used? (Y/N)	Yes	Yes	-	-	-	-	-	-
Limit on annual rate increase (s20)? (Y/N)	-	-	-	-	-	-	-	-
Special rating area used? (Y/N)	No	No	-	-	-	-	-	-
Phasing-in properties s21 (number)	-	174 120	173 021	173 021	173 021	-	-	-
Rates policy accompanying budget? (Y/N)	No	Yes	Yes	-	-	-	-	-
Fixed amount minimum value (R'000)	20	150	150	-	-	-	-	-
Non-residential prescribed ratio s19? (%)	-	-	-	-	-	-	-	-
Rate revenue:								
Rate revenue budget (R'000)	3 454 195	3 409 087	4 097 214	4 117 214	4 117 214	5 146 044	5 542 289	-
Rate revenue expected to collect (R'000)	-	3 117 602	3 923 846	3 908 948	3 787 837	4 743 591	5 108 849	-
Expected cash collection rate (%)	-	91.4%	95.8%	94.9%	92.0%	92.2%	92.2%	-
Rebates, exemptions - indigent (R'000)	-	-	-	-	11 901	-	-	-
Rebates, exemptions - pensioners (R'000)	-	-	-	-	7 105	-	-	-
Rebates, exemptions - other (R'000)	-	430 876	475 098	475 098	447 808	569 377	601 831	-
Phase-in reductions/discounts (R'000)	-	-	-	-	26 799	-	-	-
Total rebates, exemptns, reductns, discs (R'000)	-	430 876	475 098	475 098	493 613	569 377	601 831	-

GT001 City Of Johannesburg - Supporting Table SA12 Property rates by category (current year)

Description	Resi.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Public benefit organs.	Mining Props.
Current Year 2009/10								
Valuation:								
No. of properties	516 013	24 255	-	5 139	22 108	2 387	551	32
No. of sectional title property values	166 058	10 141	-	-	-	-	-	-
No. of objections by rate-payers	-	-	-	-	-	-	-	17
No. of successful objections	-	-	-	-	-	-	-	9
No. of successful objections > 10%	-	-	-	-	-	-	-	9
Years since last valuation (select)	2	2	-	2	2	2	2	2
Frequency of valuation (select)	4	4	-	4	4	4	4	4
Method of valuation used (select)	Market Value	Market Value	-	Market Value	Market Value	Market Value	Market Value	Market Value
Base of valuation (select)	Market Value	Market Value	-	Market Value	Market Value	Market Value	Market Value	Market Value
Phasing-in properties s21 (number)	173021	-	-	-	-	-	-	-
Combination of rating types used? (Y/N)	No	No	No	No	No	No	No	No
Flat rate used? (Y/N)	No	No	No	No	No	No	No	No
Is balance rated by uniform rate/variable rate?	-	-	-	-	-	-	-	-
Valuation reductions:								
Valuation reductions-R15,000 threshold (Rm)	84 121	-	-	-	-	-	-	-
Valuation reductions-public worship (Rm)	-	-	-	-	-	-	2 817	-
Valuation reductions-other (Rm)	-	-	-	-	5 190	-	-	-
Total valuation reductions:								
Total value used for rating (Rm)	481 077	135 515	-	12 113	10 018	2 727	1 152	204
Total market value (Rm)	481 077	135 515	-	12 113	10 018	2 727	1 152	204
Rating:								
Average rate	0.004400	0.015400	-	0.006600	0.005280	-	0.004400	0.015400
Rate revenue budget (R '000)	2 451 318	2 055 250	-	62 209	25 364	-	5 059	3 088
Rate revenue expected to collect (R'000)	2 255 213	1 890 830	-	57 232	23 335	-	4 654	2 841
Expected cash collection rate (%)	92.0%	92.0%	-	92.0%	92.0%	-	92.0%	92.0%
Rebates, exemptions - indigent (R'000)	11 901	-	-	-	-	-	-	-
Rebates, exemptions - pensioners (R'000)	7 105	-	-	-	-	-	-	-
Rebates, exemptions - other (R'000)	446 558	-	0	-	0	-	1 250	-
Phase-in reductions/discounts (R'000)	26 799	-	-	-	-	-	-	-
Total rebates,exemptns,reductns,discs (R'000)	492 363	-	0	-	0	-	1 250	-

GT001 City Of Johannesburg - Supporting Table SA13 Property rates by category (budget year)

Description	Resi.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Public benefit organs.	Mining Proprs.
Budget Year 2010/11								
Valuation:								
No. of properties	516 013	24 255	-	5 139	22 108	2 387	551	32
No. of sectional title property values	166 058	10 141	-	-	-	-	-	-
Years since last valuation (select)	3	3	-	3	3	3	3	3
Frequency of valuation (select)	4	4	-	4	4	4	4	4
Method of valuation used (select)	Market Value	Market Value	-	Market Value	Market Value	Market Value	Market Value	Market Value
Base of valuation (select)	Market Value	Market Value	-	Market Value	Market Value	Market Value	Market Value	Market Value
Phasing-in properties s21 (number)	173021	-	-	-	-	-	-	-
Combination of rating types used? (Y/N)	No	No	No	No	No	No	No	No
Flat rate used? (Y/N)	No	No	No	No	No	No	No	No
Is balance rated by uniform rate/variable rate?	-	-	-	-	-	-	-	-
Valuation reductions:								
Valuation reductions-public infrastructure (Rm)	-	-	-	-	-	2 727	-	-
Valuation reductions-R15,000 threshold (Rm)	84 121	-	-	-	-	-	-	-
Valuation reductions-public worship (Rm)	-	-	-	-	-	-	2 817	-
Valuation reductions-other (Rm)	-	-	-	-	5 190	-	-	-
Total valuation reductions:								
Total value used for rating (Rm)	478 647	133 460	-	12 051	9 993	2 727	1 150	201
Total market value (Rm)	478 647	133 460	-	12 051	9 993	2 727	1 150	201
Rating:								
Average rate	0.004928	0.017248	-	0.007392	0.005914	-	0.004928	0.017248
Rate revenue budget (R'000)	2 897 845	2 301 880	-	69 672	28 407	-	5 666	3 458
Rate revenue expected to collect (R'000)	2 689 200	2 136 144	-	64 655	26 361	-	5 258	3 209
Expected cash collection rate (%)	92.8%	92.8%	-	92.8%	92.8%	-	92.8%	92.8%
Special rating areas (R'000)	-	-	-	-	-	-	-	-
Rebates, exemptions - indigent (R'000)	13 329	-	-	-	-	-	-	-
Rebates, exemptions - pensioners (R'000)	8 099	-	-	-	-	-	-	-
Rebates, exemptions - other (R'000)	500 282	-	0	-	0	-	2 100	-
Phase-in reductions/discounts (R'000)	14 999	-	-	-	-	-	-	-
Total rebates,exemptns,eductns,discs (R'000)	536 709	-	0	-	0	-	2 100	-

GT001 City Of Johannesburg - Supporting Table SA14 Household bills

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10		2010/11 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2010/11 % incr.	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Rand/cent										
Monthly Account for Household - 'Large' Household:	1									
Rates and services charges:										
Property rates		403.65	424.24	454.36	495.00	495.00	12.0%	554.40	589.16	624.77
Electricity: Basic levy		78.83	121.99	146.39	226.56	226.56	21.0%	274.14	291.33	308.94
Electricity: Consumption		373.19	403.79	427.61	481.80	481.80	24.0%	597.40	634.85	674.65
Water: Basic levy		-	-	-	-	-	-	-	-	-
Water: Consumption		151.10	163.80	172.15	203.14	203.14	10.3%	224.02	238.06	252.45
Sanitation		93.00	100.55	105.68	129.00	129.00	14.1%	147.19	156.42	165.87
Refuse removal		42.19	44.48	46.75	113.00	113.00	13.3%	128.00	136.03	144.25
Other		-	-	-	-	-	-	-	-	-
sub-total:		1 141.96	1 258.85	1 352.94	1 648.50	1 648.50	16.8%	1 925.15	2 045.85	2 170.93
VAT on Services		103.36	116.85	125.80	161.49	161.49	18.8%	191.91	203.94	216.46
Total large household bill:		1 245.32	1 375.70	1 478.74	1 809.99	1 809.99	17.0%	2 117.06	2 249.79	2 387.39
% increase/-decrease			10.5%	7.5%	22.4%	-	17.0%	17.0%	6.3%	6.1%
Monthly Account for Household - 'Small' Household:	2									
Rates and services charges:										
Property rates		104.04	109.38	116.67	128.33	128.33	12.0%	143.73	152.74	161.97
Electricity: Basic levy		78.83	121.99	146.39	226.56	226.56	21.0%	274.14	291.33	308.94
Electricity: Consumption		175.98	190.41	201.64	235.95	235.95	24.0%	292.58	310.92	329.72
Water: Basic levy		-	-	-	-	-	-	-	-	-
Water: Consumption		112.35	121.80	128.01	149.94	149.94	9.5%	164.12	174.41	184.95
Sanitation		47.80	51.70	54.34	66.27	66.27	14.1%	75.61	80.35	85.21
Refuse removal		23.87	25.16	26.44	76.00	76.00	11.8%	85.00	90.33	95.79
Other		-	-	-	-	-	-	-	-	-
sub-total:		542.87	620.44	673.49	883.05	883.05	17.2%	1 035.18	1 100.08	1 166.58
VAT on Services		61.44	71.55	77.95	105.66	105.66	18.1%	124.80	132.63	140.65
Total small household bill:		604.31	691.99	751.44	988.71	988.71	17.3%	1 159.98	1 232.71	1 307.23
% increase/-decrease			14.5%	8.6%	31.6%	-	17.3%	17.3%	6.3%	6.0%
Monthly Account for Household - 'Small' Household receiving free basic services:	3									
Rates and services charges:										
Property rates		-	-	-	-	-	-	-	-	-
Electricity: Basic levy		-	-	-	-	-	-	-	-	-
Electricity: Consumption		24.25	25.68	27.20	34.07	34.07	15.0%	39.18	41.64	44.18
Water: Basic levy		-	-	-	-	-	-	-	-	-
Water: Consumption		-	-	-	-	-	-	-	-	-
Sanitation		47.80	51.70	54.34	66.27	66.27	14.1%	75.61	80.35	85.20
Refuse removal		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
sub-total:		72.05	77.38	81.54	100.34	100.34	14.4%	114.79	121.99	129.38
VAT on Services		10.09	10.83	11.42	14.05	14.05	14.4%	16.07	17.08	18.11
Total small household bill:		82.14	88.21	92.96	114.39	114.39	14.4%	130.86	139.07	147.49
% increase/-decrease			7.4%	5.4%	23.1%	-	14.4%	6.3%	6.1%	6.1%

References

1 Use as basis 1 000m² erf, 150m² improvements, 1 000 units electricity and 30kl water.

2 Use as basis 300m² erf, 48m² improvements, 498 units electricity and 25kl water.

3 Use as basis 300m² erf, 48m² improvements, 60kw electricity and 6kl water (TO BE CONFIRMED).

GT001 City Of Johannesburg - Supporting Table SA15 Investment particulars by type

Investment type	2006/7	2007/8	2008/9	Current Year 2009/10		2010/11 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand								
Parent municipality								
Listed Corporate Bonds	35	35		-		-	-	-
Deposits - Bank	1 687 455	423 158	952 652	610 467	566 104	1 688 454	2 827 414	3 959 654
Guaranteed Endowment Policies (sinking)	2 024 156	2 297 282	1 297 282	2 762 078	2 636 439	2 913 466	3 094 362	3 759 596
Consolidated total:	3 711 646	2 720 475	2 249 934	3 372 545	3 202 543	4 601 920	5 921 776	7 719 250

GT001 City Of Johannesburg - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Period of Investment	Type of Investment	Expiry date of investment	Monetary value	Interest to be realised
Name of institution & investment ID	Yrs/Months			Rand thousand	
Parent municipality					
RMB R100m Security Deposit		Long Term	30 Nov 14	45 384	-
RMB R100m Amortising Deposit		Long Term	30 Nov 14	47 360	-
RMB R248m Sinking Fund		Long Term	31 Dec 12		-
RMB Fixed Deposit		Long Term	30 Nov 14	35 019	
ABSA R150m		Long Term	20 Dec 12		-
SCMB Loan Stock		Long Term	31 Aug 13	20 813	-
Standard Midrand		Long Term	30 Nov 11		-
Regiments Sinking Fund		Long Term	10 Apr 2010	2 764 890	-
INCA & STD Bank		Long Term	30 Jun 11		-
Call Investment		Call	Call	1 688 454	-
TOTAL INVESTMENTS AND INTEREST				4 601 920	-

GT001 City Of Johannesburg - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	2006/7	2007/8	2008/9	Current Year 2009/10		2010/11 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand								
Parent municipality								
Long-Term Loans (annuity/reducing balance)	2 410 786	2 022 177	2 624 189	1 093 185	4 425 247	4 175 160	3 934 059	3 863 774
Local registered stock	30 000	30 000	30 000	30 000	30 000	30 000	30 000	30 000
Non-Marketable Bonds	3 730 000	5 856 865	7 700 817	10 022 543	6 700 817	8 212 817	9 724 817	10 824 817
Total Borrowing	6 170 786	7 909 042	10 355 006	11 145 728	11 156 064	12 417 977	13 688 876	14 718 591