

ANNEXURE B



Annexure B

DRAFT BUDGET OF CITY OF EKURHULENI

2017/18 TO 2019/20 MEDIUM-TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AARTO	Administrative Adjudication of Road Traffic Offences	L	Litre
AGSA	Auditor-General South Africa	LMCDP	Lungile Mtshali Community Development Project
ARS	Application Rationalisation Strategy	M&E	Monitoring and Evaluation
ASGISA	Accelerated and Shared Growth Initiative	MBRR	Municipal Budget and Reporting Regulations
BSC	Budget Steering Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act
CBO	Community Based Organisation	MHDP	Municipal Housing Development Plan
CBP	Community Based Projects	MIG	Municipal Infrastructure Grant
CCA	Customer Care Areas	MMC	Member of Mayoral Committee
CCC	Customer Care Centres	MOU	Memorandum of Understanding
CFO	Chief Financial Officer	MPRA	Municipal Properties Rates Act
CIF	Capital Investment Framework	MSA	Municipal Systems Act
CIPC	Companies and Intellectual Property Commission	MSDF	Metropolitan Spatial Development Framework
CITP	Comprehensive Integrated Transport Plan	MTEF	Medium-term Expenditure Framework
CM	City Manager	MTREF	Medium-term Revenue and Expenditure Framework
CODESA	Convention for a Democratic South Africa	MVRA/ DLTC	Motor Vehicle Registering Authority / Driver's Licensing Testing Centre
COO	Chief Operating Officer	NDP	National Development Plan
CPI	Consumer Price Index	NDPG	Neighbourhood Development Programme Grant
CPIX	Consumer Price Index excluding mortgage costs	NERSA	National Energy Regulator South Africa
CRM	Customer Relations Management	NGO	Non-Governmental Organisations
CSIR	Council of Scientific and Industrial Research	NKPIs	National Key Performance Indicators
DCS	Digital City Systems	NOC	Network Operation Centre
DEMS	Disaster and Emergency Management Services	NSDP	National Spatial Development Perspective
DMTN	Domestic Medium-term Note	NT	National Treasury
DORA	Division of Revenue Act	NUSP	National Upgrading Support Programme
EDC	Ekurhuleni Development Company	OHS	Occupational Health and Safety
EE	Employment Equity	OPCA	Operation Clean Audit
EIA	Environmental Impact Assessment	OPM	Organisational Performance Management

EM	Executive Mayor	PBO	Public Benefit Organisations
EMIS	Engineering Management Information System	PDI	Previously Disadvantaged Individuals
CoE	City of Ekurhuleni	PHC	Provincial Health Care
EMPD	Ekurhuleni Metro Police Department	PMO	Project Management Office
EPWP	Expanded Public Works Programme	PMS	Performance Management System
ERM	Environmental Resource Management	PPE	Property Plant and Equipment
ERP	Enterprise Resource Planning	PPI	Producer Price Index
FBE	Free basic electricity	PPP	Public Private Partnership
FBS	Free basic services	PRASA	Passenger Rail Agency of South Africa
GAMAP	Generally Accepted Municipal Accounting Practice	PSI	Public Services Infrastructure
GDP	Gross domestic product	PTIS	Public Transport Infrastructure System
GDS	Growth and Development Strategy	RFP	Request for Proposal
GFS	Government Financial Statistics	RG	Restructuring Grant
GGDS	Gauteng Growth and Development Strategy	R&M	Repair & Maintenance
GPG	Gauteng Provincial Government	RMEP	Revenue Management
GRAP	General Recognised Accounting Practice	RMTC	Road Management Traffic Corporation
HR	Human Resources	RSDF	Regional Spatial Development Framework
HSDG	Human Settlement Development Grant	SALGA	South African Local Government Association
HSDP	Human Settlement Development Plan	SAMSA	South African Maritime Safety Authority
IBALCO	IDP Budget Asset and Liability Committee	SAPS	South African Police Services
IBT	Inclining Block Tariff	SCOA	Standard Chart of Accounts
ICT	Information Communication Technology	SDBIP	Service Delivery Budget Implementation Plan
IDP	Integrated Development Strategy	SIP	Strategic Implementation Plan
IMS	Intelligent Metering Systems	SMME	Small Micro and Medium Enterprises
INEP	Integrated National Electrification Programme	SRAC	Sports, Recreation, Arts and Culture
IR	Institutional Review	STS	Standard Transfer Specification
IRPTN	Integrated Rapid Public Transport Network	UCC	Unified Command Centre
IT	Information Technology	USDG	Urban Settlement Development Grant
KPA	Key Performance Area	VAT	Value Added Tax
KPI	Key Performance Indicator	WMS	Waste Management Services
kWh	kilowatt hour		

Part 1 – Annual Budget

1.1 Mayor's Report

The 2017/18 Medium Term Revenue and Expenditure Framework is the first of our 5-year term, following the renewal of the local government mandate through the 2016 Local Government Elections. The outcomes of those elections constituted a unique political framework for governance, owing largely to the fact of having had to establish a council coalition in order to constitute an administration.

However, that unique political environment has also proven as a successful test of the maturing of politics in our City. The situation has not affected the political and administrative stability of the City and the coherence of leadership.

In this regard, the tabling of this 2017/2018 Budget coincides with the need to paint a concrete picture about the strategic thrust of the policy perspectives of this administration. The budget is an important instrument to translate strategic ideas into practical policies with precise implementation and evaluation plans.

In outlining the political strategy of advancing the mandate of the City of Ekurhuleni for the next 5 years, I have repeatedly asserted the principle of a pro-poor approach to governance as our guiding philosophy as this administration. The main thesis of this philosophy is to consistently prioritise the needs of the most underdeveloped sections of our city in the strategic framework and delivery plans of our administration.

What all of this means is that we intend to structure our policy interventions and service delivery strategy in a manner that, in particular, improves the living conditions of the poor. This means that we have to build a working social compact with all sections of the city in line with their needs.

In part, the success of this pro-poor philosophy of governance means we have to continue to build a transformed democratic institution that primarily fosters hope and extends opportunities to the poorest of the poor. For this to happen, we have to deepen community participation in informing the priorities of the City. This talks directly to the importance of the Integrated Development Plan processes as a platform of engagement between the City and the people that it serves.

In that context, our medium term revenue and expenditure framework will set the tone for our approach to expanding access to decent services for the poor, improving the quality of service already being provided and our fiscal strategy to stimulate employment creation, transformation of local economic structures and the pursuit of sustainable economic growth.

Our expenditure on capital projects such as housing, roads infrastructure, water and energy infrastructure, social development; Sports, Recreation Arts and Culture infrastructure as well as expanded skills development initiatives are important components of this fiscal strategy.

Furthermore, our budget reinforces the pursuit of longterm projects that have been inherited from previous administrations. Among others, it attends to the roll-out of the Aerotropolis Masterplan, Revitalisation of Manufacturing, the Harambe Integrated Rapid Public Transport Network, Quantum Leap, the Germiston Precinct and the restructuring and boosting of Township Economies and the Rehabilitation of Dams and Lakes.

At a strategic level, the budget is located within the overall vision of the Growth and

Development Strategy (GDS) 2055. We are pressing on with the transformation of our city into a livable digital city that works for all its people. We have allocated resources in a manner that further improves our character as a delivering city, with the capacity to honour its commitments and integrate more communities into its service-packages.

As I earlier stated the 2017/2018 budget, our Medium Term Revenue and Expenditure Framework, is an important instrument to translate strategic ideas into practical policies with precise implementation and evaluation plans.

I must also mention that it will require rigorous, diligent and cooperative action on us as the political leadership, city officials and communities to make its targets achievable. I am confident that all of us are up to the task and will play our part to help our City of Ekurhuleni to be the best that it can be.

Yours in Public Service,

Cllr Mzwandile Masina - The Executive Mayor.

DRAFT

1.2 Council Resolutions

On 25 May 2017 the City Of Ekurhuleni's Council will meet at the Germiston Council Chambers to consider the metro's annual budget for the 2017/18 financial year. The Council will consider the following resolutions:

- “1. The Council of the City Of Ekurhuleni, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) **APPROVES** and **ADOPTS**:
 - 1.1 The annual budget of the municipality for the financial year 2017/18 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 22 on page 53;
 - 1.1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 23 on page 56;
 - 1.1.3 Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 25 on page 59; and
 - 1.1.4 Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 26 on page 62.
 - 1.2 The financial position, cash flow budget, cash backed reserve / accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1 Budgeted Financial Position as contained in Table 27 on page 67;
 - 1.2.2 Budgeted Cash Flows as contained in Table 28 on page 70;
 - 1.2.3 Cash backed reserves and accumulated surplus reconciliation as contained in Table 29 on page 71;
 - 1.2.4 Asset management as contained in Table 30 on page 74, and
 - 1.2.5 Basic service delivery measurement as contained in Table 31 on page 78.
2. The Council of the City of Ekurhuleni, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) **APPROVES** and **ADOPTS** with effect from 1 July 2017:
 - 2.1 Schedule 1 - Tariffs for property rates.
 - 2.2 Schedule 2 – Tariffs for electricity.
 - 2.3 Schedule 3 - Tariffs for the supply of water.
 - 2.4 Schedule 4 - Tariffs for the supply of sewer.
 - 2.5 Schedule 5 – Tariffs for waste management services.

– as set out in Annexure C
3. The Council of the City of Ekurhuleni, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) **APPROVES** and **ADOPTS** with effect from 1 July 2017 the tariffs for other services, as set out in the various tariff schedules as contained in Annexure C.
4. To give proper effect to the municipality's annual budget, the Council of the City of Ekurhuleni **APPROVES**:
 - 4.1 **That** cash backing is implemented through the utilisation of a portion of the revenue generated from property rates and user charges for services to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by Section 8 of the Municipal Budget and Reporting Regulations.

- 4.2 **That** the municipality **BE PERMITTED** to enter into long-term borrowings for the funding of the capital programmes in respect of the 2017/18 financial year limited to an amount of R2.906 billion, 2018/19 financial year limited to an amount of R2.967 billion and 2019/20 financial year limited to an amount of R3.298 billion, in terms of Section 46 of the Municipal Finance Management Act.
- 4.3 **That** the Municipal Manager **BE AUTHORISED** to sign all necessary agreements and documents to give effect to the above lending programme.
- 4.4 **That** the taking up of an external loan of R2.906 billion to fund the 2017/2018 Capital Budget **BE APPROVED** for a term of 10 to 15 years and that a further report be submitted to Council to give feedback on the public comments received in this regard before the transaction is finalised.
5. To guide the implementation of the municipality’s annual budget, the Council of the City of Ekurhuleni EKURHULENI **APPROVES** the policies as set out in the Annexures of this document.

Annexure D1	Medium-term Budget Policy Statement (reviewed)
Annexure D2	Pricing Policy Statement (reviewed)
Annexure D3	Property Rates Policy (reviewed)
Annexure D4	Provision of Free Basic Electricity Policy (reviewed)
Annexure D5	Waste Management Services Tariff Policy (remains unchanged)
Annexure D6	Consumer Deposit Policy (remains unchanged)
Annexure D7	Indigent Policy (reviewed)
Annexure D8	Credit Control & Debt Collection Policy (remains unchanged)
Annexure D9	Provision for Doubtful Debtors and Debtors Write Off (remains unchanged)
Annexure D10	Budget Implementation and Monitoring Policy (remains unchanged)
Annexure D11	Municipal Entity Financial Support Policy (remains unchanged)
Annexure D12	Accounting Policy (reviewed)
Annexure D13	Funding and Reserves Policy (remains unchanged)
Annexure D14	Borrowing Policy (remains unchanged)
Annexure D15	Cash Management Policy (remains unchanged)
Annexure D16	Policy on Electricity Metering for Residential and Small Business Customers in the City Of Ekurhuleni (reviewed)
Annexure D17	Policy for the Vending of Pre-Paid Electricity (reviewed)
Annexure D18	Policy for Correction of Meter Reading and Billing Data (reviewed)
Annexure D19	Electricity Tariff policy (reviewed)
Annexure D20	Virement Policy (remains unchanged)
Annexure D21	Consumer Agreement Policy (remains unchanged)
Annexure D22	Renewable Energy Revenue Loss Mitigation Policy (remains unchanged)
Annexure D23	Supply Chain Management Policy (reviewed)

6. **To** ensure oversight of the municipal entities, as required by Section 89 of the Municipal Finance Management Act, Council **APPROVES** the salaries and benefits of the Municipal Entities to be in line with the proposed increases as set out in the budget of City Of Ekurhuleni.

7. **That** the Chief Financial Officer in consultation with the City Manager **BE DELEGATED** the authority to adjust the 2017/18 Operating and Capital Budgets (income and expenditure) with:
 - 7.1 all operating and capital grants received in addition to the currently gazetted DORA grants
 - 7.2 income received for recoverable jobs
 - 7.3 insurance claims received
 - 7.4 developers' contributions received
 - 7.5 transactions on the internal cost management structure
 - 7.6 disbursement of centralised budgets

8. **That** the Chief Financial Officer **BE AUTHORISED** to amend the structure on the financial system, in collaboration with the Heads of Departments, to align the financial system to the outcome of the Institutional Review and the new Standard Chart of Accounts (SCOA), structure proposed by National Treasury.

9. **That**, in order to facilitate multi-year budgeting, departments **BE AUTHORISED** to commit projects on the 2017/18 and 2018/19 budgets, on both internal and confirmed external funding sources.

10. **That** authority **BE GRANTED**, to a maximum amount of R200 m, in respect of bank overdraft facilities and/or the raising of short-term loans, including loans at call from Council's bankers, for the financial year ending 30 June 2018 in order to finance temporarily –
 - Expenditure on the Capital Budget; or
 - Expenditure on the Operating Budget incurred in anticipation of the receipt of revenue estimated and from which the expenditure would have been defrayed.

11. **That** the CITY OF EKURHULENI, IDP and Service Delivery Budget Implementation Plan (SDBIP) for 2017/18 as contained in Annexures A and E respectively, **BE ADOPTED**.

12. **That** the copy of the IDP **BE SUBMITTED** to the MEC for Local Government for comments.

13. **That** the MEC for Local Government **BE REQUESTED** to approve the CITY OF EKURHULENI IDP for 2017/18 as its Land Development Objectives as envisaged in Section 72a of the Development Facilitation Act.”

1.3 Executive Summary

Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. This includes the compilation of the Medium-term Revenue and Expenditure Framework.

The City's GDS and IDP are its principal strategic planning instruments, which directly guide and inform its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation, which directly informs the Service Delivery and Budget Implementation Plan.

With the compilation of the 2017/2018 Draft Medium-Term Revenue and Expenditure Framework (MTREF), each department/function had to review its business planning processes taking into account their individual departmental strategies. Business planning links back to priority needs and master planning, and essentially inform the detail operating budget appropriations and three-year capital programme.

The current slowdown of the economy will continue to pressurise municipal revenue generation and collection hence a conservative approach was followed for projecting revenue. These circumstances make it essential for municipalities to reprioritise expenditure and implement stringent cost-containment measures.

The compilation of the MTREF therefore remains a huge challenge to balance the budget between the limited revenue resources available and the immense need to provide quality service delivery to our community. Tariff increases must be limited to be within the affordability levels of our community and must still promote economic growth to ensure financial sustainability.

The 2017/2018 budget is based on an expected growth rate of 0.9% for property rates and refuse removal. No growth rate is provided for water sanitation based on the water restrictions levies implemented in the 2016/17 that resulted in consumer's behavioural change. The decline in electricity demand over the past three years resulted with a decline of 0% in the following budget year. The net result of the growth rate will therefore reflect a decline in the additional income to Council.

The MTREF used the guidelines set by the Minister of Finance in his Medium-term Budget Policy Statement Speech as well as the guidelines in terms of Circular No.85 dated 09 December 2016 as issued by National Treasury. The **inflation outlook** as set out in the Circular is set at **6.1%**.

It is proposed that the **property rate tariff** remain unchanged for 2017/2018, which is still in line with the tariff increase set in the current MTREF approved by Council.

The bulk purchase tariff from Eskom will increase by 7% for municipalities and 7% for Eskom users. Although there is no formal pronouncement from NERSA, it is understood that there is a possibility of a 2.0% tariff increase that could be awarded to Eskom. Should a lower tariff increase be awarded, there would be a significant negative impact on the revenue of the municipality. However, this should not pose a major challenge on the total operating budget since the expenditure side of electricity, i.e. bulk purchases, will also reduce.

The bulk water tariff purchased from Rand Water has not yet been finalised. However, Rand Water indicated a tariff increase **10.0%**. Based on the preliminary increase it is proposed that the **water tariff increase** be increased with **10.0%**.

Sanitation tariffs will increase by 9.0%. This is based on the cost of sewer purification rendered by Erwat.

Refuse removal tariff increase was set at 7.5% for all users. This is largely based on the increase of the main cost drivers of the service.

Sundry tariff increases will be limited, in most instances, to be within the CPI rate. A summary of the increases is contained later in this report.

The impact of the above tariff increases on households is estimated to vary between 8% and 9.5%, as set out in Table 15 MBRR Table SA14 – household bills on page 38. Cognisance must be taken that increase is still subjected to the final Eskom and Rand Water tariff increases.

Service delivery and the maintenance of council's infrastructure remains the priority. The Repair and Maintenance budget will increase with 10.6%.

The financial sustainability of the 2017/18 MTREF is largely dependent on the collection level of billed income. Provision is made for a **collection level of 94%**.

The **Capital Budget of Capital Budget of R6.3 billion for 2016/17 is 23% more** when compared to the 2016/17 Adjusted Budget.

Historically the ratio between the Operating Budget and Capital Budget was 90:10 (10%). The ratio as determined on the budget for the current year is 12.55%. This ratio increase to **13%** in the 2016/17 Budget. The improvement of the ratio is largely based on the fact that the operating budget increase with approximately 4.61% whilst the capital budget is increasing with 10%.

The Capital Budget is largely driven by projects emanating from the GDS 2055, IDP and projects identified by the community as well as the backlog in services.

In terms of Council's social commitment to assist the poorer communities in Ekurhuleni provision was also made for the supply of free basic services and social contributions to identified structures in Ekurhuleni.

All residential owners will **continue to receive assessment rate exemption on the value of their homes. The first R150 000 is exempted for assessment rates**. Various other grants on assessment rates, such as pensioners' rebate, rebate to low income people, properties zoned for religious purposes, will continue in the new year.

Council will continue with the **supply of free basic water and sanitation to residents**. All residents receive **6KI of water sanitation free**, whilst indigents receive an additional 3KI per month.

However, based on the growing demand by national government, Council will have to reconsider the free supply of services to ALL communities. Free basic water and sanitation should in future only be supplied to the poorer communities and not all communities. Council is in a process to analyse the impact and various options for future implementation.

The slow pace in registering indigents forced Council to consider an alternative option in addressing the indigents. Similar to the process followed by other metros in SA, Council

Table 2 Consolidated Overview of the 2017/18 MTREF

Consolidated Overview of the 2017/18 MTREF				
	Adjustment Budget 2016/17	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Total Operating Revenue	34,172,635,606	37,410,339,984	40,679,207,491	44,190,004,120
Total Operating Expenditure	34,155,863,063	37,395,077,330	40,644,897,184	44,137,665,159
Total Gains and Losses	16,000,000	15,000,000	15,885,000	16,806,330
<i>Surplus/(Deficit) for the year</i>	772,543	262,654	18,425,307	35,532,631
Total Capital Expenditure	5,103,439,700	6,271,275,712	6,533,820,604	7,048,415,189

Total operating **revenue** (which includes capital grant income) has grown by 9.47% or **R3.2 billion** for the 2017/18 financial year when compared to the 2016/17 Budget. For the two outer years, operational revenue is increasing with 8.74% and 8.63% respectively, equating to a total revenue growth of R3.3 billion over the MTREF when compared to the 2016/17 financial year.

Total operating **expenditure** amounts to **R37.9 billion** in the 2017/18 financial year. Thus, it translates into a **budgeted surplus of R262, 654**. When compared to the 2016/17 Adjustments Budget, operational expenditure has grown by 9.48% in the 2017/18 budget. The operating surplus for the two outer years amounts to R18.4 million and R35.5 million respectively.

1.4 Operating Revenue Framework

Statistics from the 2011 National Census show that the population of CITY OF EKURHULENI has increased by an average of 3.14% annually. A large portion of these residents are unemployed, which results in an increase in services and expenditure but not necessarily an increase in the income base of Council.

For the CITY OF EKURHULENI to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that the metro is faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the metro and continued economic development;
- Efficient revenue management, which aims to ensure a 94% annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Energy Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;

-
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
 - Increase ability to extend new services and recover costs;
 - The municipality's Indigent Policy and rendering of free basic services; and
 - Tariff policies of the metro.

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The following table is a summary of the 2016/17 MTREF (classified by main revenue source):

Table 3 Summary of revenue classified by main revenue source (Source: NT Table A4)

EKU Ekurhuleni Metro - Table A4 Budgeted Financial Performance (revenue and expenditure)										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source										
Property rates	3,427,709	3,693,387	3,946,659	4,661,284	4,661,284	4,637,970	4,637,970	5,242,029	5,608,971	6,001,599
Service charges - electricity revenue	10,358,669	11,215,634	11,824,170	13,458,637	13,458,637	13,315,364	13,315,364	14,384,348	15,819,554	17,398,007
Service charges - water revenue	2,576,373	2,970,665	3,217,167	4,260,889	4,260,888	4,212,303	4,212,303	4,628,903	5,076,206	5,566,992
Service charges - sanitation revenue	895,456	1,005,144	1,054,668	1,646,274	1,646,274	1,688,507	1,688,507	1,860,003	2,008,785	2,169,468
Service charges - refuse revenue	962,652	1,040,979	961,447	1,486,709	1,486,709	1,452,359	1,452,359	1,604,411	1,724,742	1,854,098
Service charges - other	67,889	72,037	73,002	136,757	106,757	64,653	64,653	122,479	129,706	137,229
Rental of facilities and equipment	55,705	62,455	59,256	65,479	65,599	63,641	63,641	74,361	78,748	83,316
Interest earned - external investments	370,295	519,167	632,624	322,080	322,080	316,895	316,895	394,902	418,201	442,457
Interest earned - outstanding debtors	362,065	292,740	459,031	344,563	344,563	339,016	339,016	468,086	495,703	524,454
Dividends received	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	274,317	313,355	319,360	274,237	289,237	409,844	409,844	402,592	426,345	451,073
Licences and permits	41,011	53,622	51,651	193,025	193,025	47,961	47,961	74,483	78,877	83,452
Agency services	235,641	257,983	276,375	304,932	304,932	242,259	242,259	319,873	338,746	358,393
Transfers and subsidies	3,823,804	4,113,096	4,464,972	3,502,418	3,513,278	3,513,278	3,513,278	3,671,795	4,023,127	4,382,947
Other revenue	97,021	193,547	160,717	1,716,684	1,716,684	1,665,831	1,665,831	1,783,610	1,871,205	1,959,344
Gains on disposal of PPE				5,000	5,000	-	-	5,000	5,295	5,602
Total Revenue (excluding capital transfers and contributions)	23,548,607	25,803,810	27,501,101	32,378,969	32,374,949	31,969,880	31,969,880	35,036,876	38,104,212	41,418,432

Table 4 Percentage growth in revenue by main revenue source (this represents the revenue per source as a percentage of the total revenue)

Description	Year 2015/16	Current year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework						Proportionate % of Total Budget		
	Audited Actual R' 000	Adjusted Budget R' 000	%	Budget Year 2017/18 R '000	%	Budget Year +1 2018/19 R '000	%	Budget Year +2 2019/20 R '000	%	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Source												
Property Rates	3,946,659	4,661,284	14.4%	5,242,029	15.0%	5,608,971	14.7%	6,001,599	14.5%	15.0%	14.7%	14.5%
Service Charges - Electricity Revenue	11,824,170	13,458,637	41.6%	14,384,348	41.1%	15,819,554	41.5%	17,398,007	42.0%	41.1%	41.5%	42.0%
Service Charges - Water Revenue	3,217,167	4,260,888	13.2%	4,628,903	13.2%	5,076,206	13.3%	5,566,992	13.4%	13.2%	13.3%	13.4%
Service Charges - Sanitation Revenue	1,054,668	1,646,274	5.1%	1,860,003	5.3%	2,008,785	5.3%	2,169,468	5.2%	5.3%	5.3%	5.2%
Service Charges - Refuse Revenue	961,447	1,486,709	4.6%	1,604,411	4.6%	1,724,742	4.5%	1,854,098	4.5%	4.6%	4.5%	4.5%
Service Charges - Other	73,002	106,757	0.3%	122,479	0.3%	129,706	0.3%	137,229	0.3%	0.3%	0.3%	0.3%
Rental of Facilities and Equipment	59,256	65,599	0.2%	74,361	0.2%	78,748	0.2%	83,316	0.2%	0.2%	0.2%	0.2%
Interest earned - External Investments	632,624	322,080	1.0%	394,902	1.1%	418,201	1.1%	442,457	1.1%	1.1%	1.1%	1.1%
Interest earned -Outstanding Debtors	459,031	344,563	1.1%	468,086	1.3%	495,703	1.3%	524,454	1.3%	1.3%	1.3%	1.3%
Fines, penalties and forfeits	319,360	289,237	0.9%	402,592	1.1%	426,345	1.1%	451,073	1.1%	1.1%	1.1%	1.1%
Licenses and Permits	51,651	193,025	0.6%	74,483	0.2%	78,877	0.2%	83,452	0.2%	0.2%	0.2%	0.2%
Agency Services	276,375	304,932	0.9%	319,873	0.9%	338,746	0.9%	358,393	0.9%	0.9%	0.9%	0.9%
Transfers Recognised - Operational	4,464,972	3,513,278	10.9%	3,671,795	10.5%	4,023,127	10.6%	4,382,947	10.6%	10.5%	10.6%	10.6%
Other Revenue	160,717	1,716,684	5.3%	1,783,610	5.1%	1,871,205	4.9%	1,959,344	4.7%	5.1%	4.9%	4.7%
Gains on Disposal of PPE	–	5,000	0.0%	5,000	0.0%	5,295	0.0%	5,602	0.0%	0.0%	0.0%	0.0%
Total Revenue (Excluding Capital Transfers and Contributions)	27,501,101	32,374,949	100.0%	35,036,876	100.0%	38,104,212	100.0%	41,418,432	100.0%	100.0%	100.0%	100.0%
Total Revenue from Rates and Service Charges	21,077,114	25,620,550	79.1%	27,842,173	79.5%	30,367,964	79.7%	33,127,393	80.0%			

Revenue generated from rates and services charges contributes 79.5% (in 2017/18) of the total revenue basket for the metro. The percentage is slightly higher than the previous year mainly as a result that the increase on service charges is higher than the sundry and other income sources.

Details in this regard are contained in Table 25 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure) on page 59.

Electricity is the biggest source of income and represents R14.3 billion or 41.1% of the total income budget in 2017/18. This contribution from electricity increases also to 41.5% in 2018/19 and 42.0% 2019/20

Property rates are the second largest revenue source totalling 15.0% or R5.2 billion. This includes income forgone.

Operating grants and transfers totals R3.6 billion or 10.5% of total income budget in the 2017/18 financial year and moves to R4.38 billion by 2019/20. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium-term.

Table 5 Operating Transfers and Grant Receipts

EKU Ekurhuleni Metro - Supporting Table SA18 Transfers and grant receipts									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:									
Operating Transfers and Grants									
National Government:	2,168,333	2,387,871	2,576,154	3,078,925	3,121,386	3,121,386	3,339,339	3,673,187	4,033,007
Local Government Equitable Share	1,917,953	2,042,951	2,181,182	2,381,367	2,381,367	2,381,367	2,719,861	3,154,062	3,503,013
Finance Management	1,250	1,250	1,050	1,050	1,050	1,050	1,050	1,000	1,000
Public Transport and Systems	4,000	10,000	30,000	40,000	40,000	40,000	40,000	40,000	40,000
Integrated City Development Grant	8,808	40,323	43,194						
EPWP Operational	10,405	6,422	13,709	22,125	22,125	22,125	44,718		
Other transfers/grants	225,917	286,925	307,019	634,383	676,844	676,844	533,710	478,125	488,994
Provincial Government:	297,032	277,758	402,172	423,493	391,892	391,892	332,457	349,940	349,940
Health subsidy	106,493	111,952	117,885	124,133	124,133	124,133	130,340	137,900	137,900
Ambulance subsidy	129,001	136,040	143,043	150,624	150,624	150,624	158,155	167,328	167,328
SETA	3,291	7,374	1,553	23,821	23,821	23,821	25,132	25,132	25,132
Other transfers/grants	58,247	22,392	139,691	124,914	93,314	93,314	18,830	19,580	19,580
District Municipality:	-	-	-	-	-	-	-	-	-
<i>[insert description]</i>									
Other grant providers:	-	-	-	-	-	-	-	-	-
<i>[insert description]</i>									
Total Operating Transfers and Grants	2,465,365	2,665,629	2,978,327	3,502,418	3,513,278	3,513,278	3,671,795	4,023,127	4,382,947

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the city.

The principles set out in the Medium-term Budget Policy and Pricing Policy Statement formed the basis of tariff settings.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges at levels that reflect an appropriate balance between the interests of poor households, other customers and ensuring the financial sustainability of the municipality. For this reason, municipalities must justify in their budget documentation all increases in excess of the 6% upper boundary of the South African Reserve Bank's inflation target in the budget narratives. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of both Eskom and Rand Water bulk tariffs are beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and tariffs are largely outside the control of the city. Discounting the impact of these price increases in lower consumer tariffs will erode the city's future financial position and viability.

The current challenge facing the city is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the city has undertaken the tariff setting process relating to service charges as follows:

1.4.1 Property Rates

The Municipal Property Rates Act came into effect on the 1 July 2009. In terms of section 46 of the Act, the market value of a property, if sold on the date of valuation in the open market by a willing seller to a willing buyer, is to be realised in the valuation roll.

In terms of section 8 of the Act, a municipality may in terms of the criteria set out in its rates policy levy different rates for different categories of rateable property, which may include categories determined according to the –

- a. Use of the property
- b. Permitted use of the property
- c. A Combination of (a) and (b).

In terms of section 15(1) of the Act, a municipality may in terms of criteria set out in its rates policy –

- a. Exempt a specific category of owners of properties, or the owners of a specific category of properties, from payment of a rate levied on their property; or
- b. Grant to a specific category of owners of properties, or to the owners of a specific category of properties a rebate on or a reduction in the rates payable in respect of their properties.

Categories of properties and owners in respect of which rebates are granted may in accordance with section 15(2) include the following:

- (a) residential properties;
- (b) industrial properties;
- (c) business and commercial properties;
- (d) agricultural properties;
- (e) mining and quarries;
- (f) public service purpose properties;
- (g) public service infrastructure;
- (h) public benefit activity property;
- (i) vacant land;

Other Categories

- (j) state-owned properties;
- (k) municipal properties;
- (l) privately owned towns serviced by the owner;
- (m) informal settlements;
- (n) protected areas;
- (o) properties on which national monuments are proclaimed;
- (p) Places of worship

In terms of section 17 of the Act, the following rates, are deemed to be “impermissible”:

- a. the first 30% of the market value of Public Services Infrastructure;
- b. on any property referred to in paragraphs (a), (b), (e), (g) and (h) of the definition of public service infrastructure
- c. on those parts of a special nature reserve, national park or nature reserve within the meaning of the Protected Areas Act, or a national botanical garden;
- d. on mineral rights within the meaning of paragraph (b) of the definition of “property” in section 1;
- e. on the first R15 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll of a municipality to a category determined by the municipality –
 - i. for residential purposes; or
 - ii. for properties used for multiple purposes, provided one or more components of the property are used for residential purposes;
- f. on a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residential residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at services at that place of worship.

The Municipal Property Rates amendment act (29 of 2014) will become effective 1 July 2017 and Property Rates Policy have been amended to included changes.

FUNDING REQUIREMENTS

The following factors were taken into consideration in the determination of proposed rates:

- i. Operational and capital funding requirements.
- ii. Market values of properties as published in second general valuation roll (GV 2013), including supplementary valuation rolls published after implementation date, compiled in terms of Municipal Property Rates act.
- iii. Anticipated property developments and growth in supplementary property values.

Value of properties as per published general and supplementary valuation rolls, can be summarized as follows:

Rating Code	Rate Code Description	Number	Market Value
1	Residential	561,943	346,127,999,000
2	Industrial	8,181	53,504,398,000
3	Business And Commercial	15,618	106,873,692,000
4	Agricultural	2,924	6,664,264,000
8	Municipal Properties	515	1,689,653,000
9	Public Service Infrastructure	2,276	1,385,735,000
11	Informal Settlements	5,970	486,614,000
12	Mining And Quarries	97	149,728,470
13	Vacant Land	41,087	14,321,956,000
14	Protected Areas	26	108,338,000
15	National Monument	13	5,003,000
25	Private Towns	4	2,606,000
30	Public Service Purpose Properties	700	6,744,486,000
		639,354	538,064,472,470

In order to realize required funding and based on differential rating ratio's in respect of individual categories of properties, it is proposed that residential base rate remain unchanged with 0,00916c, but be based on market value of property as reflected in valuation roll.

Increased tariffs per rating category will be as follows:

Table 6 Comparison of proposed rates to be levied for the 2017/18 financial year

Rate Code	Category	Ratio	Current Tariff (1 July 2016)	Proposed tariff (from 1 July 2017)
1	Residential	1	0.00916	0.00916
2	Industrial	2.5	0.02290	0.02290
3	Business and Commercial	2	0.01832	0.01832
4	Agriculture	0.25	0.00229	0.00229
30	State Owned Properties	2	0.01832	0.01832
8	Municipal Properties	2	0.01832	0.01832
9	Public Services Infrastructure (PSI)	0.25	0.00229	0.00229
10	Public Service Purpose Properties (PSP)	2	0.01832	0.01832
35	Public Benefit Activity Properties	2	0.01832	0.01832
25	Private Towns	1	0.00916	0.00916
11	Informal Settlements	1	0.00916	0.00916
12	Mining and Quarries	3	0.02748	0.02748

Rate Code	Category	Ratio	Current Tariff (1 July 2016)	Proposed tariff (from 1 July 2017)
13	Vacant Land	4	0.03664	0.03664
14	Protected Areas	1	0.00916	0.00916
15	National Monuments	1	0.00916	0.00916

In terms of Municipal Property Rates Act amendment act, 29 of 2014, Public Service Purpose and Public Benefit Activity properties represents new categories of property with effect from 1 July 2015.

EXCLUSIONS AND REBATES

With the exception of Aged / Pensioners rebate, Disability grantees and medically boarded persons, exclusions and rebates as per item 4 of tariff schedule, will remain unchanged.

Sliding scale in respect of item 4.5 - Aged / Pensioners rebate, Disability grantees and medically boarded persons have been amended as follows:

Average Monthly earnings in respect of preceding 12 months.	
R0.00 to R 3 000.00 (2 x State pensions when amended)	100 % rebate on assessment rates
R3,000.01 to R6,180.00	85% rebate on assessment rates
R6,180.01 to R9,050.00	70% rebate on assessment rates
R9,050.01 to R9,970.00	55% rebate on assessment rates
R9,970.01 to R15,000.00	40% rebate on assessment rates

1.4.2 Sale of Water and Sanitation and Impact of Tariff Increases

A water tariff increase of 10% is proposed. This is entirely as a result of the expected equal increase of the bulk purchases from Rand Water. However, the tariff increase has not yet been finalised and could still affect the final budget of 2017/2018.

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

Table 7 Summary of tariffs: water

CATEGORY	CURRENT TARIFFS 2016/17	PROPOSED TARIFFS 2017/18
	Rand per kℓ	Rand per kℓ
RESIDENTIAL		
0 – 6 kℓ per 30-day period	0.00	0.00
7 – 15 kℓ per 30-day period	13.54	14.89
16 – 30 kℓ per 30-day period	16.58	18.24
31 – 45 kℓ per 30-day period	20.63	22.69
46 kℓ or more per 30-day period	25.44	27.98
NON-RESIDENTIAL		
0 – 5 000 kℓ per 30-day period	17.75	19.53
5 001 – 25 000 kℓ per 30-day period	18.04	19.84
25 001 > kℓ per 30-day period	18.82	20.70

The residential tariff structure is designed to charge higher levels of consumption at a higher rate, steadily increasing to a rate of R27.98 per kilolitre for consumption in excess of 45kℓ per 30-day period.

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling house:

Table 8 Impact of water increases for a single dwelling house

Monthly consumption kℓ	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change %
5	0.00	0.00	0.00	0.00%
10	54.16	59.56	5.4	10.00%
20	204.76	225.21	20.45	10.00%
30	370.56	407.61	37.05	10.00%
40	576.86	634.51	57.65	10.00%
50	807.21	887.86	80.65	10.00%
80	1,570.41	1,727.26	156.85	10.00%
100	2,079.77	2,286.86	207.09	10.00%

The sanitation tariff increase is based on the increase in purification cost as received from ERWAT. The ERWAT increase for the 2017/2018 financial year is 10% and it is proposed that the sanitation tariff to our customers be increased by 9%.

The tariffs proposed for the sanitation service are as follows:

Table 9 Summary of tariffs: sanitation

CATEGORY	CURRENT TARIFFS 2016/17	PROPOSED TARIFFS 2017/18
	Rand per kℓ	Rand per kℓ
RESIDENTIAL		
0 – 6 kℓ per 30-day period	0.00	0.00
7 – 15 kℓ per 30-day period	9.88	10.77
16 – 30 kℓ per 30-day period	4.20	4.58
31 – 45 kℓ per 30-day period	3.86	4.21
46 kℓ or more per 30-day period	2.63	2.87
NON-RESIDENTIAL		
0 – 5 000 kℓ per 30-day period	7.75	8.45
5 001 – 25 000 kℓ per 30-day period	4.13	4.50
25 000 > kℓ per 30-day period	2.69	2.93

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling house:

Table 10 Impact of sanitation increases on a single dwelling house

Monthly consumption kℓ	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change %
5	0.00	0.00	0.00	0%
10	39.52	43.08	3.56	9.00%
20	109.92	119.83	9.91	9.00%
30	151.92	165.63	13.71	9.00%
40	190.52	207.73	17.21	9.00%
50	222.97	243.13	20.16	9.00%
80	301.87	329.23	27.36	9.00%
100	354.47	386.63	32.16	9.00%

1.4.3 Sale of Electricity and Impact of Tariff Increases

The bulk purchase tariff from Eskom will increase by 7% for municipalities and 7% for Eskom users. Although there is no formal pronouncement from NERSA, it is understood that there is a possibility of a 2.0% tariff increase that could be awarded to Eskom. Should a lower tariff increase be awarded, there would be a significant negative impact on the revenue of the municipality. However, this should not pose a major challenge on the total operating budget since the expenditure side of electricity, i.e. bulk purchases, will also reduce.

No change in the Tariff structures is proposed.

To be in line with the guidelines the following tariffs will be applicable as from 1 July 2017:

- Tariff A IBT 7.0% (This increase is exactly as per the increase of the Eskom tariff increase to Eskom consumers)
- Tariff B 7.0%
- Tariff C 7.0%
- Tariff D 7.0%
- Tariff E 7.0%

An amount equal to 4% of the income is to be ring-fenced and placed in a maintenance fund that will only be used to fund critical electricity maintenance and refurbishment. At the level of increase, this maintenance fund is estimated to accumulate to a total of R547m in the 2017/18 financial year.

An amount equal to 0.25% of the income is to be ring-fenced and placed into an energy efficiency demand side management fund that will only be used to fund critical energy efficiency and demand side management projects. At this level of increase, this fund is estimated to accumulate to a total of R34.1m in the 2017/18 financial year. The fund will be used to convert council-owned assets to become energy efficient with projects such as streetlight efficiency; building efficiency and possibly the installation of solar geysers at Council owned properties.

The following table provides a brief summary of the proposed July 2018 tariff increase:

Table 11 Summary of tariff increases: electricity

	APPROVED TARIFFS 2016/17 R	PROPOSED TARIFFS 2017/18 R	% Increase
Tariff A (Business)			
Energy charge	1.78,83	1.91,35	7.00%
Tariff A (IBT) Energy charge			
A.1 Block (1 to 600 kWh)	1.03,39	1.10,63	7.00%
A.2 Block (>600 to <=700 kWh)	1.75,74	1.88,04	7.00%
A.3 Block (>700 kWh)	4.93,13	5.27,65	7.00%
A.4 Flat rate in the case of a billing system that cannot accommodate the inclining block rate.	1.06,02	1.13,44	7.00%
Tariff B (Residential and Bulk Residential) Energy charge			
Energy charge	1.53,22	1.63,95	7.00%
Tariff B (Business, Mixed business and Residential, Commercial or Industrial) Energy charge			
Energy charge (High Demand)	1.69,49	1.81,35	7.00%
Energy charge (Low Demand)	1.34,31	1.43,71	7.00%
Tariff C Energy charge			

	APPROVED TARIFFS 2016/17 R	PROPOSED TARIFFS 2017/18 R	% Increase
High Demand Season			
230/400 V	1.72,29	1.84,35	7.00%
230/400 V, direct from substation	1.69,21	1.81,05	7.00%
>230/400V & < = 11kV	1.66,21	1.77,75	7.00%
Low Demand Season			
230/400 V	1.03,30	1.10,53	7.00%
230/400 V, direct from substation	1.01,46	1.08,56	7.00%
>230/400V & < = 11kV	0.99,60	1.06,58	7.00%
Tariff D Energy charge			
High Demand Season (Peak)			
230/400 V, direct from substation	3.71,00	3.96,97	7.00%
>230/400V & < = 11kV	3.64,22	3.89,71	7.00%
>11kV	3.37,32	3.60,93	7.00%
High Demand Season (Standard)			
230/400 V, direct from substation	1.30,21	1.39,32	7.00%
>230/400V & < = 11kV	1.27,85	1.36,80	7.00%
>11kV	1.18,38	1.26,66	7.00%
High Demand Season (Off-Peak)			
230/400 V, direct from substation	0.78,52	0.84,01	7.00%
>230/400V & < = 11kV	0.77,11	0.82,50	7.00%
>11kV	0.71,42	0.76,42	7.00%
Low Demand Season (Peak)			
230/400 V, direct from substation	1.37,98	1.47,64	7.00%
>230/400V & < = 11kV	1.35,46	1.44,94	7.00%
>11kV	1.25,46	1.34,24	7.00%
Low Demand Season (Standard)			
230/400 V, direct from substation	0.90,52	0.96,85	7.00%
>230/400V & < = 11kV	0.88,86	0.95,08	7.00%
>11kV	0.82,37	0.88,13	7.00%
Low Demand Season (Off-Peak)			
230/400 V, direct from substation	0.71,42	0.76,42	7.00%
>230/400V & < = 11kV	0.70,08	0.74,98	7.00%
>11kV	0.64,88	0.69,42	7.00%
Tariff E Energy charge			
High Demand Season (Peak)			
230/400 V	5.13,76	5.49,72	7.00%

	APPROVED TARIFFS 2016/17 R	PROPOSED TARIFFS 2017/18 R	% Increase
230/400 V, direct from substation	5.04,57	5.39,89	7.00%
>230/400V & < = 11kV	4.95,45	5.30,13	7.00%
>11kV	4.58,69	4.90,79	7.00%
High Demand Season (Standard)			
230/400 V	1.46,72	1.56,99	7.00%
230/400 V, direct from substation	1.44,11	1.54,20	7.00%
>230/400V & < = 11kV	1.41,50	1.51,40	7.00%
>11kV	1.31,03	1.40,20	7.00%
High Demand Season (Off- Peak)			
230/400 V	0.86,59	0.91,65	7.00%
230/400 V, direct from substation	0.84,99	0.90,93	7.00%
>230/400V & < = 11kV	0.83,42	0.89,26	7.00%
>11kV	0.77,26	0.82,66	7.00%
Low Demand Season (Peak)			
230/400 V	1.56,21	1.67,15	7.00%
230/400 V, direct from substation	1.53,53	1.64,28	7.00%
>230/400V & < = 11kV	1.50,68	1.61,23	7.00%
>11kV	1.39,51	1.49,27	7.00%
Low Demand Season (Standard)			
230/400 V	1.02,56	1.09,74	7.00%
230/400 V, direct from substation	1.00,82	1.07,85	7.00%
>230/400V & < = 11kV	0.98,93	1.05,85	7.00%
>11kV	0.91,61	0.98,02	7.00%
Low Demand Season (Off-Peak)			
230/400 V	0.76,98	0.82,37	7.00%
230/400 V, direct from substation	0.75,66	0.80,96	7.00%
>230/400V & < = 11kV	0.74,23	0.79,43	7.00%
>11Kv	0.68,75	0.73,57	7.00%

MITIGATION MEASURE ON TARIFF A (IBT) TO PREVENT RISK TO CITY OF EKURHULENI REVENUE

Free Basic Electricity, as per the May 2014 Budget Resolutions, is targeted to only low consumption customers. This resolution from the previous budgets will be carried over to the 2017/2018 draft budget, unchanged.

Tariff A (IBT) is the CITY OF EKURHULENI tariff suitable for lower-end users of electricity. The tariff has inclining blocks (where energy is progressively more expensive, as more energy is used) and is heavily subsidised.

The tariff places financial risk on CITY OF EKURHULENI, should higher end users migrate to this pro-poor tariff. Mitigation measures are the following:

- The last block of the tariff, as in the previous financial year, is at a very high level of R4.93. This block aims to prevent higher end users from abusing this subsidized tariff. In effect, if customers use enough electricity to reach the very high block (i.e. above 700 units per calendar month), they should migrate to Tariff B;

Revenue enhancement projects will see a continued focus on tampered prepayment meters (as well as protecting them), with a view to also assisting finance in achieving proposed payment levels. Revenue is also enhanced by the continual refinement of energy tariffs, derived from the analysis of Eskom supply tariffs, as well as those of other key players in the South African Energy market. Finally, back office work will see more business processes implemented and these will lead to better efficiencies and a better service to energy customers.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for a single dwelling house:

Table 12 Comparison between current electricity charges and increases (Domestic)

Monthly consumption kWh	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change %
100 (Tariff A)	0.00	0.00	0.00	0.00%
250 (Tariff A)	155.09	165.95	10.86	7.00%
500 (Tariff B)	799.03	819.75	56.75	7.00%
750 (Tariff B)	1,182.08	1,229.63	56.75	7.00%
1 000 (Tariff B)	1,565.13	1,639.50	56.75	7.00%
2 000 (Tariff B)	3,097.33	3,279.00	56.75	7.00%

1.4.4 Waste Removal and Impact of Tariff Increases

The proposed tariff increase for rendering of refuse removal services and disposal services is 7.5%. The proposed tariff increase yielded a total revenue increase of 4.6%. The growth rate of 0.9% was assumed in the 2017/18 financial year.

The following the fundamental services of the department:

- ✓ Income generating services
 - Round collection
 - Bulk container services
 - Litter picking in commercial and industrial areas
 - Operation and management of landfill sites
- ✓ Non income generating services
 - Mini refuse disposal sites/transfer stations
 - Litter picking –all areas excluding commercial and industrial areas
 - Rehabilitation of old disposal sites

- Removal of illegal dumping

The main cost drivers for Waste Management Services are as follows:

– **Increase in transport costs:**

Waste management services, with the exception of landfills, are in essence a transport intensive operation and are therefore sensitive to the substantial and constant increases in the price of the following key transport inputs:

- Oils and lubricants
- Fuel costs
- General repairs and maintenance of the fleet

- **Labour costs**

Refuse removal is a labour intensive operation and labour costs tend to have a ripple effect on tariffs.

The following table compares current and proposed amounts payable from 1 July 2017:

Table 13 Comparison between current waste removal fees and increases

Residential Stand Size (for Bags Removal)	CURRENT TARIFFS FOR 2016/17	PROPOSED TARIFFS FOR 2017/18	INCREASE	%
Property Value BELOW R300 000				
0 - 300 m ² (Properties with value of R300 000 and less)	R 96.73	R 103.98	R 7.25	7.5%
Property Value ABOVE R300 000				
0- 300 m ²	R 113.81	R 122.35	R 8.54	7.5%
301- 600 m ²	R 134.04	R 144.09	R 10.05	7.5%
601 - 900 m ²	R 149.59	R 160.81	R 11.22	7.5%
901 - 1200 m ²	R 165.21	R 177.60	R 12.39	7.5%
1201 - 1500 m ²	R 191.20	R 205.54	R 14.34	7.5%
1501 - 2000 m ²	R 217.20	R 233.49	R 16.29	7.5%
2000 m ² +	R 243.17	R 261.41	R 18.24	7.5%
Property Value BELOW R300 000				
0 - 300 m ² (Properties with value of R300 000 and less)	R 113.81	R 122.35	R 8.54	7.5%
Property Value ABOVE R300 000				
Other Properties with Property Value more than R300 000	R 140.39	R 150.92	R 10.53	7.5%

1.4.5 Other Tariff Increases

The Finance Department has embarked on a process to compile a consolidated report of all sundry tariffs of all the departments. The tariffs were determined by departments and consolidated by the Finance Department. Sundry tariff increases were guided by the CPI

rate in most cases. In cases where the increase is not in line with the CPI rate, brief comments/motivations from departments were included.

Table 14 Summary of the Sundry Tariff Increases

NAME OF TARIFF AND SCHEDULE NO.	CURRENT TARIFFS INCREASES 2016/17	PROPOSED TARIFFS INCREASES 2017/18	COMMENTS
Financial Services (Schedule 6)	Avg. 6% (Ranges between 4.8% - 11.1%)	Avg. 5% (Ranges between 4.02% - 9.37%)	
Building Plans & Related Services (Schedule 7)	Avg. 5 % (Ranges between 4% - 8%)	Avg.4% (Ranges between 3% - 8%)	The determination of the tariffs was set in line with the tariff structure of other metropolitan municipalities and also in line with the budget instructions imposed for the determination of revenue, taking into consideration National Treasury guidelines and revenue targets set for Building Control revenue.
Roads Related Services (Schedule 8)	5.2%	7.65%	It is propose that the rates be increase in accordance with the annual increase in prices of civil engineering plant and material, diesel etc.
EMPD Services (Schedule 9)	6%	6%	The determination of the tariffs increase was set in line with the Consumer Price Index (CPI) and to uphold market related values. The Department has adjusted the tariffs to align to the averaged CPIX.
Transport Planning (Schedule 10)	5%	5%	
Disaster Management Services (Schedule 11)	7%	No increase	
Emergency Services (Schedule 12)	7%	Avg. 8 % (Ranges between 3% - 13%) 36% included on the selected Emergency Service Course.	The determination of the tariffs increase was set in line with the Producer Price Index (PPI) and to uphold values. The tariffs increased are motivated by the tariffs in the neighbouring Metros

NAME OF TARIFF AND SCHEDULE NO.	CURRENT TARIFFS INCREASES 2016/17	PROPOSED TARIFFS INCREASES 2017/18	COMMENTS
Libraries & Information Services (schedule 13)	No increase	No increase	
Library Auditorium (schedule 14)	No increase	No increase	
Arts, Culture & Heritage (schedule 15)	No increase	No increase	
Sports & Recreation (schedule 16)	No increase	6%	<p>The Division is increasing its tariffs for community halls and sports centers / stadiums in accordance with the Consumer Price Index. Hence the past 5 years the division has not increased its tariffs. However the department has introduced new tariff models that are cheap and aimed at increasing users and empowering Sport and Recreation Federations.</p>
Removal of Street (schedule 17)	6.5%	6.5%	<p>Tariffs for the removal of street trees in Ekurhuleni Metropolitan Municipality are amended annually. The new tariffs was created in the previous FY year in order to assist the Council in protecting our green heritage and these tariffs have been set at a basic cost to prohibit such actions and an additional cost of the actual tree.</p>
Cemeteries & Crematoriums (schedule 18)	No increase for EMM Residents. 10% for Non-Residents	6.5%	<p>The cemetery tariff increase is based on CPI which is recommended that a minimum nominal percentage increase be applied to cover inflationary increases in costs and reduce overall subsidization of interment. No further tariff adjustments will be done with the re-arrangement of grave subsidies.</p>

NAME OF TARIFF AND SCHEDULE NO.	CURRENT TARIFFS INCREASES 2016/17	PROPOSED TARIFFS INCREASES 2017/18	COMMENTS
Advertising Signs (schedule 19)	Avg. 10 %(between 10% to 15%).	6%	The determination of the tariffs increase was set in line with the tariff structure of other metropolitan municipalities and also in line with the budget instructions imposed for the determination of revenue targets set for the Advertising.
City Planning (schedule 20)	5.2%	6%	The tariffs increase was set in line with the tariff CPIX, and fees were compared with the fees from Tshwane and Joburg Metros and in some cases the new fees were amended to compare better with that of other Metros.
Economic Development (schedule 21)	5%	5%	
Environmental Health Services (schedule 22)	6.4%	6.1	The proposed tariff increases taking into account the rate of inflation and the comparison of the tariffs with other metros and the subsidized amounts by council.
Municipal Bus Services (schedule 23)	Avg. 7.11 % (between 6.67% - 9.03%).	Avg. 5.17 % (between 3% - 6.25%)	This average compares well with the overall increase of consumer goods and the increase in the cost of living. In order to ensure that the EMM bus fares are market-related compared to the fares charged by alternative modes of transport, cognizance needs to be taken of the tariffs being charged by the mini-bus taxis and other bus operators such as City to City, who currently operate the routes previously operated by Putco, in the same area

NAME OF TARIFF AND SCHEDULE NO.	CURRENT TARIFFS INCREASES 2016/17	PROPOSED TARIFFS INCREASES 2017/18	COMMENTS
Hire of or use of Parks Facilities (schedule 24)	10%	10%	The increase is necessary to keep abreast with inflation and the rising costs of maintenance
Real Estate (schedule 25)	5%	5%	
Council Owned Public Rental Housing Stock (Schedule 26)	Only Sethokga Community Residential Unit tariffs were approved by the council for 2016-17.	No increase for Sethokga Community Residential Unit and other Community Residential Unit tariffs are new.	Schedule is as per report submitted to Council detailing tariffs for Sethokga Community Residential Unit and other Community Residential Unit.

1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Table 15 MBRR Table SA14 – household bills

EKU Ekurhuleni Metro - Supporting Table SA14 Household bills										
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Rand/cent										
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates	351.89	378.28	406.65	437.14	437.14	437.14	12.0%	489.59	538.55	592.41
Electricity: Basic levy	25.35	27.25	30.58	34.00	34.00	34.00	7.0%	36.38	40.01	44.02
Electricity: Consumption	1,180.00	1,270.00	1,423.40	1,532.20	1,532.20	1,532.20	7.0%	1,639.50	1,803.45	1,983.79
Water: Basic levy	-	-	-	-	-	-	-	-	-	-
Water: Consumption	274.38	296.76	339.93	370.56	370.56	370.56	10.0%	407.61	440.21	475.43
Sanitation	117.60	127.08	139.21	151.92	151.92	151.92	9.0%	165.63	178.88	193.19
Refuse removal	116.59	128.25	138.51	149.59	149.59	149.59	7.5%	160.81	172.87	185.83
Other	5.00	-	-	-	-	-	-	-	-	-
sub-total	2,070.81	2,227.62	2,478.28	2,675.41	2,675.41	2,675.41	8.4%	2,899.52	3,173.97	3,474.67
VAT on Services	240.65	258.91	290.03	313.35	313.35	313.35		337.39	368.95	477.56
Total large household bill:	2,311.46	2,486.53	2,768.31	2,988.76	2,988.76	2,988.76	8.3%	3,236.91	3,542.92	3,952.23
% increase/-decrease		7.6%	11.3%	8.0%	-	-	8.3%	8.3%	9.5%	11.6%
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates	235.45	253.11	272.09	292.49	292.49	292.49	12.0%	327.58	360.34	396.38
Electricity: Basic levy	-	-	-	-	-	-	-	-	-	-
Electricity: Consumption	394.50	335.48	378.04	415.84	415.84	415.84	7.0%	444.94	489.44	538.38
Water: Basic levy	-	-	-	-	-	-	-	-	-	-
Water: Consumption	212.98	230.36	263.87	287.66	287.66	287.66	10.0%	316.41	341.72	378.62
Sanitation	101.35	109.53	119.93	130.92	130.92	130.92	9.0%	142.73	154.14	166.48
Refuse removal	116.59	128.25	138.51	149.59	149.59	149.59	7.5%	160.81	172.87	185.83
Other	5.00	-	-	-	-	-	-	-	-	-
sub-total	1,065.87	1,056.73	1,172.44	1,276.50	1,276.50	1,276.50	9.1%	1,392.47	1,518.51	1,665.69
VAT on Services	116.26	112.50	126.05	137.76	137.76	137.76		149.08	162.14	177.70
Total small household bill:	1,182.13	1,169.23	1,298.49	1,414.26	1,414.26	1,414.26	9.0%	1,541.55	1,680.65	1,843.39
% increase/-decrease		(1.1%)	11.1%	8.9%	-	-	9.0%	9.0%	9.0%	9.7%
			(11.13)	(0.19)	(1.00)	-				
Monthly Account for Household - 'Indigent' Household receiving free basic services										
Rates and services charges:										
Property rates	-	-	-	-	-	-	-	-	-	-
Electricity: Basic levy	-	-	-	-	-	-	-	-	-	-
Electricity: Consumption	197.25	125.81	236.28	259.90	259.90	259.90	7.0%	278.09	305.90	336.49
Water: Basic levy	-	-	-	-	-	-	-	-	-	-
Water: Consumption	121.52	131.44	150.56	164.14	164.14	164.14	10.0%	180.54	194.98	210.58
Sanitation	62.15	67.17	73.55	80.28	80.28	80.28	9.0%	87.52	94.52	102.08
Refuse removal	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
sub-total	380.92	324.42	460.39	504.32	504.32	504.32	8.3%	546.15	595.40	649.15
VAT on Services	53.32	45.41	64.45	70.60	70.60	70.60	8.3%	76.46	83.35	90.88
Total small household bill:	434.24	369.83	524.84	574.92	574.92	574.92	8.3%	622.61	678.75	740.03
% increase/-decrease		(14.8%)	41.9%	9.5%	-	-	8.3%	8.3%	9.0%	9.0%

Cognisance must be taken of the following factors affecting the average monthly household bills as indicated in the above schedule:

- In the above example, the overall impact of tariff increases on household bills decline from 9.5% in 2016/17 to 8.3% and 9.0%. The estimated increases in the outer years are reflected in the above table as well.
- The calculation with regard to electricity is based on the assumption that Tariff B would be applicable for middle income households. These households are not entitled to free basic electricity (FBE). Tariff A (IBT) is applicable for the affordable and indigent households in the above example.
- All consumers receive 6kl of water free, whilst indigents receive 9kl of water free.

1.5 Operating Expenditure Framework

The metro's expenditure framework for the 2017/18 budget and MTREF is informed by the following:

- The asset renewal and the repairs and maintenance requirements as identified in the backlog study.
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing, uncommitted, cash-backed reserves to fund any deficit.
- Funding of the budget over the medium-term, as informed by Section 18 and 19 of the MFMA.
- The capital programme is aligned to the asset renewal needs and backlog eradication goals.
- The prioritisation of capital needs was based on the Capital Investment Framework.
- Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2017/18 budget and MTREF (classified per main type of operating expenditure):

Table 16 Summary of operating expenditure by standard classification item (Table A4)

EKU Ekurhuleni Metro - Table A4 Budgeted Financial Performance (revenue and expenditure)										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Expenditure By Type										
Employee related costs	5,432,135	5,587,350	6,338,421	6,515,448	6,244,842	6,086,850	6,086,850	6,980,917	7,389,616	7,861,306
Remuneration of councillors	94,141	99,977	105,696	126,553	126,553	116,809	116,809	129,169	138,082	147,471
Debt impairment	1,343,750	2,211,425	1,434,058	1,468,871	1,468,871	1,468,871	1,468,871	1,583,845	1,694,714	1,813,344
Depreciation & asset impairment	1,978,922	2,057,381	1,945,234	1,805,346	1,805,346	1,803,583	1,803,583	2,088,279	2,415,453	2,766,226
Finance charges	572,960	571,556	848,639	662,383	663,333	640,390	640,390	753,661	986,116	1,125,824
Bulk purchases	9,485,711	10,218,508	11,662,156	12,489,022	12,488,950	12,342,535	12,342,535	13,307,785	14,565,012	15,942,078
Other materials	1,336,283	1,328,381	1,660,851	2,934,165	2,975,641	2,958,012	2,958,012	3,391,572	3,652,057	4,014,262
Contracted services	685,925	714,568	856,564	1,074,371	1,132,380	1,090,869	1,090,869	1,349,885	1,422,754	1,503,534
Transfers and subsidies	1,060,444	1,167,559	1,096,477	1,941,318	2,125,735	2,120,724	2,120,724	2,216,689	2,384,903	2,565,728
Other expenditure	1,217,356	1,428,532	1,529,914	3,345,719	3,326,524	3,267,437	3,267,437	3,219,811	3,421,195	3,626,320
Loss on disposal of PPE	721	7,838	–	15,000	–	–	–	–	–	–
Total Expenditure	23,208,349	25,393,075	27,478,011	32,378,197	32,358,177	31,896,079	31,896,079	35,021,613	38,069,902	41,366,093
Surplus/(Deficit)	340,258	410,735	23,090	773	16,772	73,801	73,801	15,263	34,310	52,339
allocations) (National / Provincial and District Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Transfers and subsidies - capital (in-kind - all)	1,516,157	1,647,087	2,147,158	1,876,755	1,797,686	1,797,686	1,797,686	2,373,464	2,574,996	2,771,573
Surplus/(Deficit) after capital transfers & contributions	1,856,415	2,057,822	2,170,248	1,877,528	1,814,458	1,871,487	1,871,487	2,388,727	2,609,306	2,823,912
Taxation										
Surplus/(Deficit) after taxation	1,856,415	2,057,822	2,170,248	1,877,528	1,814,458	1,871,487	1,871,487	2,388,727	2,609,306	2,823,912
Attributable to minorities										
Surplus/(Deficit) attributable to municipality	1,856,415	2,057,822	2,170,248	1,877,528	1,814,458	1,871,487	1,871,487	2,388,727	2,609,306	2,823,912
Share of surplus/ (deficit) of associate										
Surplus/(Deficit) for the year	1,856,415	2,057,822	2,170,248	1,877,528	1,814,458	1,871,487	1,871,487	2,388,727	2,609,306	2,823,912

A detailed analysis is supplied with the discussion regarding employee related costs as set out in MBRR Tables SA22 - 24 in this document.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the metro's budget. An increase of 6% has been provided in the 2017/18 financial year.

The **provision of debt impairment** was determined based on an annual collection rate of 94% and the principles as set out in the Provision for Doubtful Debt and Debt Write-off Policy. For the 2017/18 financial year this amount equates to R1.5 billion and escalates to R1.8 billion by 2018/19.

Provision for depreciation and asset impairment has been informed by the municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Draft Budget appropriations in this regard total 2.0 billion for the 2017/18 financial year.

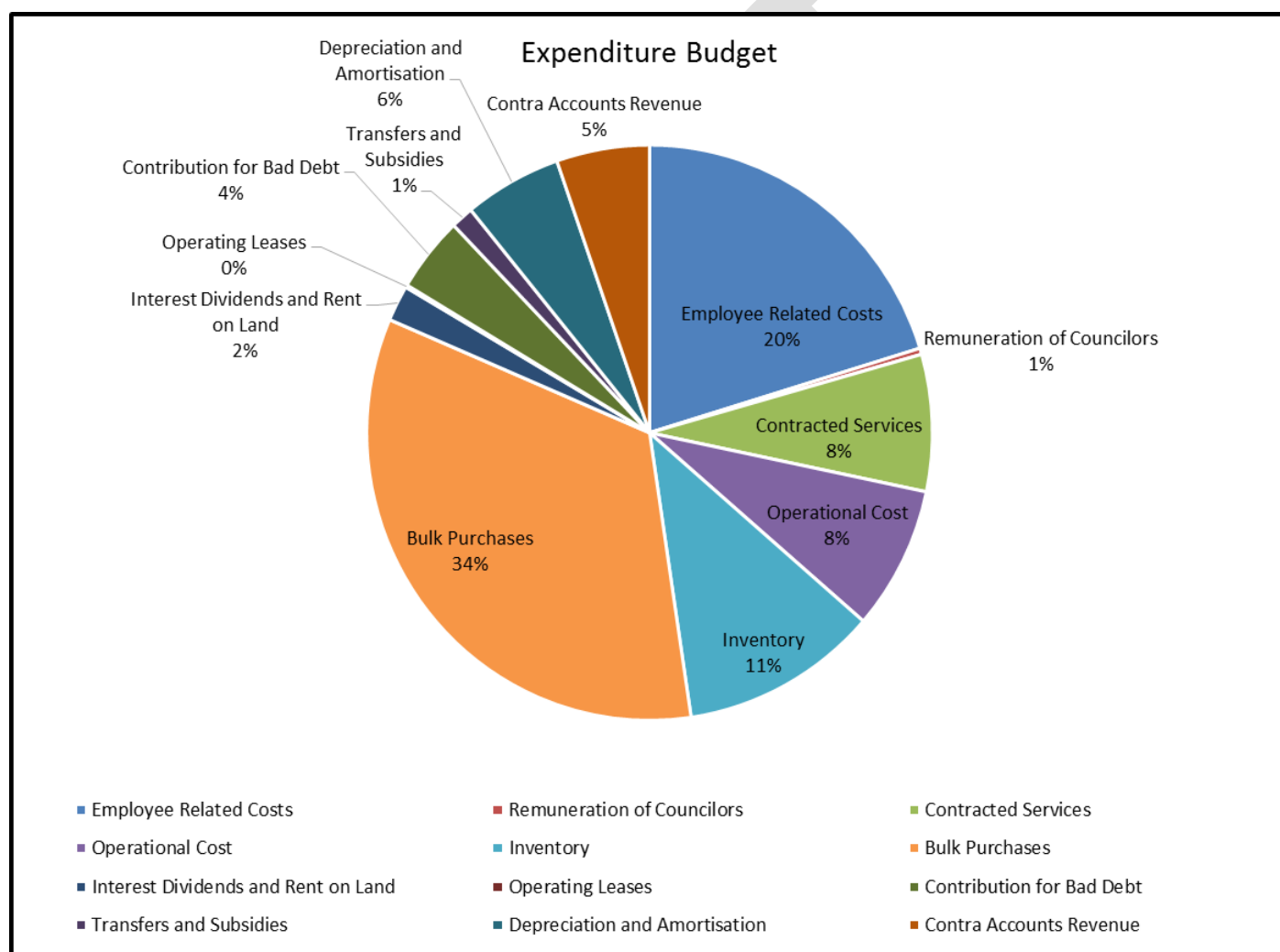
Interest on External Loans and Borrowings (excludes the annual redemption) reflects a decrease largely as a result that Council adopted the principle from the current year to fund a portion of the capital budget from the Capital Replacement Reserve instead of increasing the loan amount. Furthermore, it was estimated to borrow R1.1m in 2014/15 whilst a loan of only R750m was taken up. However, in future years the budget will increase significantly to accommodate the interest payable on the large amount of borrowing. Interest will exceed R1 billion by 2018/19.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Rand Water. The annual price increases have been factored into the budget

appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Repairs and Maintenance comprise of, amongst others, the purchase of materials for maintenance, staff cost of dedicated maintenance personnel and the appointment of external contractors to perform maintenance works. In line with the metro’s repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the metro’s infrastructure. For 2017/2018 the appropriation against this group of expenditure is R3.39 billion which represents 10.6% of the total operating expenditure.

The following table gives a breakdown of the main expenditure categories for the 2017/2018 Draft Budget.



Aligned to the priority given to preserving and maintaining the metro’s current infrastructure, the 2017/2018 draft budget and MTREF provide for growth in the area of asset maintenance, as informed by the asset renewal and repairs and maintenance requirements of the metro. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. The following table is extracted from MBRR Table SA1 to reflect the amount provided for repairs and maintenance in context with the amounts provided for PPE, depreciation and the renewal of assets:

Table 17 Operational repairs and maintenance (SA1)

EKU Ekurhuleni Metro - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
Repairs and Maintenance by Expenditure Item	8										
Employee related costs		665,518	703,287	575,114	176,696	176,696	176,696	176,696	175,141	187,226	199,957
Other materials		670,765	625,094	1,085,737	2,757,469	2,798,945	2,781,316	2,781,316	3,216,431	3,464,831	3,814,305
Contracted Services		-	-	-	-	-	-	-	-	-	-
Other Expenditure		-	-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	9	1,336,283	1,328,381	1,660,851	2,934,165	2,975,641	2,958,012	2,958,012	3,391,572	3,652,057	4,014,262

The table below provides a breakdown of repairs and maintenance in relation to asset class as summarised from MBRR SA34c:

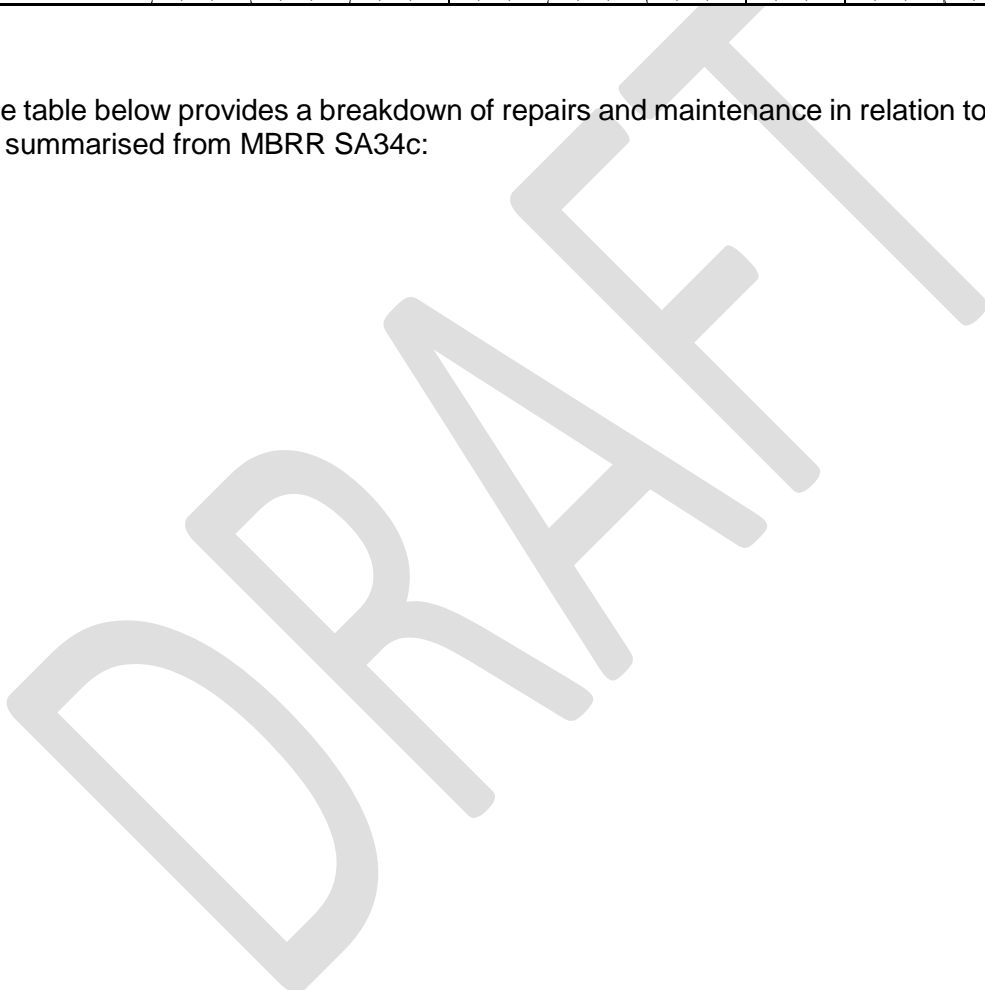


Table 18 Consolidated repairs and maintenance by asset class (SA34c)

EKU Ekurhuleni Metro - Supporting Table SA34c Repairs and maintenance expenditure by asset class									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand									
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	972,855	905,805	1,167,721	2,162,937	2,187,990	2,175,209	2,387,904	2,626,694	2,889,364
Roads Infrastructure	248,973	160,263	306,633	593,533	646,628	643,142	706,788	777,467	855,214
<i>Roads</i>	240,419	139,083	262,839	537,707	589,702	586,706	646,257	710,883	781,971
<i>Road Structures</i>	8,554	21,181	43,794	55,826	56,926	56,436	60,532	66,585	73,243
Electrical Infrastructure	465,127	526,489	584,083	948,415	918,480	913,432	1,025,661	1,128,227	1,241,050
<i>Power Plants</i>	448,503	511,542	529,860	889,878	859,943	855,609	961,306	1,057,437	1,163,181
<i>HV Substations</i>	16,624	14,947	54,222	58,536	58,536	57,824	64,355	70,790	77,869
Water Supply Infrastructure	113,380	85,078	116,998	398,543	401,087	397,772	431,515	474,666	522,133
<i>Distribution</i>	113,380	85,078	116,998	398,543	401,087	397,772	431,515	474,666	522,133
Sanitation Infrastructure	89,576	78,273	107,918	161,305	160,654	159,721	168,905	185,795	204,374
<i>Pump Station</i>									
<i>Reticulation</i>	89,576	78,273	107,918	161,305	160,654	159,721	168,905	185,795	204,374
Solid Waste Infrastructure	55,799	55,702	52,090	61,142	61,142	61,142	55,035	60,539	66,593
<i>Landfill Sites</i>	55,799	55,702	52,090	61,142	61,142	61,142	55,035	60,539	66,593
<i>Waste Transfer Stations</i>									
Community Assets	50,070	59,823	93,593	111,609	97,892	97,274	135,813	149,395	164,334
Community Facilities	46,444	56,582	87,924	108,038	94,241	93,671	132,317	145,549	160,104
<i>Halls</i>	4,983	5,212	5,110	6,457	5,994	5,942	6,144	6,758	7,434
<i>Centres</i>	461	286	1,604	1,569	1,266	1,272	1,412	1,554	1,709
<i>Crèches</i>									
<i>Clinics/Care Centres</i>	337	566	1,058	1,152	1,465	1,451	1,463	1,609	1,770
<i>Fire/Ambulance Stations</i>	13,517	15,683	16,871	18,462	13,584	13,407	19,029	20,932	23,025
<i>Testing Stations</i>									
<i>Museums</i>	109	237	832	946	921	916	751	826	908
<i>Galleries</i>									
<i>Theatres</i>									
<i>Libraries</i>	734	619	962	1,227	1,107	1,218	3,862	4,248	4,673
<i>Cemeteries/Crematoria</i>			10,905	12,558	12,833	12,809	14,211	15,632	17,195
<i>Police</i>	318	-	-	343	343	339	-	-	-
<i>Purls</i>									
<i>Public Open Space</i>	14,490	18,461	29,508	29,535	34,348	34,019	49,100	54,010	59,411
<i>Taxi Ranks/Bus Terminals</i>	11,496	15,519	21,077	35,789	22,379	22,298	36,346	39,981	43,979
<i>Capital Spares</i>									
Sport and Recreation Facilities	3,626	3,241	5,669	3,571	3,652	3,604	3,496	3,846	4,230
<i>Indoor Facilities</i>	430	514	740	819	893	881	909	1,000	1,100
<i>Outdoor Facilities</i>	3,088	2,607	4,836	2,642	2,648	2,614	2,479	2,727	3,000
<i>Capital Spares</i>	108	120	93	110	110	109	108	118	130
<i>Other</i>	1	1	1	1	1	1	1	1	1
Other Heritage	109,921	154,177	132,252	252,238	283,115	281,632	385,850	347,772	382,000
Investment properties	26,772	21,730	21,593	31,942	31,942	31,942	34,178	37,596	41,355
Non-revenue Generating	26,772	21,730	21,593	31,942	31,942	31,942	34,178	37,596	41,355
<i>Improved Property</i>	26,772	21,730	21,593	31,942	31,942	31,942	34,178	37,596	41,355
Other assets	15,655	18,111	25,375	25,374	30,357	30,151	59,110	63,461	67,807
Housing	15,655	18,111	25,375	25,374	30,357	30,151	59,110	63,461	67,807
<i>Staff Housing</i>									
<i>Social Housing</i>	15,655	18,111	25,375	25,374	30,357	30,151	59,110	63,461	67,807
<i>Capital Spares</i>									
Computer Equipment	48,763	57,338	89,085	108,200	108,200	106,900	142,229	156,452	172,097
Computer Equipment	48,763	57,338	89,085	108,200	108,200	106,900	142,229	156,452	172,097
Furniture and Office Equipment	18,749	16,997	21,368	27,263	28,780	28,871	30,201	33,182	36,493
Furniture and Office Equipment	18,749	16,997	21,368	27,263	28,780	28,871	30,201	33,182	36,493
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	93,497	94,400	109,864	214,602	207,364	206,034	216,286	237,506	260,812
Transport Assets	93,497	94,400	109,864	214,602	207,364	206,034	216,286	237,506	260,812
Libraries	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1,336,283	1,328,381	1,660,851	2,934,165	2,975,641	2,958,013	3,391,572	3,652,058	4,014,262
R&M as a % of PPE	3.1%	3.0%	3.6%	6.2%	6.1%	6.1%	7.0%	7.0%	7.2%
R&M as % Operating Expenditure	5.8%	5.2%	6.0%	9.1%	9.2%	9.3%	10.6%	10.4%	10.5%

The amount budgeted for repairs and maintenance in the 2017/18 financial year represents 7.0% of the value of Property, Plant and Equipment (see table above). Due to the increase in the R&M budget, this percentage will increase to **8% in 2019/20**.

1.5.2 Free Basic Services: Basic Social Services Package

Council renders free basic services (FBS) to residents, and services grants based on certain conditions. FBS imply the service is rendered for free to all residents. It means a resident does not need to apply for the free service.

The cost of FBS is regarded as “Income Forgone” and the cost is deducted from the income of the relevant service. In other words, it would have been income but Council opted not to charge residents for the service rendered.

Various grants or rebates are allocated to residents based on their specific socio-economic circumstances. Such grants and rebates are only supplied if the terms and conditions are adhered to. As these grants or rebates are not applicable to all residents, it is not treated like FBS (and subsequently deducted from the income budget), but is recorded in the budget as a grant expenditure item in the expenditure of the budget.

The following table reflects the costs of the FBS and grants and rebates:

Table 19 Cost of Free Basic Services and Indigents

Description	Actuals R'000 2015/2016	Amended Budget 2016/17	Full Year Forecast	Budget 2017/18	% Increase	Budget 2018/19	% Increase	Budget 2019/20	% Increase
Income Forgone: R150K Rate Exclusions	738,434	637,481	637,481	738,914	15.91%	790,638	7.00%	845,982	7.00%
Income Forgone: Sanitation 6Kl	349,971	351,745	351,745	399,332	13.53%	431,279	8.00%	465,781	8.00%
Income Forgone: Water 6Kl	482,637	492,617	492,617	537,248	9.06%	580,228	8.00%	626,646	8.00%
TOTAL FREE BASIC SERVICES	1,571,042	1,481,843	1,481,843	1,675,494	13.07%	1,802,144	7.56%	1,938,410	7.56%
Grants: Indigent Rates	35,685	45,557	45,557	41,233	-9.49%	44,120	7.00%	47,208	7.00%
Grants: Free Basic Electricity	219,574	221,694	221,694	222,212	0.23%	244,433	10.00%	268,877	10.00%
Eskom: Free Basic Electricity	92,212	130,000	130,000	143,000	10.00%	151,437	5.90%	160,220	5.80%
Tankering of Water	10,475	20,055	20,055	20,872	4.08%	22,104	5.90%	23,386	5.80%
Refuse Removal: Informal Settlements	8,097	15,000	15,000	15,000	0.00%	15,885	5.90%	16,806	5.80%
Grants: Sanitation 3Kl	28,305	34,533	34,533	36,260	5.00%	39,161	8.00%	42,294	8.00%
Grants: Water 3Kl	38,895	47,777	47,777	50,166	5.00%	54,180	8.00%	58,514	8.00%
chemical toilets funded by own revenue	–	–	–	168,751	0.00%	178,708	5.90%	189,073	5.80%
Excess Consumption	379,765	290,768	290,768	308,214	6.00%	329,789	7.00%	352,874	7.00%
TOTAL GRANTS: INDIGENTS	813,009	805,385	805,385	1,005,710	24.87%	1,079,816	7.37%	1,159,252	7.36%
Grants: Pensioner Rebate	48,154	51,263	51,263	56,878	10.95%	60,859	7.00%	65,119	7.00%
Grants: Rates (Other)	24,318	26,762	26,762	29,815	11.41%	31,902	7.00%	34,135	7.00%
Grants: Refuse Removal	129,592	112,716	112,716	127,369	13.00%	136,922	7.50%	147,191	7.50%
TOTAL GRANTS: SOCIAL CONTRIBUTIONS	202,065	190,741	190,741	214,061	12.23%	229,683	7.30%	246,445	7.30%
TOTAL: FREE BASIC SERVICES AND GRANTS	2,788,181	2,668,709	2,668,709	3,109,327	16.51%	3,341,326	7.46%	3,590,552	7.46%
DISCRETIONARY GRANTS: SOCIAL SUPPORT	19,589,360	100,000,000	100,000,000	100,000,000	0.00%	100,000,000	0.00%	100,000,000	0.00%
INDIGENT BURIALS	2,107,900	1,555,000	1,534,785	1,259,320	-19.01%	1,333,620	5.90%	1,410,970	5.80%
SUBSIDY: SPCA	3,022,750	3,175,000	3,175,000	3,368,675	6.10%	3,567,427	5.90%	3,774,338	5.80%
GRANTS: EDUCATION (EXTERNAL)	33,163,428	135,500,000	131,164,000	99,120,000	-26.85%	104,968,080	5.90%	111,056,229	5.80%
GRANTS: INDIGENT MANAGEMENT	1,312,494	6,400,000	6,400,000	6,447,756	0.75%	6,828,173	5.90%	7,224,207	5.80%
Total Other	59,195,932	246,630,000	242,273,785	210,195,751	-14.77%	216,697,300	3.09%	223,465,744	3.12%
TOTAL	2,847,376,941	2,915,339,400	2,910,983,185	3,319,522,542	13.86%	3,558,023,225	7.18%	3,814,017,575	7.19%

The total cost of FBS and grants and subsidies as budgeted in 2017/18 amounts to R3.3 billion.

Cognisance must be taken that in addition to the above recognised costs, there are some other grants not recorded as expenditure line items, such as:

- Electricity supply to all Tariff A users is heavily subsidised and sold below cost to residents. The cost to subsidise the tariff is not included in the above table.
- The provision of chemical toilets to informal settlements is not included because the cost thereof is funded by USDG.
- The Council's Indigent Policy prescribes various concessions to registered indigents on sundry services, such as cemetery fees, use of halls and community centres, ambulance and emergency fees, etc.

Further detail relating to FBS, the cost of FBS, revenue lost owing to FBS and basic service delivery measurement is contained in Table 31 MBRR A10 (Basic Service Delivery Measurement) on page 78.

1.6 Capital expenditure

The Capital Investment Framework (CIF) is a legislative requirement of the Municipal Systems Act, as per Section 4(e) of the Municipal Planning and Performance Management Regulations, 2001; and fulfils the function of a Capital Expenditure Framework as required in terms of Section 21(n) of the Spatial Planning and Land Use Management Act, 2013. The CIF is a component of the council approved Built Environment Performance Plan (BEPP) and incorporates elements from the Growth and Development Strategy (GDS), Integrated Development Plan (IDP), and the Metropolitan Spatial Development Framework (MSDF). The function of the CIF is to spatially and strategically influence, guide and prioritize the allocation of the municipal capital budget in a coordinated manner across all sectors.

The objectives of the CIF are implemented through institutionalization of the Capital Prioritisation Model (CPM) Capital Prioritisation Model is a tool which provides a way to sort a diverse set of items / projects into an order of importance. It also identifies their relative importance by deriving a numerical value for the priority of each item / project. The model provides a means for ranking projects (or project requests) based on criteria that are the most important to focus on first in terms of meeting the Metros overarching developmental objectives and strategies. This also assists in promoting coordinated and aligned departmental planning and budgeting. Project prioritisation can therefore be described as a process for assessing a project against a number of variables such as, economic, social, environmental, legislative and financial variables, in order to determine a capital project's alignment with or contribution to such variables. It provides for a systematic and objective assessment of an ongoing or completed project. The CPM Manual identified a three tier approach to project prioritisation for the budget evaluation process and this includes capital budget evaluation.

The budget evaluation process is informed by the strategic priorities emanating from the IDP process, Mayoral Lekgotla and manifesto as documented by the Strategy & Corporate Planning Department. The process was also informed by the Ekurhuleni Growth and Development Strategy 2055 imperatives as follows:

- Re-industrialize in order to achieve job creating economic growth;
- Re-urbanise in order to achieve sustainable urban integration;
- Re-generate in order to achieve environmental well-being;
- Re-mobilise in order to achieve social empowerment;
- Re-govern in order to achieve effective cooperative governance

The Capital Budget will be funded as follows:

- ▶ **USDG grant** to be based on Housing Department’s integrated planning and funding strategy and in compliance with the USDG framework;
- ▶ **Other grant** funding to be used to fund social projects that will not necessarily generate revenue;
- ▶ **External Loans** to be used to fund economic infrastructure that will stimulate economic growth and job creation;
- ▶ **Cash** generated from revenue will be used to fund movable assets;

The capital programme is aligned to asset renewal needs and backlog eradication goals and 40.67% of the total capital amount will be utilised for asset renewals. Operational gains and efficiencies will be directed to funding the Capital Budget. Strict adherence to the principle of no project plans no budget, if there is no business plan, no funding allocation can be made.

Projects already approved and already commenced with that have to be completed during the 2017/18 to 2019/20 financial period were allocated funding as per the approved MTREF.

Projects previously approved in the 2016/17 to 2018/19 MTREF but not yet planned nor commenced with, were subjected to departmental project prioritisation taking changed priorities and service delivery pressures into account.

Projects were subjected to project prioritisation based on a capital prioritisation model that is informed by the Capital Investment Framework to be used in 2017/18 financial year (and beyond) budget preparation. The various categories in the project prioritisation model carry the following budget requests:

Economic development	– R 1,487,968,000 (23.73%)
Upgrading and renewal	– R 2,550,701,470 (40.67%)
Urban restructuring	– R 2,232,606,242 (35.60%)

The National Treasury has set a benchmark of 39% - 40% of the Capital Budget to be spent on renewal projects and this was taken into account. This budget allocates 40.67% for asset renewals.

Impact of proposed projects on the operational budgets of future years was evaluated. It is not sustainable to construct facilities where there are not sufficient operating funds available to operationalise the facilities. The metro has made provision for personnel amounting to R55m for new facilities.

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 20 2016/17 Medium-term Capital Budget per vote–

Vote Description	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework				
	Adjusted Budget	%	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	%	Budget Year +2019/20	%
R thousand								
Chief Operating Officer	180,000	0.00%	171,000	171,000	200,000	0.00%	200,000	0.00%
City Manager	3,240,000	0.06%	3,078,000	3,078,000	2,380,000	0.04%	2,560,000	0.04%
City Planning	4,100,000	0.08%	3,895,000	3,895,000	51,546,000	0.82%	54,321,000	0.77%
Communication and Brand Management	1,550,000	0.03%	1,472,500	1,472,500	750,000	0.01%	1,150,000	0.02%
Corporate Legal Services	650,000	0.01%	617,500	617,500	450,000	0.01%	500,000	0.01%
Council General	421,418,041	8.26%	400,347,139	400,347,139	423,500,000	6.75%	510,000,000	7.81%
Customer Relations Management	63,234,796	1.24%	60,073,056	60,073,056	35,000,000	0.56%	8,000,000	0.12%
Disaster & Emergency Management Services	198,151,320	3.88%	188,243,754	188,243,754	211,770,000	3.38%	192,500,000	2.95%
Economic Development	174,473,566	3.42%	165,749,888	165,749,888	145,100,000	2.31%	180,800,000	2.77%
EMPD	108,200,000	2.12%	102,790,000	102,790,000	119,000,000	1.90%	114,500,000	1.75%
Energy	648,829,000	12.71%	616,387,550	616,387,550	717,700,000	11.44%	717,200,000	10.98%
Environmental Resources Management	142,219,668	2.79%	135,108,685	135,108,685	156,200,000	2.49%	275,400,000	4.21%
EPMO	550,000	0.01%	522,500	522,500	1,150,000	0.02%	1,150,000	0.02%
Executive Office	12,900,000	0.25%	12,255,000	12,255,000	7,550,000	0.12%	3,500,000	0.05%
Finance	8,951,000	0.18%	8,503,450	8,503,450	2,087,400	0.03%	660,000	0.01%
Fleet Management	23,320,486	0.46%	22,154,462	22,154,462	3,712,800	0.06%	3,017,200	0.05%
Health & Social Development	82,613,484	1.62%	78,482,810	78,482,810	109,150,000	1.74%	111,700,000	1.71%
Human Resources Management & Development	1,000,000	0.02%	950,000	950,000	1,500,000	0.02%	1,800,000	0.03%
Human Settlements	710,359,021	13.92%	674,841,070	674,841,070	952,880,242	15.19%	1,020,369,583	15.62%
ICT	426,814,962	8.36%	405,474,214	405,474,214	501,847,770	8.00%	365,006,971	5.59%
Internal Audit	424,500	0.01%	403,275	403,275	440,000	0.01%	450,000	0.01%
Legislature	5,859,500	0.11%	5,566,525	5,566,525	4,663,500	0.07%	5,129,850	0.08%
Real Estate	113,520,000	2.22%	107,844,000	107,844,000	166,710,000	2.66%	199,220,000	3.05%
Risk Management	324,000	0.01%	307,800	307,800	310,000	0.00%	310,000	0.00%
Roads and Stormwater	645,638,415	12.65%	613,356,494	613,356,494	663,800,000	10.58%	662,450,000	10.14%
SRAC	125,173,112	2.45%	118,914,456	118,914,456	131,900,000	2.10%	123,150,000	1.88%
Strategy & Corporate Planning	520,000	0.01%	494,000	494,000	112,560,000	1.79%	112,570,000	1.72%
Transport	718,458,860	14.08%	682,535,917	682,535,917	836,018,000	13.33%	850,756,000	13.02%
Waste Management	126,210,700	2.47%	119,900,165	119,900,165	166,450,000	2.65%	168,500,000	2.58%
Water & Sanitation	334,555,269	6.56%	317,827,506	317,827,506	744,950,000	11.88%	849,850,000	13.01%
Total Capital Budget	5,103,439,700	100.00%	4,848,267,715	4,848,267,715	6,271,275,712	100.00%	6,533,820,604	100.00%
							7,048,415,189	100.00%

For 2017/18 an amount of R4.125 billion has been appropriated for the development of infrastructure which represents 65.77% of the total Capital Budget. In the outer years this amount totals R4.576 billion, 70.03% and R5.196 billion, 73.71% respectively for each of the financial years. Infrastructure development relates to roads and stormwater, transport, electricity, water and waste water management, waste management and housing.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 27 MBRR A9 (Asset Management) of Annexure B. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class.

The following graph provides a breakdown of the Capital Budget to be spent on infrastructure-related projects over the MTREF.

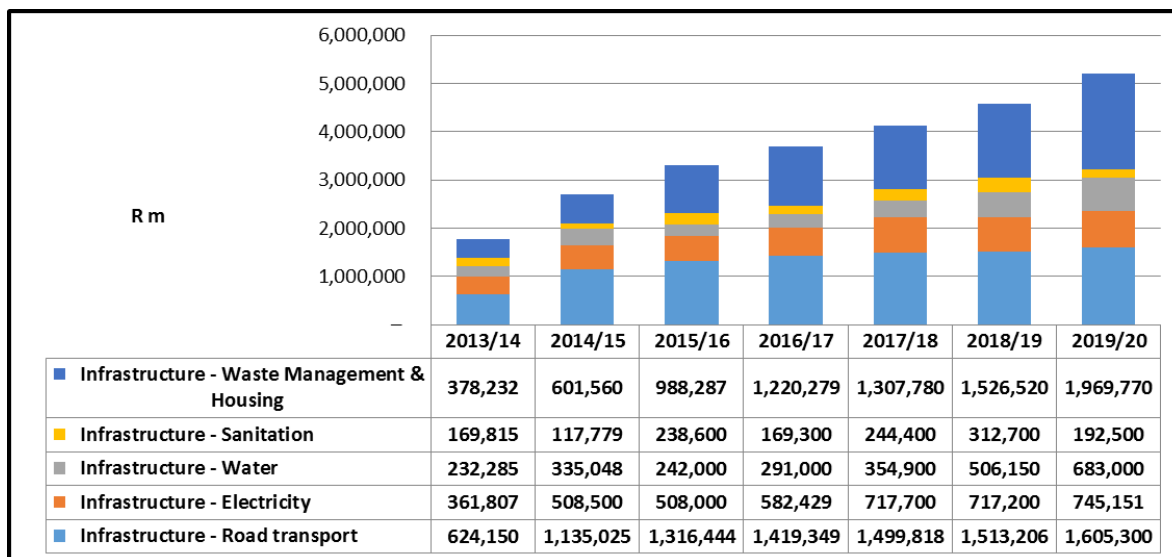


Figure 2 Capital Infrastructure Programme

1.7 Annual Budget Tables - Parent Municipality

The following pages in this section presents the 10 main budget tables as required in terms of Section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF as approved by Council. Each table is accompanied by explanatory notes on the facing page.

It is important to note that these tables represent the budget of the CITY OF EKURHULENI only and not consolidated figures for the group.

Table 21 MBRR Table A1 - Budget Summary

EKU Ekurhuleni Metro - Table A1 Budget Summary										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Financial Performance										
Property rates	3,427,709	3,693,387	3,946,659	4,661,284	4,661,284	4,637,970	4,637,970	5,242,029	5,608,971	6,001,599
Service charges	14,861,038	16,304,459	17,130,455	20,989,266	20,959,265	20,733,186	20,733,186	22,600,144	24,758,993	27,125,794
Investment revenue	370,295	519,167	632,624	322,080	322,080	316,895	316,895	394,902	418,201	442,457
Transfers recognised - operational	3,823,804	4,113,096	4,464,972	3,502,418	3,513,278	3,513,278	3,513,278	3,671,795	4,023,127	4,382,947
Other own revenue	1,065,760	1,173,701	1,326,391	2,903,921	2,919,041	2,768,551	2,768,551	3,128,006	3,294,920	3,465,635
Total Revenue (excluding capital transfers and contributions)	23,548,607	25,803,810	27,501,101	32,378,969	32,374,949	31,969,880	31,969,880	35,036,876	38,104,212	41,418,432
Employee costs	5,432,135	5,587,350	6,338,421	6,515,448	6,244,842	6,086,850	6,086,850	6,980,917	7,389,616	7,861,306
Remuneration of councillors	94,141	99,977	105,696	126,553	126,553	116,809	116,809	129,169	138,082	147,471
Depreciation & asset impairment	1,978,922	2,057,381	1,945,234	1,805,346	1,805,346	1,803,583	1,803,583	2,088,279	2,415,453	2,766,226
Finance charges	572,960	571,556	848,639	662,383	663,333	640,390	640,390	753,661	986,116	1,125,824
Materials and bulk purchases	10,821,994	11,546,889	13,323,007	15,423,188	15,464,592	15,300,547	15,300,547	16,699,357	18,217,069	19,956,340
Transfers and grants	1,060,444	1,167,559	1,096,477	1,941,318	2,125,735	2,120,724	2,120,724	2,216,689	2,384,903	2,565,728
Other expenditure	3,247,752	4,362,364	3,820,536	5,903,961	5,927,775	5,827,176	5,827,176	6,153,541	6,538,663	6,943,198
Total Expenditure	23,208,349	25,393,075	27,478,011	32,378,197	32,358,177	31,896,079	31,896,079	35,021,613	38,069,902	41,366,093
Surplus/(Deficit)	340,258	410,735	23,090	773	16,772	73,801	73,801	15,263	34,310	52,339
Transfers and subsidies - capital (money)	1,516,157	1,647,087	2,147,158	1,876,755	1,797,686	1,797,686	1,797,686	2,373,464	2,574,996	2,771,573
Contributions recognised - capital & contributions	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	1,856,415	2,057,822	2,170,248	1,877,528	1,814,458	1,871,487	1,871,487	2,388,727	2,609,306	2,823,912
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	1,856,415	2,057,822	2,170,248	1,877,528	1,814,458	1,871,487	1,871,487	2,388,727	2,609,306	2,823,912

EKURHULENI METROPOLITAN MUNICIPALITY – DRAFT BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro - Table A1 Budget Summary										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure & funds sources										
Capital expenditure	2,612,301	3,069,164	4,093,865	5,130,961	5,103,440	4,848,268	4,848,268	6,271,276	6,533,821	7,048,415
Transfers recognised - capital	1,514,442	1,647,442	2,146,263	1,876,755	1,797,686	1,797,686	1,797,686	2,373,464	2,574,996	2,771,573
Public contributions & donations	26,259	1,700	–	–	–	–	–	–	–	–
Borrowing	838,118	971,607	–	1,790,950	1,856,087	1,763,282	1,763,282	2,906,410	2,967,201	3,298,005
Internally generated funds	233,482	448,415	1,947,602	1,463,256	1,449,667	1,287,299	1,287,299	991,401	991,624	978,838
Total sources of capital funds	2,612,301	3,069,164	4,093,865	5,130,961	5,103,440	4,848,268	4,848,268	6,271,276	6,533,821	7,048,415
Financial position										
Total current assets	11,258,186	13,324,231	14,615,895	14,555,196	13,531,111	12,181,645	12,181,645	15,367,268	17,360,815	19,929,991
Total non current assets	43,635,914	45,911,054	48,162,544	49,061,352	49,821,666	51,171,132	51,171,132	55,282,102	59,321,727	63,505,473
Total current liabilities	6,536,463	7,353,457	8,600,478	6,307,447	8,307,447	8,307,447	8,307,447	8,988,710	9,570,027	11,934,822
Total non current liabilities	7,851,057	8,311,132	8,524,801	8,790,780	8,800,593	8,800,593	8,800,593	11,740,396	14,665,888	16,330,205
Community wealth/Equity	40,506,580	43,570,696	45,653,160	48,518,321	46,244,736	46,244,736	46,244,736	49,920,263	52,446,627	55,170,438
Cash flows										
Net cash from (used) operating	3,910,406	4,529,589	4,860,358	4,702,372	4,639,302	4,639,302	4,639,302	5,650,960	5,918,725	6,560,741
Net cash from (used) investing	(2,568,554)	(3,284,829)	(4,281,597)	(4,518,103)	(4,488,932)	(5,838,398)	(5,838,398)	(6,199,249)	(6,455,078)	(6,949,972)
Net cash from (used) financing	178,311	562,075	(307,551)	1,427,285	1,437,098	1,437,098	1,437,098	2,567,953	2,700,362	3,107,973
Cash/cash equivalents at the year end	5,894,540	7,701,376	7,972,586	9,312,930	8,288,845	6,939,379	6,939,379	10,308,508	12,472,516	15,191,259
Cash backing/surplus reconciliation										
Cash and investments available	6,674,872	8,698,950	9,215,438	10,525,032	9,500,947	9,500,947	9,500,947	13,112,374	15,524,331	18,497,051
Application of cash and investments	3,264,687	4,045,967	3,603,114	3,076,551	4,030,490	3,966,263	3,966,263	5,256,211	5,956,768	6,724,568
Balance - surplus (shortfall)	3,410,185	4,652,983	5,612,323	7,448,481	5,470,458	5,534,685	5,534,685	7,856,163	9,567,563	11,772,483

EKU Ekurhuleni Metro - Table A1 Budget Summary										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Asset management										
Asset register summary (WDV)	42,996,146	45,024,483	47,059,822	47,987,346	48,747,659	48,747,659	52,616,330	52,616,330	56,408,007	60,337,776
Depreciation	1,978,923	2,057,381	1,945,234	1,805,346	1,805,346	1,803,583	2,088,279	2,088,279	2,415,453	2,766,226
Renewal of Existing Assets	1,183,988	1,263,430	1,928,851	2,044,696	2,081,055	1,977,002	1,977,002	2,665,587	2,417,611	2,664,738
Repairs and Maintenance	1,336,283	1,328,381	1,660,851	2,934,165	2,975,641	2,958,013	3,391,572	3,391,572	3,652,058	4,014,262
Free services										
Cost of Free Basic Services provided	518,165	600,287	2,067,504	2,589,856	2,425,671	2,425,671	2,698,405	2,698,405	2,920,331	3,140,849
Revenue cost of free services provided	1,224,258	1,293,374	1,714,127	1,672,225	1,663,343	1,663,343	1,869,361	1,869,361	2,019,696	2,079,540
Households below minimum service level										
Water:	22	11	11	11	11	11	11	11	11	11
Sanitation/sewerage:	–	35	35	35	35	35	35	35	35	35
Energy:	27	27	27	27	15	15	10	10	10	10
Refuse:	187	165	165	165	164	164	164	164	164	164

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the metro's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council from operating performance and resources deployed to capital expenditure, financial position, cash and funding compliance, and the metro's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of funding for the municipal budget. This requires the simultaneous assessment of the financial performance, financial position and cash flow budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after total expenditure) is positive over the MTREF.
 - b. Capital expenditure is balanced by capital funding sources, of which:
 - i. Transfers recognised are reflected on the Financial Performance Budget.
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget.
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The cash-backing/surplus reconciliation shows that in previous financial years the liquidity position of the municipality was placed under pressure and consequently many of its obligations were not cash-backed. This placed the municipality in a very vulnerable financial position. Consequently, Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. The cash position of the Council improved over the last year and it is anticipated that the goal of having all obligations cash-back was achieved prior to the current MTREF year, when surpluses are reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of FBS shows that the amount spent on FBS and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 22 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by function classification)

EKU Ekurhuleni Metro - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)										
Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional										
<i>Governance and administration</i>		5,947,493	6,548,796	7,037,898	7,667,769	7,669,618	7,611,613	8,423,287	9,101,088	9,667,324
Executive and council		508	612	1,562	–	–	(135)	–	–	–
Finance and administration		5,946,372	6,547,569	7,037,010	7,667,368	7,665,319	7,610,353	8,419,837	9,097,435	9,663,459
Internal audit		614	615	(674)	400	4,298	1,394	3,450	3,653	3,865
<i>Community and public safety</i>		514,924	532,186	502,131	1,090,651	1,134,326	1,115,281	1,396,992	1,395,014	1,608,097
Community and social services		33,504	33,419	(3,224)	41,403	42,946	35,486	44,195	46,448	48,794
Sport and recreation		166,712	29,936	(51,356)	21,426	22,738	22,421	13,830	14,174	14,532
Public safety		3,275	3,844	(76,243)	7,743	7,743	1,728	8,130	8,610	9,109
Housing		118,183	278,344	497,331	816,768	856,990	856,047	1,176,158	1,162,113	1,371,286
Health		193,249	186,643	135,622	203,311	203,909	199,599	154,679	163,668	164,375
<i>Economic and environmental services</i>		916,183	935,202	1,207,358	991,954	917,165	863,154	1,236,134	1,180,182	1,205,757
Planning and development		80,368	119,216	78,904	62,708	62,708	53,626	135,488	92,831	98,118
Road transport		835,389	815,610	1,112,886	929,121	854,301	809,384	1,100,514	1,087,212	1,107,492
Environmental protection		426	376	15,569	125	156	143	131	139	147
<i>Trading services</i>		17,432,027	19,157,577	20,645,497	24,194,293	24,140,469	23,933,992	26,027,664	28,657,410	31,343,273
Energy sources		11,137,892	12,144,306	12,964,303	14,394,541	14,349,612	14,204,948	15,420,628	16,969,422	18,632,516
Water management		4,040,273	4,577,129	4,834,142	6,124,905	6,025,732	6,005,225	6,563,679	7,299,064	7,973,618
Waste water management		885,852	1,005,144	1,399,639	1,605,000	1,695,278	1,688,925	1,860,442	2,009,250	2,169,960
Waste management		1,368,009	1,430,998	1,447,413	2,069,847	2,069,847	2,034,893	2,182,916	2,379,675	2,567,179
<i>Other</i>	4	254,136	277,136	255,376	311,058	311,057	243,527	326,264	345,514	365,553
Total Revenue - Functional	2	25,064,764	27,450,897	29,648,259	34,255,725	34,172,635	33,767,566	37,410,340	40,679,207	44,190,004

EKURHULENI METROPOLITAN MUNICIPALITY – DRAFT BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)										
Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
Expenditure - Functional										
Governance and administration		2,537,497	2,995,254	3,116,009	3,164,322	3,134,413	3,043,376	3,704,919	4,262,547	4,808,879
Executive and council		311,217	513,475	647,638	845,204	825,741	802,115	886,327	942,853	1,002,325
Finance and administration		1,809,599	2,112,639	2,184,831	2,034,017	1,930,122	1,871,165	2,394,896	2,870,853	3,331,616
Internal audit		416,680	369,139	283,540	285,100	378,549	370,096	423,695	448,841	474,937
Community and public safety		2,918,653	3,146,127	3,179,407	3,573,605	3,584,484	3,514,773	3,951,306	4,174,102	4,472,187
Community and social services		273,793	290,248	631,905	663,879	758,378	742,056	848,523	907,343	969,536
Sport and recreation		941,079	857,786	860,004	923,216	772,492	760,605	893,821	956,886	1,022,409
Public safety		310,538	412,273	34,417	49,613	50,766	49,678	54,849	59,182	63,841
Housing		370,761	486,935	510,969	681,236	698,174	686,714	712,189	701,335	758,121
Health		1,022,482	1,098,885	1,142,112	1,255,660	1,304,674	1,275,720	1,441,924	1,549,355	1,658,279
Economic and environmental services		2,557,004	2,688,719	3,233,648	3,985,552	4,015,249	3,929,969	4,248,275	4,484,722	4,783,268
Planning and development		254,529	367,549	411,355	568,529	638,044	625,227	588,913	580,306	618,360
Road transport		2,264,212	2,255,282	2,746,632	3,299,413	3,266,574	3,195,737	3,561,807	3,800,221	4,053,649
Environmental protection		38,262	65,889	75,661	117,610	110,631	109,005	97,555	104,194	111,258
Trading services		14,999,839	16,360,246	17,731,329	21,436,784	21,418,543	21,206,708	22,879,370	24,894,303	27,030,141
Energy sources		10,305,012	11,244,541	11,780,257	13,445,631	13,429,343	13,400,429	14,295,434	15,639,408	17,072,074
Water management		3,283,608	3,426,110	4,022,628	5,637,381	5,643,105	5,491,534	6,325,412	6,812,572	7,342,977
Waste water management		445,927	516,682	633,113	735,383	732,721	723,305	519,790	560,981	605,415
Waste management		965,292	1,172,913	1,295,331	1,618,389	1,613,375	1,591,441	1,738,734	1,881,342	2,009,674
Other	4	195,356	202,729	217,618	217,935	205,488	201,253	237,743	254,228	271,619
Total Expenditure - Functional	3	23,208,349	25,393,075	27,478,011	32,378,197	32,358,177	31,896,079	35,021,613	38,069,902	41,366,093
Surplus/(Deficit) for the year		1,856,415	2,057,822	2,170,248	1,877,528	1,814,458	1,871,487	2,388,727	2,609,306	2,823,912

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by functional classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note that the Total Revenue in this table includes capital revenues (transfers recognised – capital) and so does not balance with the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for Trading Services should exceed expenditures. The table highlights that this is the case for electricity, water and waste water and the solid waste management (refuse removal) functions.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under Corporate Services.

Table 23 MBRR Table A3 Consolidated – Budgeted Financial Performance (revenue and expenditure by municipal vote)

EKU Ekurhuleni Metro - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)									
Vote Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote									
Vote 1 - Executive and Council	–	0	–	–	–	–	–	–	–
Vote 2 - Finance and Corporate Services	6,008,617	6,577,490	7,039,113	7,668,826	7,670,675	7,612,670	8,424,487	9,102,359	9,668,669
Vote 3 - Energy	10,977,661	11,967,281	12,778,786	14,221,218	14,179,789	14,037,214	15,255,439	16,794,645	18,457,307
Vote 4 - Water and Sanitation	4,926,149	5,582,272	6,233,781	7,729,905	7,721,010	7,694,150	8,424,120	9,308,314	10,143,578
Vote 5 - Waste Management	1,368,009	1,430,998	1,447,413	2,069,847	2,069,847	2,034,893	2,182,916	2,379,675	2,567,179
Vote 6 - Human Settlements	118,183	278,344	497,331	816,768	856,990	856,047	1,176,158	1,162,113	1,371,286
Vote 7 - City Planning	33,412	81,543	65,156	40,583	40,583	31,501	90,770	92,831	98,118
Vote 8 - Economic Development	65,273	56,704	31,767	44,344	44,344	39,827	67,991	24,646	26,075
Vote 9 - Disaster and Emergency Management Services	167,218	185,596	55,630	188,132	184,632	173,883	180,738	191,243	192,630
Vote 10 - Sports, Recreation, Arts & Culture (SRAC)	139,229	34,775	(35,233)	29,745	32,599	31,265	23,196	23,739	24,304
Vote 11 - Health and Social Development	189,492	181,917	189,267	196,245	196,843	195,179	147,260	155,812	156,063
Vote 12 - Environmental Resource Management	312	261	(4,994)	32,152	32,183	25,727	33,760	35,751	37,825
Vote 13 - Ekurhuleni Metropolitan Police Department (EMPD)	18,159	107,231	65,760	107,542	122,542	122,377	156,337	165,560	175,163
Vote 14 - Transport Planning & Provisioning	503,349	764,452	900,663	911,044	835,044	741,866	1,082,303	1,076,004	1,138,186
Vote 15 - Roads and Stormwater	549,702	202,032	383,820	199,373	185,553	170,966	164,867	166,515	133,621
Total Revenue by Vote	25,064,764	27,450,897	29,648,259	34,255,725	34,172,635	33,767,566	37,410,340	40,679,207	44,190,004

EKURHULENI METROPOLITAN MUNICIPALITY – DRAFT BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)									
Vote Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Expenditure by Vote to be appropriated									
Vote 1 - Executive and Council	234,752	278,855	328,600	431,579	457,639	440,748	528,324	561,543	596,466
Vote 2 - Finance and Corporate Services	2,860,124	3,288,861	2,808,023	2,757,653	2,700,292	2,625,256	3,199,174	3,725,069	4,238,042
Vote 3 - Energy	10,305,012	11,244,541	11,774,155	13,423,497	13,395,756	13,368,300	14,265,233	15,607,141	17,037,634
Vote 4 - Water and Sanitation	3,714,069	3,935,822	4,647,317	6,352,528	6,359,010	6,199,108	6,825,054	7,351,972	7,925,287
Vote 5 - Waste Management	961,557	1,172,913	1,295,331	1,618,389	1,613,375	1,591,441	1,738,734	1,881,342	2,009,674
Vote 6 - Human Settlements	370,866	486,935	510,988	684,257	698,186	686,725	712,201	701,347	758,134
Vote 7 - City Planning	159,736	235,105	240,259	264,947	269,925	264,703	318,755	341,019	364,587
Vote 8 - Economic Development	102,772	143,043	172,372	301,296	369,913	362,746	273,734	243,209	258,070
Vote 9 - Disaster and Emergency Management Services	642,791	762,245	749,238	798,160	808,313	791,130	873,091	933,903	998,171
Vote 10 - Sports, Recreation, Arts & Culture (SRAC)	681,025	598,662	588,255	625,671	608,590	598,093	684,793	731,907	780,386
Vote 11 - Health and Social Development	687,217	746,324	779,400	881,501	911,908	891,735	1,017,671	1,095,631	1,173,471
Vote 12 - Environmental Resource Management	25,303	52,280	633,993	727,625	700,952	687,485	790,542	846,959	906,852
Vote 13 - Ekurhuleni Metropolitan Police Department (EMPD)	876,380	966,386	1,191,695	1,370,515	1,369,192	1,341,034	1,502,371	1,603,073	1,709,018
Vote 14 - Transport Planning & Provisioning	284,629	291,399	352,028	612,283	525,021	484,604	603,433	642,007	682,739
Vote 15 - Roads and Stormwater	1,302,115	1,189,704	1,406,357	1,528,295	1,570,106	1,562,971	1,688,502	1,803,779	1,927,561
Total Expenditure by Vote	23,208,349	25,393,075	27,478,011	32,378,197	32,358,177	31,896,079	35,021,613	38,069,902	41,366,093
Surplus/(Deficit) for the year	1,856,415	2,057,822	2,170,248	1,877,528	1,814,458	1,871,487	2,388,727	2,609,306	2,823,912

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the metro. This means it is possible to present the vote's operating surplus or deficit. The following table is an analysis of the surplus or deficit for refuse removal, electricity and water (including sanitation) trading services.

Table 24 Surplus/ (deficit) calculations for trading services as per MBRR Table A3

Description	1314	1415	1516	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full year Forecast	Budget 2017/18	Budget 2018/19	Budget 2019/20
Electricity									
Total Revenue (incl. capital grants and transfers)	11,048,479.00	11,945,513.00	13,247,392.00	14,221,218.00	14,179,789.00	14,037,214.00	15,255,439.00	16,794,645.00	18,457,307.00
Operating Expenditure	10,613,300.00	11,564,865.00	11,774,155.00	13,423,497.00	13,395,976.00	13,368,300.00	14,265,233.00	15,607,141.00	17,037,634.00
Surplus/ (Deficit) for the year	435,179.00	380,648.00	1,473,237.00	797,721.00	783,813.00	668,914.00	990,206.00	1,187,504.00	1,419,673.00
Percentage Surplus	3.94%	3.19%	11.12%	5.61%	5.53%	5%	6.49%	7.07%	7.69%
Water									
Total Revenue (incl capital grants and transfers)	4,937,452.00	5,462,948.00	7,094,140.00	7,729,905.00	7,721,010.00	7,694,150.00	8,424,120.00	9,308,314.00	10,143,578.00
Operating Expenditure	3,889,156.00	4,112,360.00	4,714,517.00	6,352,528.00	6,340,860.00	6,199,108.00	6,825,054.00	7,351,972.00	7,925,287.00
Surplus/ (Deficit) for the year	1,048,296.00	1,350,588.00	2,379,623.00	1,377,377.00	1,380,150.00	1,495,042.00	1,599,066.00	1,956,342.00	2,218,291.00
Percentage Surplus	21.23%	24.72%	33.54%	17.82%	17.88%	19%	18.98%	21.02%	21.87%
Refuse									
Total Revenue (incl capital grants and transfers)	1,520,875.00	1,615,343.00	1,610,038.00	2,069,847.00	2,069,847.00	2,034,893.00	2,182,916.00	2,379,675.00	2,567,179.00
Operating Expenditure	1,135,652.00	1,361,043.00	1,424,923.00	1,618,389.00	1,613,355.00	1,591,441.00	1,738,734.00	1,881,342.00	2,009,674.00
Surplus/ (Deficit) for the year	385,223.00	254,300.00	185,115.00	451,458.00	456,492.00	443,452.00	444,182.00	498,333.00	557,505.00
Percentage Surplus	25%	16%	11%	22%	22%	22%	20%	21%	22%
Total for Trading Services									
Total Revenue (incl capital grants and transfers)	17,506,806.00	19,023,804.00	21,951,570.00	24,020,970.00	23,970,646.00	23,766,257.00	25,862,475.00	28,482,634.00	31,168,064.00
Operating Expenditure	15,638,108.00	17,038,268.00	17,913,595.00	21,394,414.00	21,350,191.00	21,158,849.00	22,829,021.00	24,840,455.00	26,972,595.00
Surplus/ (Deficit) for the year	1,868,698.00	1,985,536.00	4,037,975.00	2,626,556.00	2,620,455.00	2,607,408.00	3,033,454.00	3,642,179.00	4,195,469.00
Percentage Surplus	11%	10%	18%	11%	11%	11%	12%	13%	13%

The electricity trading surplus is **increasing** from R783 million in 2016/17 budget to R990 million in 2017/18 MTREF. Similarly, the surplus is increasing from 5.53% to 6.49%. This is mainly as a result of the growth rate adjustment made in the final budget.

Due to improved efficiencies in the water and sanitation account the surplus is increasing from from R1.38 billion in 2016/17 budget to R1.59 billion in 2017/18 MTREF.

Waste Management reflects a surplus of R444 million in 2017/18. In the outer years, the surplus is R498 million and R557 million respectively.

Table 25 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

EKU Ekurhuleni Metro - Table A4 Budgeted Financial Performance (revenue and expenditure)										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Revenue By Source										
Property rates	3,427,709	3,693,387	3,946,659	4,661,284	4,661,284	4,637,970	4,637,970	5,242,029	5,608,971	6,001,599
Service charges - electricity revenue	10,358,669	11,215,634	11,824,170	13,458,637	13,458,637	13,315,364	13,315,364	14,384,348	15,819,554	17,398,007
Service charges - water revenue	2,576,373	2,970,665	3,217,167	4,260,889	4,260,888	4,212,303	4,212,303	4,628,903	5,076,206	5,566,992
Service charges - sanitation revenue	895,456	1,005,144	1,054,668	1,646,274	1,646,274	1,688,507	1,688,507	1,860,003	2,008,785	2,169,468
Service charges - refuse revenue	962,652	1,040,979	961,447	1,486,709	1,486,709	1,452,359	1,452,359	1,604,411	1,724,742	1,854,098
Service charges - other	67,889	72,037	73,002	136,757	106,757	64,653	64,653	122,479	129,706	137,229
Rental of facilities and equipment	55,705	62,455	59,256	65,479	65,599	63,641	63,641	74,361	78,748	83,316
Interest earned - external investments	370,295	519,167	632,624	322,080	322,080	316,895	316,895	394,902	418,201	442,457
Interest earned - outstanding debtors	362,065	292,740	459,031	344,563	344,563	339,016	339,016	468,086	495,703	524,454
Dividends received	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	274,317	313,355	319,360	274,237	289,237	409,844	409,844	402,592	426,345	451,073
Licences and permits	41,011	53,622	51,651	193,025	193,025	47,961	47,961	74,483	78,877	83,452
Agency services	235,641	257,983	276,375	304,932	304,932	242,259	242,259	319,873	338,746	358,393
Transfers and subsidies	3,823,804	4,113,096	4,464,972	3,502,418	3,513,278	3,513,278	3,513,278	3,671,795	4,023,127	4,382,947
Other revenue	97,021	193,547	160,717	1,716,684	1,716,684	1,665,831	1,665,831	1,783,610	1,871,205	1,959,344
Gains on disposal of PPE				5,000	5,000	-	-	5,000	5,295	5,602
Total Revenue (excluding capital transfers and contributions)	23,548,607	25,803,810	27,501,101	32,378,969	32,374,949	31,969,880	31,969,880	35,036,876	38,104,212	41,418,432

EKURHULENI METROPOLITAN MUNICIPALITY – DRAFT BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro - Table A4 Budgeted Financial Performance (revenue and expenditure)										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Expenditure By Type										
Employee related costs	5,432,135	5,587,350	6,338,421	6,515,448	6,244,842	6,086,850	6,086,850	6,980,917	7,389,616	7,861,306
Remuneration of councillors	94,141	99,977	105,696	126,553	126,553	116,809	116,809	129,169	138,082	147,471
Debt impairment	1,343,750	2,211,425	1,434,058	1,468,871	1,468,871	1,468,871	1,468,871	1,583,845	1,694,714	1,813,344
Depreciation & asset impairment	1,978,922	2,057,381	1,945,234	1,805,346	1,805,346	1,803,583	1,803,583	2,088,279	2,415,453	2,766,226
Finance charges	572,960	571,556	848,639	662,383	663,333	640,390	640,390	753,661	986,116	1,125,824
Bulk purchases	9,485,711	10,218,508	11,662,156	12,489,022	12,488,950	12,342,535	12,342,535	13,307,785	14,565,012	15,942,078
Other materials	1,336,283	1,328,381	1,660,851	2,934,165	2,975,641	2,958,012	2,958,012	3,391,572	3,652,057	4,014,262
Contracted services	685,925	714,568	856,564	1,074,371	1,132,380	1,090,869	1,090,869	1,349,885	1,422,754	1,503,534
Transfers and subsidies	1,060,444	1,167,559	1,096,477	1,941,318	2,125,735	2,120,724	2,120,724	2,216,689	2,384,903	2,565,728
Other expenditure	1,217,356	1,428,532	1,529,914	3,345,719	3,326,524	3,267,437	3,267,437	3,219,811	3,421,195	3,626,320
Loss on disposal of PPE	721	7,838	–	15,000	–	–	–	–	–	–
Total Expenditure	23,208,349	25,393,075	27,478,011	32,378,197	32,358,177	31,896,079	31,896,079	35,021,613	38,069,902	41,366,093
Surplus/(Deficit)	340,258	410,735	23,090	773	16,772	73,801	73,801	15,263	34,310	52,339
allocations) (National / Provincial and District)	1,516,157	1,647,087	2,147,158	1,876,755	1,797,686	1,797,686	1,797,686	2,373,464	2,574,996	2,771,573
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental)	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	1,856,415	2,057,822	2,170,248	1,877,528	1,814,458	1,871,487	1,871,487	2,388,727	2,609,306	2,823,912
Taxation	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation	1,856,415	2,057,822	2,170,248	1,877,528	1,814,458	1,871,487	1,871,487	2,388,727	2,609,306	2,823,912
Attributable to minorities	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality	1,856,415	2,057,822	2,170,248	1,877,528	1,814,458	1,871,487	1,871,487	2,388,727	2,609,306	2,823,912
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	1,856,415	2,057,822	2,170,248	1,877,528	1,814,458	1,871,487	1,871,487	2,388,727	2,609,306	2,823,912

Explanatory notes to MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Revenue generated from **rates and service charges** forms a significant percentage of the revenue basket for the metro. Rates and service charge revenues comprise 79.4% of the total revenue mix. In the 2017/18 financial year, revenue from rates and service charges totalled R27.8 billion in the income budget. It increases to R30.3 billion and R33.1 billion in the respective outer years.

Details in this regard are contained in Table 99 MBRR Table SA1 - Supporting detail to budgeted financial performance on page 258.

Electricity is the biggest source of income and represents R13.5 billion or 41.6% of the total income budget in 2017/18.

Property rates are the second largest revenue source totalling 14.4% of the total income budget or R4.6 billion.

Operating grants and transfers totals R3.5 billion or 10.8% of total income budget in the 2017/18 financial year and moves to R4.4 billion by 2019/20.

Bulk purchases significantly increased between 2016/17 and 2017/18, escalating from R12.4 billion to R13.3 billion.

Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

The following graph illustrates the major expenditure items per type.

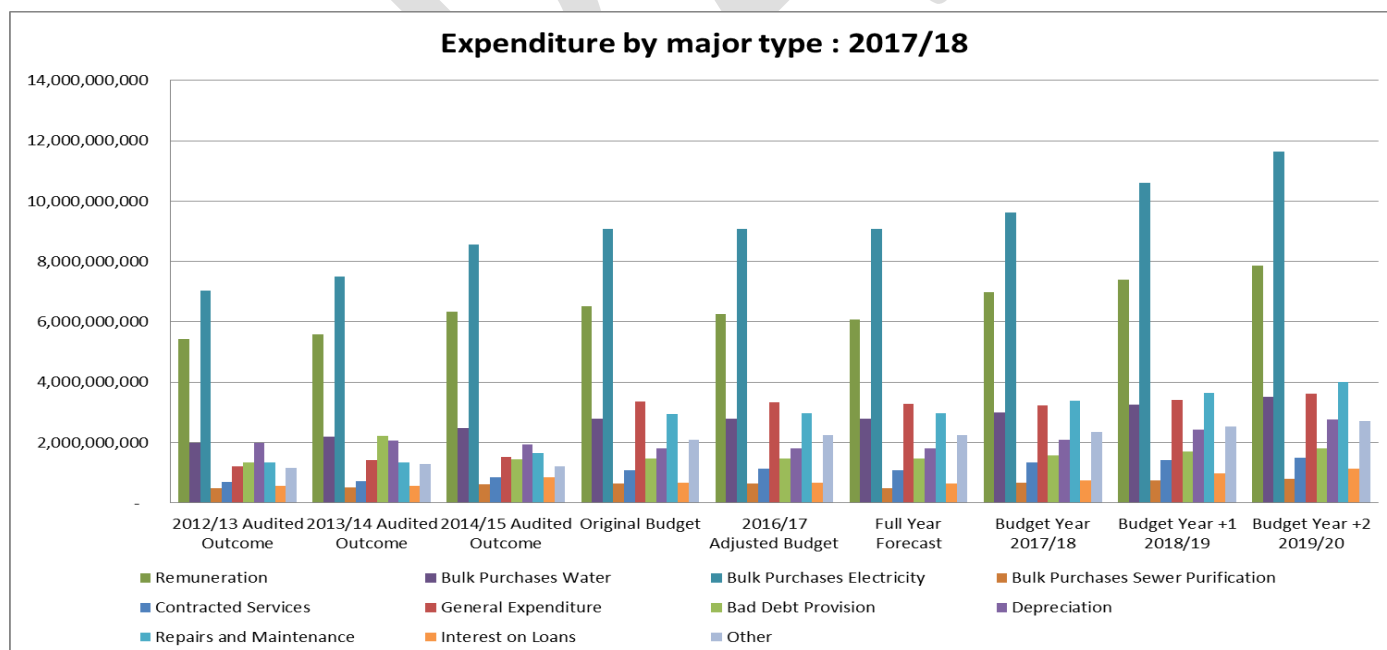


Table 26 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

EKU Ekurhuleni Metro - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding										
Vote Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 1 - Executive and Council	–	–	–	–	–	–	–	–	–	–
Vote 2 - Finance and Corporate Services	313,061	385,015	547,317	834,577	834,577	792,849	792,849	1,168,267	1,133,908	1,184,529
Vote 3 - Energy	356,689	491,410	470,552	626,129	596,129	566,323	566,323	680,000	693,500	716,451
Vote 4 - Water and Sanitation	377,050	417,703	458,502	485,300	334,555	317,828	317,828	679,450	810,550	837,000
Vote 5 - Waste Management	63,810	29,563	91,263	86,250	82,711	78,575	78,575	120,950	123,000	117,000
Vote 6 - Human Settlements	52,630	100,072	422,671	549,117	708,979	673,530	673,530	942,510	1,018,070	1,283,331
Vote 7 - City Planning	–	–	–	–	–	–	–	–	–	–
Vote 8 - Economic Development	52,233	55,220	52,570	230,500	141,424	134,352	134,352	137,000	173,000	170,000
Vote 9 - Disaster and Emergency Management Services	33,984	48,142	65,069	67,100	109,881	104,387	104,387	101,400	102,600	57,000
Vote 10 - Sports, Recreation, Arts & Culture (SRAC)	126,977	69,535	157,886	100,760	103,473	98,300	98,300	89,000	88,150	138,700
Vote 11 - Health and Social Development	76,744	77,712	99,392	61,200	58,960	56,012	56,012	76,500	85,500	118,500
Vote 12 - Environmental Resource Management	8,979	7,399	70,014	42,150	55,508	52,732	52,732	18,700	87,000	126,000
Vote 13 - Ekurhuleni Metropolitan Police Department (EMPD)	17,626	33,962	19,533	33,300	52,700	50,065	50,065	66,500	55,000	39,000
Vote 14 - Transport Planning & Provisioning	247,795	478,859	613,850	865,189	712,059	676,456	676,456	816,718	782,156	828,150
Vote 15 - Roads and Stormwater	577,640	349,303	611,039	641,960	618,938	587,991	587,991	647,600	645,750	693,300
Capital multi-year expenditure sub-total	2,305,217	2,543,894	3,679,659	4,623,533	4,409,895	4,189,400	4,189,400	5,544,595	5,798,184	6,308,960

EKURHULENI METROPOLITAN MUNICIPALITY – DRAFT BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding										
Vote Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure - Vote										
Single-year expenditure to be appropriated										
Vote 1 - Executive and Council	8,064	4,924	6,018	23,100	22,000	20,900	20,900	14,594	11,190	12,503
Vote 2 - Finance and Corporate Services	67,616	101,236	60,042	58,829	58,829	55,888	55,888	81,951	69,926	72,542
Vote 3 - Energy	18,533	32,878	20,350	22,700	52,700	50,065	50,065	37,700	23,700	28,700
Vote 4 - Water and Sanitation	8,784	16,327	8,029	8,500	169,051	160,599	160,599	65,500	39,300	33,500
Vote 5 - Waste Management	43,522	46,156	37,571	43,500	43,500	41,325	41,325	45,500	45,500	50,500
Vote 6 - Human Settlements	954	78,533	2,125	1,380	1,380	1,311	1,311	10,370	2,300	3,439
Vote 7 - City Planning	4,473	2,578	2,981	4,300	4,100	3,895	3,895	51,546	51,621	54,321
Vote 8 - Economic Development	3,665	2,743	4,079	43,050	33,050	31,398	31,398	8,100	7,800	5,300
Vote 9 - Disaster and Emergency Management Services	32,771	42,733	47,878	88,270	88,270	83,857	83,857	110,370	89,900	85,000
Vote 10 - Sports, Recreation, Arts & Culture (SRAC)	26,433	20,778	31,375	20,500	21,700	20,615	20,615	42,900	35,000	20,000
Vote 11 - Health and Social Development	16,808	14,278	12,827	27,600	23,653	22,470	22,470	32,650	26,200	26,200
Vote 12 - Environmental Resource Management	1,472	951	62,045	93,700	86,712	82,376	82,376	137,500	188,400	207,600
Vote 13 - Ekurhuleni Metropolitan Police Department (EMPD)	43,796	98,299	57,040	48,500	55,500	52,725	52,725	52,500	59,500	56,000
Vote 14 - Transport Planning & Provisioning	16,321	44,432	39,848	6,400	6,400	6,080	6,080	19,300	68,600	65,100
Vote 15 - Roads and Stormwater	13,871	18,425	21,997	17,100	26,700	25,365	25,365	16,200	16,700	18,750
Capital single-year expenditure sub-total	307,084	525,270	414,206	507,429	693,545	658,868	658,868	726,681	735,637	739,455
Total Capital Expenditure - Vote	2,612,301	3,069,164	4,093,865	5,130,961	5,103,440	4,848,268	4,848,268	6,271,276	6,533,821	7,048,415

EKURHULENI METROPOLITAN MUNICIPALITY – DRAFT BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding										
Vote Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital Expenditure - Functional										
<i>Governance and administration</i>	319,024	414,329	613,377	916,506	1,084,457	1,030,234	1,030,234	1,410,461	1,246,024	1,264,574
Executive and council	60,950	5,565	11,528	385,900	446,218	423,907	423,907	697,814	666,270	719,583
Finance and administration	258,073	408,764	601,849	530,607	638,240	606,328	606,328	712,208	579,304	544,991
Internal audit	-	-	-	-	-	-	-	440	450	-
<i>Community and public safety</i>	497,464	660,890	1,038,179	1,121,277	1,354,767	1,287,028	1,287,028	1,669,700	1,790,020	2,089,170
Community and social services	100,033	125,012	236,509	180,750	188,670	179,236	179,236	195,900	254,800	274,500
Sport and recreation	122,117	42,147	75,135	64,060	66,773	63,435	63,435	81,000	96,150	146,200
Public safety	128,177	223,136	189,520	237,170	306,351	291,034	291,034	330,770	307,000	237,000
Housing	53,584	178,604	424,796	550,497	710,359	674,841	674,841	952,880	1,020,370	1,286,770
Health	93,552	91,990	112,219	88,800	82,613	78,483	78,483	109,150	111,700	144,700
<i>Economic and environmental services</i>	908,302	945,620	1,338,699	1,796,799	1,522,621	1,446,490	1,446,490	1,671,664	1,757,227	1,853,021
Planning and development	41,248	46,252	42,286	253,850	146,574	139,245	139,245	160,646	196,421	176,121
Road transport	855,627	891,019	1,286,735	1,530,649	1,364,097	1,295,892	1,295,892	1,499,818	1,513,206	1,605,300
Environmental protection	11,427	8,350	9,677	12,300	11,950	11,353	11,353	11,200	47,600	71,600
<i>Trading services</i>	868,388	1,034,037	1,086,267	1,272,379	1,109,595	1,054,115	1,054,115	1,483,450	1,704,550	1,788,151
Energy sources	375,222	524,288	490,902	648,829	648,829	616,388	616,388	717,700	717,200	745,151
Water management	269,434	353,191	293,306	318,500	216,155	205,348	205,348	354,900	506,150	683,000
Waste water management	116,400	80,838	173,225	175,300	118,400	112,480	112,480	244,400	312,700	192,500
Waste management	107,332	75,719	128,834	129,750	126,211	119,900	119,900	166,450	168,500	167,500
<i>Other</i>	19,123	14,288	17,344	24,000	32,000	30,400	30,400	36,000	36,000	53,500
Total Capital Expenditure - Functional	2,612,301	3,069,164	4,093,865	5,130,961	5,103,440	4,848,268	4,848,268	6,271,276	6,533,821	7,048,415

EKURHULENI METROPOLITAN MUNICIPALITY – DRAFT BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding										
Vote Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Funded by:										
National Government	1,495,287	1,642,429	2,118,921	1,850,283	1,766,827	1,766,827	1,766,827	2,294,664	2,403,096	2,555,778
Provincial Government	19,156	5,012	27,342	26,473	30,859	30,859	30,859	78,800	171,900	215,795
District Municipality										
Other transfers and grants	–	–	–	–	–	–	–			
Transfers recognised - capital	1,514,442	1,647,442	2,146,263	1,876,755	1,797,686	1,797,686	1,797,686	2,373,464	2,574,996	2,771,573
Public contributions & donations	26,259	1,700	–		–	–	–			
Borrowing	838,118	971,607	–	1,790,950	1,856,087	1,763,282	1,763,282	2,906,410	2,967,201	3,298,005
Internally generated funds	233,482	448,415	1,947,602	1,463,256	1,449,667	1,287,299	1,287,299	991,401	991,624	978,838
Total Capital Funding	2,612,301	3,069,164	4,093,865	5,130,961	5,103,440	4,848,268	4,848,268	6,271,276	6,533,821	7,048,415

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Explanatory notes to MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the Capital Budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year Capital Budget appropriations. In relation to multi-year appropriations for 2017/18, R5.545 billion has been allocated of the R6.271 billion Capital Budget, which totals 88.41%. This allocation escalates to R5.798 billion in 2018/19 and R6.309 billion in 2019/20.
3. Single-year capital expenditure has been appropriated at R726, 6m for the 2017/18 financial year and remains relatively constant over the MTREF at levels of R735, 6m and R739.4m respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialised tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the metro. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. In terms of Circular 58, any downward adjustments for 2017/18 (relating to the multi-year appropriation for 2017/18) in the 2016/17 budget must be explained. The following votes had downward adjustments:
 - **Economic Development** – Most of the Aerotropolis projects have been delayed.
 - **Transport** – The PTNG grant has been reduced as per the gazetted amounts hence the reduction in the departmental Budget.
6. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations, borrowing and internally generated funds from current year surpluses. For 2017/18, capital grants and transfers totals R2.373 billion (37.85%) and increases to R2.575 billion by 2018/19 (39.32%) and R2.772 billion (39.32%) in 2019/20. A substantial portion of the Capital Budget will be funded from borrowing over MTREF, with anticipated borrowings of R2.906 billion in 2017/18. Borrowing is estimated at R2.967 billion in 2018/19 and R3.298 billion in the 2019/20 financial years. The balance will be funded from internally generated funding totalling R991 million, R992 million and R979 million in the respective multi-year budgets. These funding sources are further discussed in detail in 2.6 (overview of budget funding).

Table 27 MBRR Table A6 - Budgeted Financial Position

EKU Ekurhuleni Metro - Table A6 Budgeted Financial Position											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSETS											
Current assets											
Cash		5,894,540	7,701,376	7,972,586	9,312,930	8,288,845	6,939,379	6,939,379	10,308,508	12,472,516	15,191,259
Call investment deposits	1	143,070	115,978	147,021	143,070	143,070	143,070	143,070	143,070	143,070	143,070
Consumer debtors	1	4,460,073	4,386,818	5,256,387	4,455,686	4,455,686	4,455,686	4,455,686	4,257,825	4,075,024	3,911,187
Other debtors		605,178	753,123	884,983	486,351	486,351	486,351	486,351	486,351	486,351	486,351
Current portion of long-term receivables											
Inventory	2	155,324	366,936	354,918	157,160	157,160	157,160	157,160	171,514	183,855	198,125
Total current assets		11,258,186	13,324,231	14,615,895	14,555,196	13,531,111	12,181,645	12,181,645	15,367,268	17,360,815	19,929,991
Non current assets											
Long-term receivables		2,506	4,974	6,891	4,974	4,974	4,974	4,974	4,974	4,974	4,974
Investments		637,262	881,596	1,095,831	1,069,033	1,069,033	2,418,499	2,418,499	2,660,797	2,908,745	3,162,723
Investment property		152,324	565,447	621,177	174,321	174,321	174,321	174,321	174,321	174,321	174,321
Investment in Associate		0	0	0	0	0	0	0	0	0	0
Property, plant and equipment	3	42,685,284	44,272,586	46,090,970	47,646,570	48,406,883	48,406,883	48,406,883	52,275,556	56,067,232	59,997,001
Agricultural											
Biological											
Intangible		122,342	126,997	288,222	130,260	130,260	130,260	130,260	130,260	130,260	130,260
Other non-current assets		36,196	59,454	59,454	36,194	36,194	36,194	36,194	36,194	36,194	36,194
Total non current assets		43,635,914	45,911,054	48,162,544	49,061,352	49,821,666	51,171,132	51,171,132	55,282,102	59,321,727	63,505,473
TOTAL ASSETS		54,894,100	59,235,285	62,778,439	63,616,548	63,352,777	63,352,777	63,352,777	70,649,370	76,682,542	83,435,465

EKURHULENI METROPOLITAN MUNICIPALITY – DRAFT BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro - Table A6 Budgeted Financial Position											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	267,666	368,432	384,807	381,507	381,507	381,507	381,507	316,839	240,032	1,862,577
Consumer deposits		643,209	713,699	750,847	661,051	661,051	661,051	661,051	711,051	761,051	811,051
Trade and other payables	4	5,352,657	5,898,455	7,061,017	4,853,108	6,853,108	6,853,108	6,853,108	7,479,039	8,017,163	8,639,412
Provisions		272,930	372,872	403,807	411,781	411,781	411,781	411,781	481,781	551,781	621,781
Total current liabilities		6,536,463	7,353,457	8,600,478	6,307,447	8,307,447	8,307,447	8,307,447	8,988,710	9,570,027	11,934,822
Non current liabilities											
Borrowing		5,021,111	5,411,930	5,050,855	5,760,444	5,770,257	5,770,257	5,770,257	8,352,878	11,080,046	12,515,474
Provisions		2,829,947	2,899,201	3,473,946	3,030,336	3,030,336	3,030,336	3,030,336	3,387,519	3,585,841	3,814,731
Total non current liabilities		7,851,057	8,311,132	8,524,801	8,790,780	8,800,593	8,800,593	8,800,593	11,740,396	14,665,888	16,330,205
TOTAL LIABILITIES		14,387,520	15,664,589	17,125,279	15,098,227	17,108,040	17,108,040	17,108,040	20,729,107	24,235,915	28,265,027
NET ASSETS	5	40,506,580	43,570,696	45,653,160	48,518,321	46,244,736	46,244,736	46,244,736	49,920,263	52,446,627	55,170,438
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		40,506,580	43,570,696	45,653,160	48,518,321	46,244,736	46,244,736	46,244,736	49,920,263	52,446,627	55,170,438
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	40,506,580	43,570,696	45,653,160	48,518,321	46,244,736	46,244,736	46,244,736	49,920,263	52,446,627	55,170,438

Explanatory notes to MBRR Table A6 - Budgeted Financial Position

1. Table MBRR A6 is consistent with international standards of good financial management practice, and improves councilors' and management's understanding of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents assets less liabilities as "accounting" community wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash or liabilities immediately required to be met from cash, appear first.
3. Table 101 MBRR Table SA3 – supporting detail to the statement of financial position is supported by an extensive table of notes (SA3 which can be found on page 261) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits.
 - Consumer debtors.
 - Property, plant and equipment.
 - Trade and other payables.
 - Provisions non-current.
 - Changes in net assets.
 - Reserves.
4. The municipal equivalent of equity is community wealth/equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the budgeted financial performance or the Capital Budget will inevitably impact on the budgeted financial position. For example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 28 MBRR Table A7 - Budgeted Cash Flow Statement

EKU Ekurhuleni Metro - Table A7 Budgeted Cash Flows										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates	3,106,102	3,728,133	3,894,773	4,459,590	4,459,590	4,459,590	4,459,590	4,979,928	5,328,522	5,701,519
Service charges	13,190,103	14,281,853	15,102,231	19,529,590	19,529,590	19,529,590	19,529,590	20,090,276	22,015,616	24,126,857
Other revenue	607,604	335,254	634,583	2,425,384	2,410,504	2,410,504	2,410,504	2,570,739	2,705,656	2,843,213
Government - operating	3,825,396	3,904,523	4,345,583	3,502,418	3,513,278	3,513,278	3,513,278	3,238,509	4,023,127	4,382,947
Government - capital	1,629,069	2,038,103	2,146,788	1,876,755	1,797,686	1,797,686	1,797,686	2,373,464	2,574,996	2,771,573
Interest	732,360	811,907	969,054	666,643	666,643	666,643	666,643	862,988	913,905	966,911
Dividends								-	-	-
Payments										
Suppliers and employees	(17,546,823)	(18,831,069)	(20,535,349)	(25,154,308)	(24,948,921)	(24,948,921)	(24,948,921)	(25,693,764)	(28,272,078)	(30,758,198)
Finance charges	(572,960)	(571,556)	(600,828)	(662,383)	(663,333)	(663,333)	(663,333)	(753,661)	(986,116)	(1,125,824)
Transfers and Grants	(1,060,444)	(1,167,559)	(1,096,477)	(1,941,318)	(2,125,735)	(2,125,735)	(2,125,735)	(2,017,520)	(2,384,903)	(2,348,257)
NET CASH FROM/(USED) OPERATING ACTIVITIES	3,910,406	4,529,589	4,860,358	4,702,372	4,639,302	4,639,302	4,639,302	5,650,960	5,918,725	6,560,741
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	-							-	-	-
Decrease (Increase) in non-current debtors								-	-	-
Decrease (increase) other non-current receivables	(120)	1,578	4,089					-	-	-
Decrease (increase) in non-current investments	46,654	(217,242)	(245,277)	287,437	287,437	(1,062,029)	(1,062,029)	(242,297)	(247,948)	(253,978)
Payments										
Capital assets	(2,615,088)	(3,069,164)	(4,040,408)	(4,805,541)	(4,776,369)	(4,776,369)	(4,776,369)	(5,956,952)	(6,207,130)	(6,695,994)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(2,568,554)	(3,284,829)	(4,281,597)	(4,518,103)	(4,488,932)	(5,838,398)	(5,838,398)	(6,199,249)	(6,455,078)	(6,949,972)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-	-	-
Borrowing long term/refinancing	785,000	750,000		1,790,950	1,800,763	1,800,763	1,800,763	2,834,792	2,890,394	4,920,551
Increase (decrease) in consumer deposits	22,731	70,490	37,149	17,842	17,842	17,842	17,842	50,000	50,000	50,000
Payments										
Repayment of borrowing	(629,421)	(258,415)	(344,700)	(381,507)	(381,507)	(381,507)	(381,507)	(316,839)	(240,032)	(1,862,577)
NET CASH FROM/(USED) FINANCING ACTIVITIES	178,311	562,075	(307,551)	1,427,285	1,437,098	1,437,098	1,437,098	2,567,953	2,700,362	3,107,973
NET INCREASE/ (DECREASE) IN CASH HELD	1,520,163	1,806,836	271,210	1,611,554	1,587,469	238,003	238,003	2,019,663	2,164,008	2,718,742
Cash/cash equivalents at the year begin:	4,374,377	5,894,540	7,701,376	7,701,376	6,701,376	6,701,376	6,701,376	8,288,845	10,308,508	12,472,516
Cash/cash equivalents at the year end:	5,894,540	7,701,376	7,972,586	9,312,930	8,288,845	6,939,379	6,939,379	10,308,508	12,472,516	15,191,259

Table 29 MBRR Table A8 – Cash-backed Reserves/Accumulated Surplus Reconciliation

EKU Ekurhuleni Metro - Table A8 Cash backed reserves/accumulated surplus reconciliation										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available										
Cash/cash equivalents at the year end	5,894,540	7,701,376	7,972,586	9,312,930	8,288,845	6,939,379	6,939,379	10,308,508	12,472,516	15,191,259
Other current investments > 90 days	143,070	115,978	147,021	143,070	143,070	143,070	143,070	143,070	143,070	143,070
Non current assets - Investments	637,262	881,596	1,095,831	1,069,033	1,069,033	2,418,499	2,418,499	2,660,797	2,908,745	3,162,723
Cash and investments available:	6,674,872	8,698,950	9,215,438	10,525,032	9,500,947	9,500,947	9,500,947	13,112,374	15,524,331	18,497,051
Application of cash and investments										
Unspent conditional transfers	370,603	553,046	433,286	-	-	-	-	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	-	-	-	-	-	-	-	-	-	-
Other provisions	762,445	743,849	838,026	838,079	838,079	838,079	838,079	924,856	924,856	924,856
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	803,186	1,005,015	-	1,046,253	-	-	-	-	-	-
Total Application of cash and investments:	1,936,233	2,301,910	1,271,312	1,884,332	838,079	838,079	838,079	924,856	924,856	924,856
Surplus(shortfall)	4,738,639	6,397,040	7,944,125	8,640,700	8,662,868	8,662,868	8,662,868	12,187,518	14,599,475	17,572,195

Explanatory notes to MBRR Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash inflow versus cash outflow that is likely to result from the implementation of the budget.
3. It can be seen that the metro's cash levels are increasing steadily.
4. The cash and cash equivalents increase because of healthy increases in operational activities due to implementations of various interventions, i.e. extensive debt collection drive.
5. The 2017/2018 Draft MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Cash and cash equivalents are expected to improve steadily to R10.3 billion in 2018/19. This increase is in line with the metro's aim to achieve a three-month operating expenses coverage with its available cash and cash equivalents balances in the near future. As can be seen from the table, the metro has a healthy net cash inflow from its operating activities. This result steadily increases over the MTREF period. This indicates that the cash inflows (inflows from ratepayers, etc.) generated from operating activities substantially exceeds the cash outflows (outflows to suppliers, employees etc.) of the operating activities. The significant net cash outflows from investing activities indicates inter alia that the metro is spending vast amounts of capital assets (property, plant and equipment etc.). This is made possible largely due to the healthy net cash inflows from operating activities mentioned above. The net cash inflows from financing activities is largely due to existing bonds and new bonds that will be taken up during the MTREF, as discussed in various sections within this document.
7. It is acknowledged that the opening cash balance in the current year is reflected as R8.288 billion, whilst the closing cash balance at the 2015/16 year resulted as R7.972 billion. This table should have been amended during the January 2016 Adjustment Budget to reflect the correct opening balance in the 2016/17 financial year. This oversight is regretted and impacting on the cash flow position in the outer years of the budget.

Explanatory notes to MBRR Table A8 – Cash-backed Reserves/Accumulated Surplus Reconciliation

1. The cash-backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. It is also in line with Council's Funding and Reserves Policy.
2. In essence, the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".

4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. The end objective of the medium-term framework is to ensure the budget is funded and aligned to Section 18 of the MFMA.
6. From the table it can be seen that the cash surplus is increasing over the years.
7. As part of the budgeting and planning guidelines that informed the compilation of the Draft 207/2018 MTREF and considering the requirements of Section 18 of the MFMA, it can be concluded that the Draft 2017/2018 MTREF is funded due to the significant cash surplus.
8. Cash and investments available increase from R9.2 billion in 2015/16, to R18.4 billion in 2019/20, mainly due to the increase in the cash and cash equivalents, as discussed in the cash flow section. The application of cash and commitments decrease from R4 billion to R3.7 billion in 2018/19. This is mainly because of the fact that no unspent grants are projected over the MTREF. The decrease in cash-backed reserves is mainly as a result of the utilisation of the Capital Replacement reserve as a funding source. Overall the surplus indicates healthy growth to 2018/19. This increase is in line with the metro's aim to achieve a three-month operating expenses coverage with its available cash and cash equivalents balances in the near future.

Table 30 MBRR Table A9 - Asset Management

EKU Ekurhuleni Metro - Table A9 Asset Management									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	1,428,313	1,805,734	2,165,014	3,086,265	3,022,385	2,871,265	2,990,292	3,355,089	3,558,857
Roads Infrastructure	551,047	696,276	788,867	1,069,579	1,069,579	1,016,100	371,150	387,000	282,900
Storm water Infrastructure	-	-	-	-	-	-	127,450	90,900	59,750
Electrical Infrastructure	239,441	386,399	390,713	503,429	473,429	449,758	550,500	588,500	635,451
Water Supply Infrastructure	219,756	324,960	204,276	170,000	151,347	143,780	207,950	269,350	360,000
Sanitation Infrastructure	70,591	58,120	126,126	73,300	69,100	65,645	59,500	52,000	19,000
Solid Waste Infrastructure	36,980	-	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	111,071	43,030	38,472	205,500	119,000	113,050	96,632	102,169	38,325
Infrastructure	1,228,886	1,508,785	1,548,453	2,021,808	1,882,455	1,788,333	1,413,182	1,489,919	1,395,426
Community Facilities	99,370	73,628	102,594	28,800	23,937	22,740	312,700	397,100	387,100
Sport and Recreation Facilities	14,957	3,462	16,068	19,000	19,000	18,050	-	-	-
Community Assets	114,328	77,090	118,662	47,800	42,937	40,790	312,700	397,100	387,100
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	15,174	138,256	281,214	519,117	521,849	495,756	1,217,010	1,414,070	1,746,331
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	15,174	138,256	281,214	519,117	521,849	495,756	1,217,010	1,414,070	1,746,331
Operational Buildings	39,593	59,205	197,747	472,540	550,144	522,636	32,400	54,000	30,000
Housing	-	-	-	-	-	-	-	-	-
Other Assets	39,593	59,205	197,747	472,540	550,144	522,636	32,400	54,000	30,000
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	15,000	-	-
Transport Assets	30,333	22,399	18,938	25,000	25,000	23,750	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	1,183,988	1,263,430	1,928,851	2,044,696	2,081,055	1,977,002	2,665,587	2,417,611	2,664,738
Roads Infrastructure	221,913	105,148	404,944	349,770	326,748	310,411	43,750	73,050	257,550
Storm water Infrastructure	-	-	-	-	-	-	4,000	5,800	46,200
Electrical Infrastructure	117,248	105,012	79,839	122,700	122,700	116,565	129,500	155,000	161,000
Water Supply Infrastructure	36,688	11,904	74,076	121,000	54,008	51,308	166,900	133,000	97,000
Sanitation Infrastructure	45,809	22,719	47,100	96,000	54,900	52,155	106,800	115,700	116,000
Solid Waste Infrastructure	17,390	29,563	91,263	86,250	82,711	78,575	95,950	79,000	52,000
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	61,567	240,679	333,876	306,711	401,711	381,626	272,417	208,018	228,820
Infrastructure	500,615	515,024	1,031,098	1,082,431	1,042,778	990,639	819,317	769,568	958,570
Community Facilities	93,845	126,206	169,036	93,750	100,651	95,619	296,870	245,900	215,200
Sport and Recreation Facilities	83,167	20,716	41,311	30,060	32,773	31,135	31,830	25,600	51,200
Community Assets	177,013	146,922	210,346	123,810	133,424	126,753	328,700	271,500	266,400
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	37,456	176	52,264	30,000	30,000	28,500	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	37,456	176	52,264	30,000	30,000	28,500	-	-	-
Operational Buildings	193,118	162,064	255,905	335,653	372,804	354,163	434,480	350,116	404,378
Housing	-	-	-	-	-	-	-	-	-
Other Assets	193,118	162,064	255,905	335,653	372,804	354,163	434,480	350,116	404,378
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	998	800	800
Computer Equipment	-	-	-	-	-	-	43,929	39,957	42,820
Furniture and Office Equipment	51,807	94,683	59,685	91,600	80,991	76,942	61,020	43,180	46,677
Machinery and Equipment	33,803	37,777	33,300	80,670	75,783	71,994	115,620	127,462	103,195
Transport Assets	190,176	306,783	286,254	300,532	345,275	328,011	861,524	815,028	841,897

EKURHULENI METROPOLITAN MUNICIPALITY – DRAFT BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro - Table A9 Asset Management									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CAPITAL EXPENDITURE									
Total Upgrading of Existing Assets	-	-	-	-	-	-	615,396	761,121	824,821
<i>Roads Infrastructure</i>	-	-	-	-	-	-	41,500	55,500	21,000
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	39,250	29,500	25,700
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	-	-	-	-	-	-	50,000	83,000	175,000
<i>Sanitation Infrastructure</i>	-	-	-	-	-	-	99,000	65,000	60,000
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	25,000	44,000	65,000
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastruct</i>	-	-	-	-	-	-	10,000	12,000	13,200
Infrastructure	-	-	-	-	-	-	264,750	289,000	359,900
Community Facilities	-	-	-	-	-	-	61,500	72,500	87,000
Sport and Recreation Facilities	-	-	-	-	-	-	33,000	56,200	78,500
Community Assets	-	-	-	-	-	-	94,500	128,700	165,500
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	91,000	64,000	55,000
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	91,000	64,000	55,000
Operational Buildings	-	-	-	-	-	-	102,446	161,221	135,221
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	102,446	161,221	135,221
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	1,200	1,200	1,200
Transport Assets	-	-	-	-	-	-	61,500	117,000	108,000
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Capital Expenditure									
<i>Roads Infrastructure</i>	772,960	801,424	1,193,811	1,419,349	1,396,327	1,326,511	456,400	515,550	561,450
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	170,700	126,200	131,650
<i>Electrical Infrastructure</i>	356,689	491,410	470,552	626,129	596,129	566,323	680,000	743,500	796,451
<i>Water Supply Infrastructure</i>	256,444	336,864	278,352	291,000	205,355	195,088	424,850	485,350	632,000
<i>Sanitation Infrastructure</i>	116,400	80,838	173,225	169,300	124,000	117,800	265,300	232,700	195,000
<i>Solid Waste Infrastructure</i>	54,370	29,563	91,263	86,250	82,711	78,575	120,950	123,000	117,000
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastruct</i>	172,638	283,709	372,348	512,211	520,711	494,676	379,049	322,187	280,345
Infrastructure	1,729,501	2,023,809	2,579,551	3,104,239	2,925,234	2,778,972	2,497,249	2,548,487	2,713,896
Community Facilities	193,216	199,834	271,630	122,550	124,588	118,359	671,070	715,500	689,300
Sport and Recreation Facilities	98,125	24,178	57,379	49,060	51,773	49,185	64,830	81,800	129,700
Community Assets	291,340	224,013	329,009	171,610	176,361	167,543	735,900	797,300	819,000
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	52,630	138,432	333,478	549,117	551,849	524,256	1,308,010	1,478,070	1,801,331
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	52,630	138,432	333,478	549,117	551,849	524,256	1,308,010	1,478,070	1,801,331
Operational Buildings	232,711	221,269	453,652	808,193	922,947	876,800	569,326	565,337	569,599
Housing	-	-	-	-	-	-	-	-	-
Other Assets	232,711	221,269	453,652	808,193	922,947	876,800	569,326	565,337	569,599
Intangible Assets	-	-	-	-	-	-	998	800	800
Computer Equipment	-	-	-	-	-	-	43,929	39,957	42,820
Furniture and Office Equipment	51,807	94,683	59,685	91,600	80,991	76,942	61,020	43,180	46,677
Machinery and Equipment	33,803	37,777	33,300	80,670	75,783	71,994	131,820	128,662	104,395
Transport Assets	220,509	329,182	305,191	325,532	370,275	351,761	923,024	932,028	949,897
TOTAL CAPITAL EXPENDITURE - Asset class	2,612,301	3,069,164	4,093,865	5,130,961	5,103,440	4,848,268	6,271,276	6,533,821	7,048,415

Explanatory notes to MBRR Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40% of their Capital Budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8% of PPE. The metro meets the 40% renewal requirement.
3. The repairs and maintenance is not met due to the City of Ekurhuleni having revalued its assets with the first time adoption of GRAP 17 and asset values are currently high in relation to other municipalities. However, the R&M budget is increased significantly increased to meet not only the meet the NT benchmark target of 8%, but to improve the service delivery to the community.
4. The percentage is increase slightly from the current 6.1% in 2016/17 to 6.5% in 2017/18. Though the target is not met, Council is gradually increasing the R&M budget to meet the target.
5. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the metro’s strategy to address the maintenance backlog.

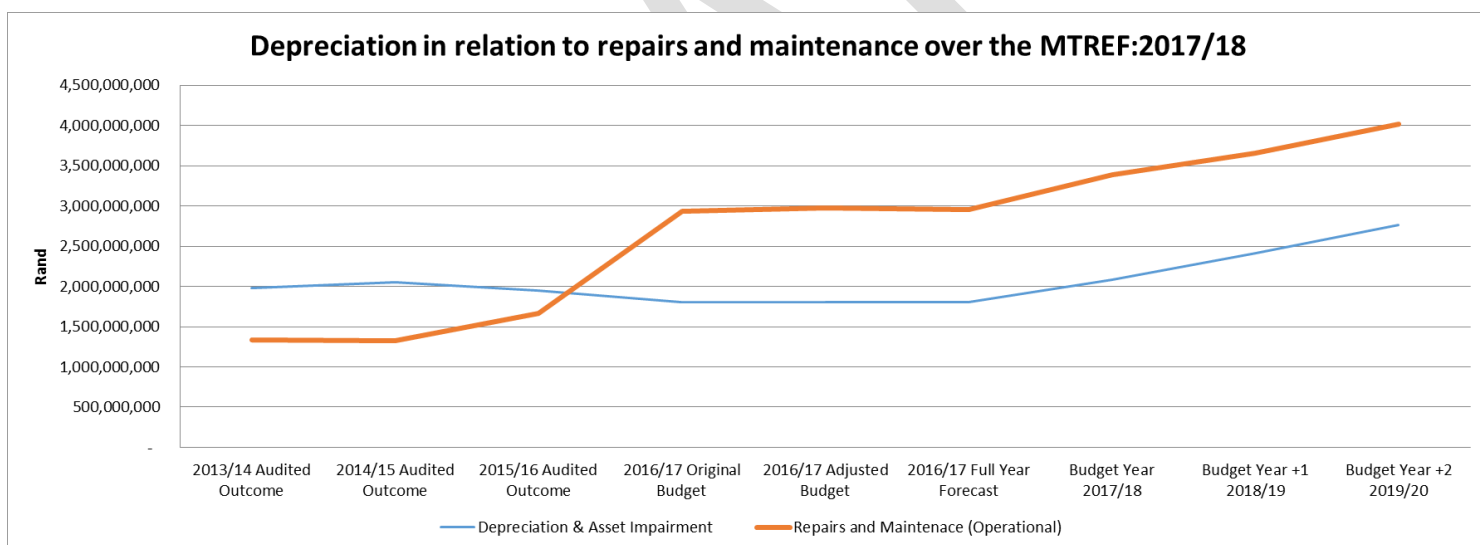


Figure 4 Depreciation in relation to repairs and maintenance over the MTREF

Table 31 MBRR Table A10 - Basic Service Delivery Measurement

EKU Ekurhuleni Metro - Table A10 Basic service delivery measurement									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets									
<u>Water:</u>									
Piped water inside dwelling	504,196	507,258	508,458	509,658	509,658	509,658	510,858	512,058	513,258
Piped water inside yard (but not in dwelling)	176,357	381,762	381,762	381,762	381,762	381,762	381,762	381,762	381,762
Using public tap (at least min.service level)	143,716	119,217	119,217	119,217	119,317	119,417	119,417	119,417	119,417
Other water supply (at least min.service level)	2,211	2,211	2,211	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	826,481	1,010,448	1,011,648	1,010,637	1,010,737	1,010,837	1,012,037	1,013,237	1,014,437
Using public tap (< min.service level)	22,110	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	–	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311
No water supply	–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	22,110	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311
Total number of households	848,591	1,021,759	1,022,959	1,021,948	1,022,048	1,022,148	1,023,348	1,024,548	1,025,748
<u>Sanitation/sewerage:</u>									
Flush toilet (connected to sewerage)	703,692	508,458	509,658	510,858	510,858	510,858	512,058	513,258	514,458
Flush toilet (with septic tank)	3,429	3,429	3,429	3,429	3,429	3,429	3,429	3,429	3,429
Chemical toilet	102,879	217,245	217,245	217,245	217,745	217,245	217,245	217,245	217,245
Pit toilet (ventilated)	68,586	80,613	80,613	80,613	80,613	80,613	80,613	80,613	80,613
Other toilet provisions (> min.service level)	–	179,824	179,824	179,824	179,824	179,824	179,824	179,824	179,824
<i>Minimum Service Level and Above sub-total</i>	878,586	989,569	990,769	991,969	992,469	991,969	993,169	994,369	995,569
Bucket toilet	–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)	–	23,594	23,594	23,594	23,594	23,594	23,594	23,594	23,594
No toilet provisions	–	11,806	11,806	11,806	11,806	11,806	11,806	11,806	11,806
<i>Below Minimum Service Level sub-total</i>	–	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400
Total number of households	878,586	1,024,969	1,026,169	1,027,369	1,027,869	1,027,369	1,028,569	1,029,769	1,030,969

EKU Ekurhuleni Metro - Table A10 Basic service delivery measurement									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets									
<u>Energy:</u>									
Electricity (at least min.service level)	145,000	150,000	150,000	150,000	113,901	113,901	108,206	102,796	97,656
Electricity - prepaid (min.service level)	405,000	394,101	394,101	398,042	442,337	442,337	454,007	465,995	478,311
<i>Minimum Service Level and Above sub-total</i>	550,000	544,101	544,101	548,042	556,238	556,238	562,213	568,791	575,966
Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
Other energy sources	27,000	27,000	27,000	27,000	15,000	15,000	10,000	10,000	10,000
<i>Below Minimum Service Level sub-total</i>	27,000	27,000	27,000	27,000	15,000	15,000	10,000	10,000	10,000
Total number of households	577,000	571,101	571,101	575,042	571,238	571,238	572,213	578,791	585,966
<u>Refuse:</u>									
Removed at least once a week	768,544	652,498	652,498	668,158	674,385	674,385	681,000	687,000	694,000
<i>Minimum Service Level and Above sub-total</i>	768,544	652,498	652,498	668,158	674,385	674,385	681,000	687,000	694,000
Removed less frequently than once a week	-	-	-	-	-	-	-	-	-
Using communal refuse dump	187,468	164,699	164,699	164,699	164,399	164,399	164,399	164,399	164,399
Using own refuse dump	-	-	-	-	-	-	-	-	-
Other rubbish disposal	-	-	-	-	-	-	-	-	-
No rubbish disposal	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	187,468	164,699	164,699	164,699	164,399	164,399	164,399	164,399	164,399
Total number of households	956,012	817,197	817,197	832,857	838,784	838,784	845,399	851,399	858,399

EKURHULENI METROPOLITAN MUNICIPALITY – DRAFT BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro - Table A10 Basic service delivery measurement									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets									
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	645,666	655,307	461,311	465,924	465,924	465,924	472,913	482,371	506,490
Sanitation (free minimum level service)	645,666	655,307	458,127	462,708	462,708	462,708	469,649	479,042	502,994
Electricity/other energy (50kwh per household per month)	310,000	264,184	336,100	368,288	368,288	368,288	371,971	375,691	394,476
Refuse (removed at least once a week)	42,040	42,040	98,523	115,000	115,000	115,000	115,000	115,000	115,000
Cost of Free Basic Services provided - Formal Settlements (R'000)									
Water (6 kilolitres per indigent household per month)	309,505	362,728	399,710	566,241	445,878	445,878	465,587	504,958	540,794
Sanitation (free sanitation service to indigent households)	130,152	155,058	234,555	220,607	292,097	292,097	304,690	330,079	353,102
Electricity/other energy (50kwh per indigent household per month)	35,508	39,501	1,058,228	1,332,126	1,220,038	1,220,038	1,424,305	1,539,775	1,660,825
Refuse (removed once a week for indigent households)	43,000	43,000	214,061	256,567	253,343	253,343	269,577	289,347	305,840
Cost of Free Basic Services provided - Informal Formal Settlements	–	–	160,951	214,316	214,316	214,316	234,247	256,172	280,289
Total cost of FBS provided	518,165	600,287	2,067,504	2,589,856	2,425,671	2,425,671	2,698,405	2,920,331	3,140,849
Highest level of free service provided per household									
Property rates (R value threshold)	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Water (kilolitres per household per month)	9	9	9	9	9	9	9	9	9
Sanitation (kilolitres per household per month)	9	9	9	9	9	9	9	9	9
Sanitation (Rand per household per month)	63	69	74	89	89	89	97	105	113
Electricity (kwh per household per month)	100	100	100	100	100	100	100	100	100
Refuse (average litres per week)	240	240	240	240	240	240	240	240	240
Revenue cost of subsidised services provided (R'000)									
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)	–	–	–	–	–	–	–	–	–
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)	615,776	673,053	738,434	637,481	637,481	637,481	738,914	790,638	845,982
Water (in excess of 6 kilolitres per indigent household per month)	349,416	353,275	418,454	418,806	409,924	409,924	459,876	500,498	484,364
Sanitation (in excess of free sanitation service to indigent households)	259,066	267,046	303,013	298,857	298,857	298,857	339,709	370,102	359,289
Electricity/other energy (in excess of 50 kwh per indigent household per month)	–	–	254,226	317,081	317,081	317,081	330,862	358,460	389,905

Explanatory note to MBRR Table A10 - Basic Service Delivery Measurement

1. It is anticipated that these FBS will cost the municipality R2.9 billion in 2017/18. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services.
2. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
3. The metro continues to make good progress with the eradication of backlogs:
4. The budget provides for 115 000 households to be registered as indigent in 2017/18, and therefore entitled to receiving FBS. The level of FBS will have to be reviewed to cover the cost of additional indigents given the rapid rate of immigration to the metro, especially by poor people seeking economic opportunities.

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Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the metro's mayor to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations states that the metro's mayor must establish a Budget Steering Committee to provide technical assistance to the mayor in discharging the responsibilities set out in Section 53 of the Act.

The Budget Steering Committee consists of the City Manager and senior metro officials, meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee are to ensure:

- That the process followed to compile the budget complies with legislation and good budget practices.
- That there is proper alignment between the policy and service delivery priorities set out in the metro's IDP and the budget, taking into account the need to protect the financial sustainability of municipality.
- That the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available.
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

The key deadlines for the compilation of the IDP and MTREF was submitted to Council for approval during August 2016 as required by Section 21(b) of the MFMA. In January 2017 Council approved a revised schedule of key deadlines mainly on recommendation emanating from Budget Circular No 86 dated 9 December 2016. In terms of the revised approved key deadlines, the draft IDP and Budget must be tabled to Council at the end of March 2017. Input from the various oversight committees and public participation (which will take place in March 2016) will be considered before the final adoption of the IDP and budget during April 2016.

The Strategy and Corporate Planning Department conducted meetings with ward committees in September 2016 to get input for the review of the IDP. During the period, ward committees were consulted to obtain their priorities and needs. The proposals formulated in terms of the high level results which departments will work towards achieving to support the GDS's 2055 programmes has been drafted. These still need further refinement in terms of detailed targets to be reflected in the SDBIP.

The IDP engaged meetings with each department during November 2016. This consisted of one-on-one engagement with departments to discuss the SDBIP and to finalise indicators and targets. The process also ensures that departmental outputs are aligned with national outcomes and the GDS.

The departments received budget compilation guidelines and templates to be submitted in support of their budget requests during October 2016.

Departments duly complied and submitted their Operating Budget and Capital Budget requests to the Finance Department for consolidation during November 2016.

IBALCO Meetings

The IDP, Budget, Assets and Liabilities Committee (IBALCO) have been set up as a subcommittee of the City Manager’s Strategic Management Team (SMT). This committee is tasked with the technical evaluation of departmental budget requests. Meetings took place regularly since the initial budget process started, to consider all the matters affecting the compilation of the new budget.

IBALCO meetings took place prior to all the Budget Steering Committee meetings to review documentation before submission to the Budget Steering Committee.

Budget Steering Committee

The Budget Steering Committee was set up by the Executive Mayor in terms of Section 4 of the Municipal Budget and Reporting Regulations.

The Budget Steering Committee is chaired by the MMC Finance all the members of Mayoral Committee are invited to the meetings. The Executive Mayor is an ex officio member of the Budget Steering Committee and attended several meetings.

Key dates as approved by Council in January 2017 were as follows:

No	Activity	Date
1	Budget Steering Committee meeting (The submissions of the departments without any curtailment)	10 February 2017
2	One –on- One discussions with departments (The purpose is to analyse and finalise the draft figures)	13 – 24 February 2017
3	First Draft of 2017/18 MTREF (balanced)	13 March 2017
4	Special Mayoral Committee (to be arranged)	22 March 2017
5	Council meeting for tabling MTREF	30 March 2017
6	Public participation and Oversight input	April 2017
7	Approval of Final MTREF	May 2017

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The IDP is the City of Ekurhuleni’s principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into planning statements covering the five-year objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The whole process was structured around supporting and working towards contributing to the achievement of the programmes set in the GDS 2055.

In terms of Section 34 of the Municipal Systems Act, 32 of 2000, the Council must annually review its IDP in terms of a predetermined process. This process was adopted by the Council on 30 August 2012.

The review of the IDP in terms of the Municipal Systems Act is guided and informed by the following:

- It must support and work towards achieving the vision and mission of City of Ekurhuleni.
- Working towards the achievement of the City of Ekurhuleni GDS 2055 programmes.
- Addressing the national outcomes set by Parliament.
- Focus on basic service delivery in terms of the eradication of backlogs and the maintenance of existing infrastructure and community needs.
- Provincial plans and programmes applicable to the specific budget allocations by the respective provincial sector departments to these projects should also be reflected as far as possible.

All departments were part of the process of reviewing the IDP and SDBIP in terms of the newly approved GDS 2055.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the Draft 2017/2018 MTREF, financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2017/18 MTREF:

- City growth.
- Policy priorities and strategic objectives.
- Asset maintenance.
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns).
- Performance trends.
- The approved 2016/2017 adjustments budget and performance against the SDBIP.
- Cash Flow Management Strategy.
- Debtor payment levels.
- Loan and investment possibilities.
- The need for tariff increases versus the ability of the community to pay for services.
- Improved and sustainable service delivery.

In addition to the above, the strategic guidance given in National Treasury's MFMA Circular 78 have been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

Section 29 (1) (b) of Chapter 5 of the Municipal Systems Act of 2000 states that municipalities through appropriate mechanisms, processes and procedures established in

terms of public participation; allow for communities to be consulted on their development needs and priorities; and that the local community to participate in drafting of the IDP.

City of Ekurhuleni used the ward committees as a mechanism for the purpose of engaging and consulting communities on their needs and priorities. The IDP review meetings were held in all 20 Customer Care Centres with ward committees from 101 wards. Several wards (between two and nine) were combined into a single CCA with the effect that only 17 meetings were held across the metro.

These meetings took place in September 2016.

A. REVIEW PROCESS

The process entailed a work session per CCA which focused around the following:

- Basic feedback on the past IDP/budget process – comments and process.
- Discussion of five ward priorities.
- Departmental plans in relation to ward priorities.
- Report on Capital Budget to be implemented in CCA per ward.
- Reflection of department's operational budget in CCA and wards.
- Alignment of the above with each other.

In terms of the IDP review meeting, there was a plenary session chaired by the chairperson of oversight committees or CCA manager and then a breakaway session chaired by the ward councilor. During the breakaway session, the wards were afforded an opportunity to go through their previous years IDP needs and to peruse the current financial year's budget, which was divided into a CCA-based budget and the metro-wide budget.

Most departments attended all of these meetings to answer to ward committees' questions based on the IDP needs identified last year and in previous years.

After discussions, ward councilors signed-off their IDP needs and this was to be sent to departments so that they can incorporate them into their planning and budgeting processes.

Top Five IDP identified

The following are community needs identified during the IDP reviews in September 2016:

1. Construction of new roads.
2. Erection of high mast lights and streetlights.
3. Construction of new RDP houses.
4. Development of new parks and maintenance of existing parks.
5. Development of sports facilities and multipurpose centres.

Challenges experienced from previous IDP Review Meetings

- This revolved mainly around the failure of departments to attend the meetings at all or alternatively sending junior officials who were completely ignorant of the matters under discussion and thus unable to provide satisfactory answers. This resulted in negative perceptions and frustration developing amongst the ward committee and ward councilors present.
- Sometimes other role players, like councilors, also failed to attend the meetings mainly due to other commitments. This caused some disruption of the process.

- Another issue which was often raised was the complete ignoring of the ward priorities by departments when drafting their own project plans which led to no priorities of a particular ward featuring in the SDBIP which understandably causes intense frustration. Communities argued that even after spending a lot of time formulating their real needs and priorities they become lost in the system and are not attended to.
- These problems have been ongoing for a number of years and need to be attended to at the highest level.

2.2 Overview of alignment of annual budget with IDP

The alignment of the budget with the IDP has been achieved through the setting of targets by departments which were guided by the following principles:

- It had to be aligned to the national outcome related to their mandate.
- Focus on basic service delivery in terms of the eradication of backlogs, provision of basic services as well as the maintenance of existing infrastructure and community needs.
- All targets set in the IDP were cross referenced to the budget as part of the result-based budget process. Each outcome with its supporting activities set for the coming year has been linked to specific votes in the budget to be utilised to achieve it. The Capital Budget is fully linked, but the operational budget still requires some work to reflect details in this regard.

The constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realised through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five-year strategic programme of action aimed at setting short-, medium- and long-term strategic and budget priorities to create a development platform which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlates with national and provincial intent. It must aim to coordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the metro, issues of national and provincial importance should be reflected in the IDP. A clear understanding of such intent is therefore imperative to ensure that the metro strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the metro's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009.
- Government Programme of Action.
- Development Facilitation Act of 1995.
- Provincial Growth and Development Strategy (GGDS).
- National and provincial spatial development perspectives.
- Relevant sector plans such as transportation, legislation and policy.
- National Key Performance Indicators (NKPIs).
- Accelerated and Shared Growth Initiative (ASGISA).
- National 2014 Vision.
- National Spatial Development Perspective (NSDP).
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives an indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2016/17 MTREF and further planning refinements that have directly informed the compilation of the budget:

The main objectives of the city include:

- Provision of quality basic services and infrastructure.
- Economic growth and development that leads to sustainable job creation.
- Fighting poverty and building clean, healthy, safe and sustainable communities.
- Provision of integrated social services for empowered and sustainable communities.
- Fostering participatory democracy and Batho Pele principles through a caring, accessible and accountable service.
- Ensuring financial sustainability.
- Optimal institutional transformation to ensure capacity to achieve set objectives.

To ensure integrated and focused service delivery between all spheres of government it was important for the metro to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas are contained in the IDP.

The Draft 2017/18 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

The Ekurhuleni Metro is in the process of reviewing its planning, budgeting and reporting cycle and improvements will be seen in the following financial years.

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Table 32 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

EKU Ekurhuleni Metro - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)										
Strategic Objective	Goal	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
National Outcome 1	Improved quality of basic education	–	–	–	–	–	–	–	–	–
National Outcome 2	A long and healthy life for all South Africans	20,718	14,162	189,267	14,279	196,843	195,179	147,260	155,812	156,063
National Outcome 3	All people in South Africa are and feel safe	209,596	293,856	121,389	298,778	307,174	296,261	337,074	356,804	367,793
National Outcome 4	Decent employment through inclusive economic growth	24,745	59,150	31,767	22,522	44,344	39,827	67,991	24,646	26,075
National Outcome 5	A skilled and capable workforce to support an inclusive growth path	–	–	1,435	–	23,821	23,821	25,132	25,132	25,132
National Outcome 6	An efficient, competitive and responsive economic infrastructure network	728,739	1,146,404	20,297,049	2,209,915	22,921,396	22,644,196	24,926,729	27,345,478	29,872,692
National Outcome 7	Vibrant, equitable and sustainable rural communities with food security for all	–	–	–	–	–	–	–	–	–
National Outcome 8	Sustainable human settlements and improved quality of household life	5,860,053	6,349,114	1,944,745	8,068,143	2,926,838	2,890,940	3,359,073	3,541,789	3,938,465
National Outcome 9	A responsive, accountable, effective and efficient local government system	16,867,905	17,898,135	7,038,106	22,046,235	7,642,941	7,587,654	8,396,343	9,074,038	9,640,162
National Outcome 10	Environmental assets and natural resources that are well protected and continually enhanced	1,353,008	1,690,075	60,162	1,595,852	72,766	57,228	75,884	80,361	85,022
National Outcome 11	Create a better South Africa and contribute to a better and safer Africa and World	–	–	(35,233)	–	32,600	31,265	71,842	71,960	75,225
National Outcome 12	An efficient, effective and development-oriented public service and An empowered, fair and inclusive citizenship	–	1	(428)	–	3,913	1,194	3,013	3,190	3,375
Allocations to other priorities										
Total Revenue (excluding capital transfers)		25,064,764	27,450,897	29,648,259	34,255,725	34,172,636	33,767,566	37,410,340	40,679,207	44,190,004

Table 33 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

EKU Ekurhuleni Metro - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)										
Strategic Objective	Goal	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
National Outcome 1	Improved quality of basic education	–	–	–	–	–	–	–	–	–
National Outcome 2	A long and healthy life for all South Africans	578,398	655,101	779,400	722,610	911,908	891,735	1,017,671	1,095,631	1,173,471
National Outcome 3	All people in South Africa are and feel safe	842,121	1,215,468	1,950,423	1,165,218	2,199,893	2,153,666	2,393,272	2,555,966	2,727,422
National Outcome 4	Decent employment through inclusive economic growth	4,379	5,577	172,372	6,145	369,913	362,746	273,734	243,209	258,070
National Outcome 5	A skilled and capable workforce to support an inclusive growth path	31,800	26,728	129,330	49,633	164,348	159,563	185,157	197,674	210,849
National Outcome 6	An efficient, competitive and responsive economic infrastructure network	1,559,716	2,001,184	18,194,111	4,626,084	21,876,111	21,640,190	23,265,879	25,282,137	27,443,816
National Outcome 7	Vibrant, equitable and sustainable rural communities with food security for all	–	–	–	–	–	–	168,751	178,708	189,073
National Outcome 8	Sustainable human settlements and improved quality of household life	1,428,511	2,230,684	1,806,319	3,373,304	2,311,560	2,278,165	2,345,806	2,552,689	2,737,808
National Outcome 9	A responsive, accountable, effective and efficient local government system	18,246,889	18,432,235	2,764,700	20,997,879	2,652,797	2,572,828	3,253,867	3,701,632	4,211,726
National Outcome 10	Environmental assets and natural resources that are well protected and continually enhanced	226,307	394,202	874,251	468,133	970,877	952,188	1,109,495	1,188,195	1,271,678
National Outcome 11	Create a better South Africa and contribute to a better and safer Africa and World	–	–	588,255	–	608,590	598,093	684,794	731,908	780,387
National Outcome 12	An efficient, effective and development-oriented public service and An empowered, fair and inclusive citizenship	290,227	431,897	218,850	969,191	292,180	286,905	323,186	342,153	361,794
Allocations to other priorities										
Total Expenditure		23,208,349	25,393,075	27,478,011	32,378,197	32,358,177	31,896,079	35,021,613	38,069,902	41,366,093

Table 34 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

EKU Ekurhuleni Metro - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year	Budget Year +1	Budget Year +2
R thousand										
National Outcome 1 - Improved quality of basic education		-	-	-	-	-	-	-	-	-
National Outcome 2 - A long and healthy life for all South		71,200	66,633	91,664	37,500	32,043	30,440	32,000	95,000	128,000
National Outcome 3 - All people in South Africa are and		36,859	74,217	81,262	102,300	148,221	140,810	172,900	174,600	115,500
National Outcome 4 - Decent employment through inclusive		64,117	43,030	38,472	245,500	120,835	114,794	107,000	143,000	120,000
National Outcome 5 - skilled and capable workforce to		-	-	-	-	-	-	-	-	-
National Outcome 6 - An efficient, competitive and		285,088	382	-	-	-	-	-	-	-
National Outcome 7 - Vibrant, equitable and sustainable		-	-	-	-	-	-	-	-	-
National Outcome 8 - Sustainable human		1,577,951	2,062,265	2,664,874	3,298,133	3,076,483	2,922,658	3,989,824	4,380,597	4,908,578
National Outcome 9 - A responsive, accountable,		512,318	803,250	1,153,619	1,447,529	1,725,858	1,639,565	1,857,551	1,603,624	1,623,338
National Outcome 10 - Environmental assets and		64,768	13,307	63,976	-	-	-	-	25,000	41,000
National Outcome 11 - Create a better South africa and		-	-	-	-	-	-	112,000	112,000	112,000
National Outcome 12 - An efficient, effective and		-	6,080	-	-	-	-	-	-	-
Allocations to other priorities										
Total Capital Expenditure		2,612,301	3,069,164	4,093,865	5,130,961	5,103,440	4,848,268	6,271,276	6,533,821	7,048,415

Table 35 MBRR Table SA7 - Measurable performance objectives

EKU Ekurhuleni Metro - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<i>Vote 1 - Communication and</i>										
<i>Function 1 - Communication and Branding</i>										
<i>Sub-function 1 - Branding</i>										
<i>Number of Brand Visibility interventions implemented</i>	Number		6	12	12	0	12	12	12	12
<i>Number of participative stakeholder engagements</i>	Number			16	41	0	41	12	12	12
<i>Vote 2 - Strategy and Corporate Planning</i>										
<i>Function 1 - Performance, Monitoring and evaluation</i>										
<i>Number of evaluations conducted</i>	Number		1	1	1	0	1	1	1	1
<i>Vote 3 - Internal Audit</i>										
<i>Function 1 - Internal Audit</i>										
<i>% of forensic investigations finalized</i>	Percentage		70%		60%	0	60%	60%	60%	60%
<i>% completion of the approved internal audit plan</i>	Percentage		91.30%	90%	90%	0	90%	90%	90%	90%
<i>Vote 4 - Risk Management</i>										
<i>Function 1 - Risk</i>										
<i>Number of insurance audits undertaken</i>	Number		2	4	4	0	4	4	4	8
<i>Level of EMM compliance maturity recorded</i>	Number		2	3	3	0	0	3	0	4
<i>Number of risk profiles reviewed</i>	Number		30	30	30	0	30	30	32	32
<i>Institutional Risk Management Level Recorded</i>	Number				0	4	4	0	4	0
<i>Vote 5 - Financial Services</i>										
<i>Function 1 - Finance</i>										
<i>% of tenders completed within the valid period (120 days from date of close of advert)</i>	Percentage	80%	11.06%	80%	85%	0%	85%	86%	88%	90%
<i>% of Billed Amounts Collected</i>	Percentage	90.30%	92%	91%	94%	0%	94%	94%	94%	95%
<i>Audit Opinion from the Auditor General</i>	Clean Audit		clean audit	Clean Audit	Clean Audit	0	Clean Audit	Clean Audit	Clean Audit	Clean
<i>Vote 6 - Fleet</i>										
<i>Function 1 - Fleet</i>										
<i>Number of vehicles fitted with the electronic fuel management device</i>	Number		0	100	1000	0	1000	1000	1000	1000
<i>% Reduction on cost of vehicle repairs and maintenance</i>	Percentage				6%	0	6%	6%	6%	6%

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EKU Ekurhuleni Metro - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<i>Vote 7-Real Estate</i>										
<i>Function 1 - Real Estate</i>										
<i>Number of Land parcels packaged for Human Settlements for release to 1st time home buyers</i>	Number			0.00	0.00	0.00	0.00	1000.00	500.00	500.00
<i>Number of land parcels identified and packaged for mix-use development in the marginalized townships for release to the developers</i>	Number			0.00	0.00	0.00	0.00	5.00	5.00	5.00
<i>Number of land parcels released for development of a religious precinct "Kgotsong precinct"</i>	Number		4.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00
<i>Number of strategic land parcels approved for development/investment</i>	Number			0.00	15.00	0.00	15.00	5.00	5.00	5.00
<i>Number of land parcels banked for future municipal use</i>	Number			824.00	20.00	0.00	20.00	0.00	0.00	0.00
<i>Number of properties whose refurbishment has been completed</i>	Number			7.00	9.00	0.00	9.00	0.00	0.00	0.00
<i>% increase in revenue generated through management of property transactions</i>	Percentage		17.60%	5.60%	5.00%	0.00%	5.00%	5.00%	5.00%	5.00%
<i>Vote 8- Corporate and Legal</i>										
<i>Function 1 - Corporate and legal Services</i>										
<i>% progress made with establishing the Office of the Municipal Ombudsman</i>	Percentage		100%	100%	100%	0	0	0	0	0
<i>Number of newly operationalized municipal courts.</i>	Number		4	2	1	0	1	2	1	1
<i>% of cases involving town planning and building regulation contraventions filed with the Courts for finalization</i>	Percentage		100%	60%	100%	0	100%	100%	100%	100%
<i>Percentage progress made with reviewing and rationalizing the by-laws of the municipality</i>	Percentage				40%	0	40%	40%	40%	40%

EKURHULENI METROPOLITAN MUNICIPALITY – DRAFT BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<i>Vote 9 - Human Resource Management and Development</i>										
<i>Function 1 - Human resource management</i>										
<i>Sub-function 1 - Human resource management</i>										
<i>Percentage of prioritized posts filled</i>	Percentage	2%	7%	79%	100%	0	90%	0%	0%	0%
<i>Implementation of Macro and Top structure</i>	Percentage	0	0	0	0%	0	0%	100%	0%	0%
<i>Vote 10- ICT</i>										
<i>Function 1 - ICT</i>										
<i>Sub-function 1 - ICT</i>										
<i>Number of additional WIFI nodes deployed</i>	Number	22.00	104.00	163.00	200.00	0.00	200.00	200.00	200.00	200.00
<i>Km of fibre installed</i>	KM				200	0	200	200	100	100
<i>Percentage availability of enabled customer facing applications</i>	Percentage	95%	100%	97.64%	98%	0%	98%	0%	0%	0%
<i>Number of ERP modules implemented</i>	Number	0.00	0.00	0.00	5.00	0.00	5.00	2.00	2.00	2.00
<i>Vote 11-Health and Social Development</i>										
<i>Function 1 - Health and Social Development</i>										
<i>Sub-function 1 - Health</i>										
<i>Number of new health facilities constructed</i>	Number			3	6	0	6	0	3	3
<i>Number of newly constructed health facilities that are functional</i>	Number		2	4	4	0	4	2	3	3
<i>Number of new health and social care (ECD Centres) facilities</i>	Number				6	0	6	3	3	3
<i>Number of ECD practitioner trained in accredited ECD</i>	Number		302	144	140	0	140	160	180	200
<i>Number of eligible patients initiated on Antiretroviral Therapy</i>	Number	39127	41545	48679	37000	0	37000	35000	33000	28000
<i>Percentage of babies tested HIV positive (PCR) at six (6) weeks</i>	Percentage		<2.15%	1.30%	<2.11%	0	<2.11%	<2.10%	<2%	<2%
<i>Rate of rodent infestation in the formal premises after intervention</i>	Percentage			5.15%	15%	0%	15%	0	0	0
<i>Rate of rodent infestation in the informal settlements households</i>	Percentage			30.75%	40.00%	0.00%	40.00%	35.00%	30.00%	25.00%
<i>Number of new indigent households approved</i>	Number	15010	11505	4962	5300	0	5300	6000	7000	9000

EKURHULENI METROPOLITAN MUNICIPALITY – DRAFT BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<i>Vote 12-Roads and Storm Water</i>										
<i>Function 1 -Roads and Stormwater</i>										
<i>Sub-function 1 -Roads</i>										
<i>Number of systems added to the existing stormwater network</i>	Number		18	104	64	0	64	65	65	65
<i>KM of road network maintained</i>	KM	374	1583.3	2629.917	1300	1332	1332	1545	1545	1545
<i>KM of roads paved</i>	KM	93.4	23.16	61.0905	67.00	0.00	67.00	60.00	60.00	60.00
<i>KM of Stormwater infrastructure maintained</i>	KM		6234	11	6,500	0	6,500	7,000	7,000	7,000
<i>Function 1 Transport</i>										
<i>Number of new bus routes established between Ekurhuleni and Tshwane and/or Johannesburg.</i>	Number	2	6	0	6	0	6	6	6	6
<i>KM of dedicated bus ways completed</i>	KM			6.23km	2.5	0.0	2.5	2.5	2.5	2.5
<i>KM of Harambee routes operationalized</i>	KM				68	0	68	20	7	7
<i>Number of new public facilities completed</i>	Number		0	0	3	2	2	1	1	1
<i>KM of pedestrian and cyclist paths completed</i>	KM			10.33km	15	11	11	10	10	10
<i>Vote 14 -Water and Sanitation</i>										
<i>Number of additional households in formal dwellings provided with sewer connections</i>	Number		1844	1896	1200	0	1200	1200	1200	1200
<i>Number of additional households in formal dwellings provided with</i>	Number	2085	1844	1896	1200	0	1200	1200	1200	1200
<i>KM of water and sewer pipes replaced, upgraded and extended</i>	KM				50	0	50	50	50	50
<i>Number of additional mega litres (ML) of storage constructed</i>	Number				20	0	20	50	50	50
<i>Percentage of Non-Revenue Water (NRW)</i>	Percentage	38.70%	36.10%	34.60%	32.50%	34.00%	34.00%	33.50%	33.00%	33.00%
<i>Number of unmetered stands provided with meters</i>	Number	19235	16679	1988	10000	0	10000	10,000	10,001	10,002
<i>Maintain Blue Drop Score (95%)</i>	Percentage	>95%	>95%	>95%	>95%	0	>95%	>95%	>95%	>95%
<i>Vote 15 - Human Settlements</i>										
<i>Function 1 - Human Settlements</i>										
<i>Number of subsidised housing units built.</i>	Number	0	348	341	978	689	689	2196	3800	5000
<i>Number of informal settlements upgraded to formal townships</i>	Number		3	11	8	0	8	10	10	5
<i>Number of informal settlements provided with interim services</i>	Number	119	119	119	119	0	119	119	119	119
<i>Number of serviced stands completed</i>	Number			0	4551	0	4551	9598	14490	12873
<i>Number of social housing units built</i>	Number			0	256	0	256	200	500	500
<i>Number of refurbished rental housing stock</i>	Number				15	0	15	0	0	0
<i>Hectares of land acquired</i>	Number	511.1	19.53		0	0	0	120	120	150

EKURHULENI METROPOLITAN MUNICIPALITY – DRAFT BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Vote 16 - SRAC										
Function 1 - Sport and Recreation										
Sub-function 1 - Sport Recreation										
Number of sports and recreation facilities constructed	Number	1			1	0	0	1	1	0
Number of children aged 3-6 years participating in accredited ECD	Number	10	5533	9767	10640	0	10640	0	0	0
Number of ECDs supported through SRAC programmes	Number	162		0	0	0	0	480	530	583
Number of beneficiaries participating in accredited capacity	Number	5118	200	305	490	0	490	780	820	920
Number of SRAC schools programs implemented	Number		20	17	16	0	16	18	18	18
Function 2 - Library Information Services										
Number of new library facilities constructed	Number	12	2	0	2	0	2	0	0	2
Function 3 - Arts and culture facilities										
Number of new arts and culture facilities constructed	Number		3	0	1	0	1	0	0	0
Vote 17 - Disaster Management & Emergency										
Function 1 - Disaster Management & Emergency										
Number of fire stations constructed	Number			2	1	2	2	1	3	0
Number of approved municipal critical infrastructure and/or mission critical contingency plans	Number			4	4	0	4	4	4	4
Percentage compliance with the required attendance times for structural firefighting incidents	Percentage	82%		63%	75%	0	75%	75%	75%	75%
% compliance with the required attendance times for dispatched Priority 1 emergency medical services	Percentage		86%	64%	65%	0%	0%	0	0	0
% of structural fire fighting calls in urban areas within 14 minutes from call receipt	Percentage				0	0	0	0	0	0
Vote 18 - Environmental Resource Management										
Function 1 - Environmental Resource										
number of adaptation or mitigation initiatives identified, advised on and reported on to increase climate change resilience	Number				4	0	4	4	4	4
Percentage of targeted members of the regulated community upon which regulatory actions were taken	Percentage				100%	0%	100%	100%	100%	100%
Number of water bodies rehabilitated	Number				4	0	4	5	5	5
Function - Parks										
Number of cemeteries upgraded	Number			3	5	0	5	5	5	5
Number of parks upgraded.	Number			5	5	0	5	5	5	5
Vote 19- Waste Management										
Number of landfill sites compliant with the minimum requirements for waste disposal by a landfill	Number	5	4	4	5	0	5	5	5	5
Cleanliness levels of EMM CD areas as determined by GDARD Gauteng Waste standards	number				3	0	3	3	3	2
Number of households with access to weekly kerbside refuse collection	Number	998880	652498	100%	100%	674385	674385	674385	674385	674385

The following table sets out the City of Ekurhuleni main performance objectives and benchmarks for the draft 2017/2018 MTREF.

Table 36 MBRR Table SA8 - Performance indicators and benchmarks

EKU Ekurhuleni Metro - Supporting Table SA8 Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Borrowing Management</u>											
Credit Rating		Aa3.za	Aa3.za	Aaa.za	Aaa.za	Aaa.za	Aaa.za	Aaa.za			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	5.2%	3.3%	4.3%	3.2%	3.2%	3.2%	3.2%	3.1%	3.2%	7.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	6.1%	3.8%	5.2%	3.6%	3.6%	3.6%	3.6%	3.4%	3.6%	8.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current Ratio	Current assets/current liabilities	1.7	1.8	1.7	2.3	1.6	1.5	1.5	1.7	1.8	1.7
Current Ratio adjusted for aged debtors	Current assets less debtors >90 days/current liabilities	1.7	1.8	1.7	2.3	1.6	1.5	1.5	1.7	1.8	1.7
Liquidity Ratio	Monetary Assets/Current Liabilities	0.9	1.1	0.9	1.5	1.0	0.9	0.9	1.2	1.3	1.3

EKURHULENI METROPOLITAN MUNICIPALITY – DRAFT BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro - Supporting Table SA8 Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		89.1%	90.1%	90.2%	93.5%	93.6%	94.6%	94.6%	90.0%	90.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other Outstanding Debtors to Revenue)		89.1%	90.1%	90.1%	93.5%	93.6%	94.6%	94.6%	90.0%	90.0%	90.0%
Longstanding Debtors Recovered	Total Outstanding Debtors to Annual Revenue	21.5%	19.9%	22.4%	15.3%	15.3%	15.5%	15.5%	13.6%	12.0%	10.6%
	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	76.0%	77.8%		90.0%	90.0%	90.0%	90.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		84.5%	69.4%	83.1%	52.1%	82.7%	98.8%	98.8%	72.6%	64.3%	56.9%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	1,139,315	1,209,548	10,649,908	1,301,228	1,301,228	1,301,228	1,301,228	6,499,507	7,649,574	8,390,777
	Total Cost of Losses (Rand '000)	696,441	790,181	1,327,873	762,348	762,348	762,348	762,348	810,384	953,779	1,046,195
	% Volume (units purchased and generated less units sold)/units purchased and generated	10.59	11.34	15.64	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Water Distribution Losses (2)	Total Volume Losses (kℓ)	110,110	120,903	111,363	127,695	127,695	127,695	127,695	153,781	166,084	179,370
	Total Cost of Losses (Rand '000)	557,052	669,060	759,000	646,014	646,014	646,014	646,014	1,048,107	1,131,956	1,222,513
	% Volume (units purchased and generated less units sold)/units purchased and generated	33.90	32.11	30.60	30.00	30.00	30.00	30.00	30.00	30.00	30.00
Employee costs	Employee costs/(Total Revenue - capital revenue)	23.1%	21.7%	23.0%	20.1%	19.3%	19.0%	19.0%	19.9%	19.4%	19.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	23.5%	22.0%	23.4%	20.5%	19.7%	19.4%		20.3%	19.8%	19.3%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5.7%	5.1%	6.0%	9.1%	9.2%	9.3%		9.7%	9.6%	9.7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	10.8%	10.2%	10.2%	7.6%	7.6%	7.6%	7.6%	8.1%	8.9%	9.4%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	18.4	16.5	22.0	27.5	27.5	27.5	24.1	27.2	12.0	13.1
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	27.6%	25.6%	29.1%	19.2%	19.2%	19.4%	19.4%	17.0%	15.0%	13.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3.8	4.4	4.2	4.4	4.0	3.4	3.4	4.5	5.0	6.0

2.3.1 Performance indicators and benchmarks+

- 2.3.1.1 Borrowing Management
- Capital expenditure in local government can be funded by capital grants, own-source revenue and long-term borrowing. The ability of a municipality to raise long-term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, City of Ekurhuleni borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the metro's debt portfolio is dominated by municipal bonds. The following financial performance indicators have formed part of the compilation of the draft 2017/18 MTREF.
- Capital charges to operating expenditure is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing remains constant at 3.3% from 2013/14 to 2019/20. The stable percentage is maintained despite the fact that Council's capital budget is increasing significantly over the MTREF period.
- Capital charges to Own Revenue is a measure of the cost of borrowing in relation to the Own Revenue. It can be seen that the cost of borrowing will remain constant between 3.6% and 3.7% from 2017/18 until 2019/20.
- Borrowing funding of own capital expenditure measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The percentage for the 2015/16 year of 40.3% will increase significantly to 61.7% in 2018/19. This is a clear indication that Council will have relatively less funding available from grants to fund the capital budget.

Long-term debt increased from R5.4 billion as at 30 June 2015 to R9.1 billion at the end of the 2018/19 FY (See NT table SA6). This is inter alia as a result of less grant funding available to fund capital projects whilst the capital budget has to increase every year.

2.3.1.2 Safety of Capital

- The gearing ratio is a measure of the long-term borrowings (non-current) over funds and reserves. During the 2014/15 financial year the ratio was 539% which will increase to 869% in the 2018/19 financial year.

2.3.1.3 Liquidity

- Current ratio is a measure of the metro's ability to pay short-term obligations with its short-term assets. The higher the ratio, the better the metro's ability to adhere to its short-term obligations. The calculation is the current assets divided by the current liabilities and as a benchmark the metro has set a limit of 1.2, hence at no point in time should this ratio be less than 1.2. For the 2017/18 MTREF the ratio is expected to be 1.7 and increase to 1.8 in 2019/20.
- The liquidity ratio is a measure of the ability of the metro to utilise cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2016/17 financial year the ratio is projected to be 1.0 at the end of this year and as part of the financial planning strategy it is projected to increase to 1.2 in the 2017/18 financial year but then improve further to to 1.3 in 2019/20.

2.3.1.4 Revenue Management

- The annual debtors' collection rate indicates the percentage payment levels of the metro. It indicates at what levels the metro receives payments owed, in terms of receivables, from its customers. It is also used to establish whether credit control has been efficiently managed. The metro's payment level percentage, according to this calculation, in 2016/17 was 93.5% and is expected to be at 94.6% in 2017/18.

2.3.1.5 Creditors Management

- The efficiency ratio at the end of 2013/14 was 75.97% and 77.81% in 2014/15. It is predicted to improve to 90% as a results from the capacity building programme in the Supply Chain Management Division.

2.3.1.6 Other Indicators

- The electricity distribution losses, as per the audited financial statements, were as follows:
 - 2013/14 – 10.59%
 - 2014/15 – 11.34%
 - 2015/16 – 15.64%

It is forecasted at a rate of 10% for the MTREF period until 2019/20.

- The water distribution losses, as per the audited financial statements, were as follows:
 - 2013/14 – 33.9%
 - 2014/15 – 32.11%
 - 2015/16 – 30.60%

It is forecasted at a rate of 30% for the MTREF period until 2019/20.

- Employee costs and remuneration as a percentage of revenue (excluding capital revenue) remains steady over the MTREF period. The averages of the ratios are 20% respectively over the MTREF period.
- Repairs and maintenance as a percentage of revenue (excluding capital revenue) needs to be at an appropriate level to ensure that capital assets remain efficient and perform and an optimal level. The average ratio is 9.7% over the MTREF period.
- Finance charges and depreciation as a percentage of revenue (excluding capital revenue) is dependent on borrowing, interest rate levels, and the rate of depreciation of capital assets. As a result of the increase in borrowing the rate increase from 8.1% in 2017/18 to 9.4% in 2019/20.

2.3.1.7 IDP regulation financial viability indicators

- Debt Coverage is the coverage of revenue (excluding operating grants) over debt-service and is an indication of the metro's ability to meet annual interest and principle payments on debt. The coverage is expected to be 27.7% in 2017/18 and is expected to move to 33.8% in 2019/20.

-
- Outstanding service debtors to revenue ratio is an indication of what percentage of revenue is in outstanding service debtors. This is also an indicator of the metro's effectiveness in managing credit control and debt collection. The lower the ratio, the more effective the management of receivables. The ratio is estimated to be 17.0% in 2017/18 and is expected to move to 13.2% in 2019/20
 - Cost coverage is an indication of the metro's ability to cover fixed operational expenditure with its cash and investment balances. The higher the ratio, the higher the ability. The ratio is estimated at 4.5 in 2017/18 and is expected to be at 6.0 over the MTREF period.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the metro.

For the 2017/18 draft financial year, 115 000 registered indigents have been provided for in the budget which includes the deemed indigents.

In terms of the municipality's Indigent Policy, registered households are entitled to 9 kl free water, 100 kWh of electricity, 9 kl sanitation and free waste removal equivalent to a residential once a week service, and a full rebate on their property rates.

Further detail relating to the number of households receiving FBS, the cost of FBS, highest level of FBS and revenue cost associated with FBS is contained in Table 31 MBRR A10 (Basic Service Delivery Measurement) on page 78.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc.) are not taken into account in the table noted above.

2.4 Overview of budget-related policies

The city's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

The entire set of budget-related policies can be viewed on the City of Ekurhuleni website: <http://www.ekurhuleni.gov.za>

LIST OF BUDGET RELATED POLICIES

The following is a list of all budget-related policies and indicates whether the relevant policy has been changed or not. It also includes a number of new policies:

Annexure D1	Medium-term Budget Policy Statement (reviewed)
Annexure D2	Pricing Policy Statement (reviewed)
Annexure D3	Property Rates Policy (reviewed)
Annexure D4	Provision of Free Basic Electricity Policy (reviewed)
Annexure D5	Waste Management Services Tariff Policy (remains unchanged)
Annexure D6	Consumer Deposit Policy (remains unchanged)
Annexure D7	Indigent Policy (reviewed)
Annexure D8	Credit Control & Debt Collection Policy (remains unchanged)
Annexure D9	Provision for Doubtful Debtors and Debtors Write Off (remains unchanged)
Annexure D10	Budget Implementation and Monitoring Policy (remains unchanged)
Annexure D11	Municipal Entity Financial Support Policy (remains unchanged)
Annexure D12	Accounting Policy (reviewed)
Annexure D13	Funding and Reserves Policy (remains unchanged)
Annexure D14	Borrowing Policy (remains unchanged)
Annexure D15	Cash Management Policy (remains unchanged)
Annexure D16	Policy on Electricity Metering for Residential and Small Business Customers in the City Of Ekurhuleni (reviewed)
Annexure D17	Policy for the Vending of Pre-Paid Electricity (reviewed)
Annexure D18	Policy for Correction of Meter Reading and Billing Data (reviewed)
Annexure D19	Electricity Tariff policy (reviewed)
Annexure D20	Virement Policy (remains unchanged)
Annexure D21	Consumer Agreement Policy (remains unchanged)
Annexure D22	Renewable Energy Revenue Loss Mitigation Policy (remains unchanged)
Annexure D23	Supply Chain Management Policy (Reviewed)

All the policies that have been reviewed is marked on the same principles used by Government Printers to change existing policies. The additions are highlighted and underlined whilst the deletions of information are marked with a line.

The following is a summary of the changes on the policies:

Annexure D1 MEDIUM TERM BUDGET POLICY STATEMENT (Reviewed)

Minor changes for relevancy.

Annexure D2 PRICING POLICY (Reviewed)

Minor changes without affecting the main meaning of the content.

Annexure D3 PROPERTY RATES POLICY (Reviewed)

One category has been included for the purposes of tariff rating. The category will add on the existing list which will become: **(g) Multipurpose Properties.**

The rates policy takes effect from the **1st July 2017**

Annexure D4 PROVISION OF FREE BASIC ELECTRICITY POLICY (Reviewed)

2.1. when provided for in the CITY OF EKURHULENI Policy on Free Basic Electricity, subject to a cut-off point of 1,000 kWh units per month (based on a 12 month rolling average consumption levels) i.e changed from **450 kWh to 1,000 kWh.**

Changing of some words and rephrasing of some sentences without affecting the meaning.

Annexure D5 WASTE MANAGEMENT SERVICES TARIFF POLICY (Remains unchanged)

Annexure D6 CONSUMER DEPOSIT POLICY (Remains unchanged)

Annexure D7 INDIGENT POLICY (Reviewed)

9.1.1 (c) applicant is a South African citizen **or in possession of permanent residence certificate.**

9.1.2 C the oldest child signs the user agreement assisted by appointed legal guardian **in possession of “Letter of authority” issued by local magistrate court. Letter of authority will only be accepted during period of winding up of estate, not to exceed period of 24 months from date of issue unless proof of progress can be submitted**

9.3 (a) applicant is a South African citizen **or in possession of permanent residence certificate.**

10.2 (e) In terms of resolution 4 of the Item A-F (24-2006) (Writing off of Outstanding debts in respect of Indigent Accounts) dated 29 June 2006, the accumulated debt in respect of **deemed indigents** be **written off administratively on monthly basis as from date of qualification in terms of this policy.**

Annexure D8 CREDIT CONTROL & DEBT COLLECTION POLICY (Remains unchanged)

Annexure D9 PROVISION FOR DOUBTFUL DEBT AND DEBT WRITE-OFF POLICY (Remains unchanged)

Annexure D10 BUDGET IMPLEMENTATION AND MONITORING POLICY (Remains unchanged)

Annexure D11 MUNICIPAL ENTITY FINANCIAL SUPPORT POLICY (Reviewed)

Policy has been added to with heading 9 which has sub-headings **9.1. recapitilisation; 9.2. Guarantee of borrowings and 9.3. Shared Services** as in below:

Annexure D12 ACCOUNTING POLICY (Reviewed)

Minor changes without affecting the content.

Annexure D 13 FUNDING AND RESERVES POLICY (Remains unchanged)

Annexure D 14 BORROWING POLICY (Remains unchanged)

Annexure D 15 CASH MANAGEMENT POLICY (Remains unchanged)

Annexure D 16 ELECTRICITY METERING FOR RESIDENTIAL & SMALL BUSINESS (Reviewed)

Changing of some words and phrases without changing the original meaning. Three principles regarding the protection of metering which are protection, detection and reaction part have been discarded from policy.

Annexure D 17 POLICY FOR THE VENDING OF PREPAYMENT ELECTRICITY (Reviewed)

Only taking out and replacement of words have been done without necessarily changing the original meaning of the content.

Annexure D18 POLICY FOR THE CORRECTION OF METER READING AND BILLING (Reviewed)

Mainly rephrasing some sentences and replacing some words with appropriate ones. The original contents of the policy however remain unchanged.

Annexure D 19 ELECTRICITY TARIFF POLICY (Reviewed)

Minor cosmetic changes as well ash the phasing out of tariff A flat rate.

2a	Tariff A flat rate	This tariff: <ul style="list-style-type: none"> • needs to be phased out, with customers merged onto the IBT (as per NERSA) • Provides Free Basic Electricity to qualifying customers.
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Annexure D 20 VIREMENT POLICY (Remains unchanged)

Annexure D 21 CONSUMER AGREEMENT POLICY (Remains unchanged)

Annexure D 22 RENEWABLE ENERGY REVENUE LOSS MITIGATION POLICY (Remains unchanged)

2.5 Overview of budget assumptions

2.5.1 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the draft 2017/18 MTREF:

- National Government macro-economic targets.
- The general inflationary outlook and the impact on the metro's residents and businesses.
- The impact of municipal cost drivers.
- The increase in prices for bulk electricity and water.
- The increase in the cost of remuneration.

The inflation outlook for the MTREF is as follows:

In terms of National Treasury Budget Circular No. 85 dated 9 December 2016 municipalities were advised to take the following macro-economic forecasts into consideration:

Fiscal year	2015/16 Actual	2016/17 Estimate	2017/18 Forecast	2018/19	2019/20
CPI Inflation	4.60%	6.40%	6.10%	5.90%	5.80%
Real GDP growth	1.60%	0.90%	1.20%	1.90%	2.50%

2.5.2 Credit rating outlook

Table 37 Credit rating outlook

Security class	Currency	Rating	Annual rating 2016/2017	Previous rating
Short-term	Rand	Moody's	P-1.za	P-1.za
Long-term	Rand	Moody's	A1.za	A1.za
Outlook	Rand	Moody's	Negative	Stable

The rating definitions are:

- Short-term: Prime – 1 (highest quality)
Short-term Debt Ratings (maturities of less than one year)
Prime-1 (highest quality)
- Long-term: Aa2za

Defined as high grade. “Aa” rated are judged to be of high quality and are subject to very low credit risk.

- Senior unsecured debt (rating attached to municipal bond programme): Aa2za
Defined as high grade. “Aa” rated are judged to be of high quality and are subject to very low credit risk.
- Long-term: Aa3.za
Defined as high grade: “Aa” rated are judged to be of high quality and subject to very low risk for long-term debt and the best ability to repay short-term debt.
- Long-term: A1.za
Defined as high grade: “A” rated are judged to be of upper medium grade and subject to very low risk for long-term debt and the best ability to repay short-term debt.

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The City have a R8 billion Domestic Medium-term Note Programme registered with Johannesburg Stock Exchange which was applicable to last six financial years for the capital expenditure funding and formed the basis of the borrowings programme. For the 2015/16 MTREF the council approved external funding for R750 million which will be drawn down from the existing Domestic Medium-term Note programme. It is based on the assumption that borrowings are undertaken using fixed interest rates (assumed at 11% p.a.) for external funding requiring semi-annual interest payments for a bullet facility or semi-annual capital and interest repayments for a mortising facility.

2.5.4 Collection rate for revenue services

The rate of revenue collection is currently expressed as a percentage (93%) of annual billings. Cash flow is assumed to be 94% of billings. No provision has been made for increased collection of arrear debt and any revenue yielded from this will be used to strengthen the liquidity position of the City.

2.5.5 Growth or decline in tax base of the municipality

Growth projections – growth projections refer to the increase in the number of units consumed for the service. It does not refer to the increase in the tariff, nor does it reflect the total increase in income. It is expressed as a percentage which represents the percentage increase in units consumed. Growth projections are determined per service which is driven by service specific trends. Electricity, as an example, is predicting a 0%-growth rate due to the various energy efficiency initiatives. The individual growth rates are:

- Assessment rates: 0.9%
- Electricity: 0%
- Water: 0%
- Sanitation: 0%
- Solid Waste: 0.9%

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing ‘households’ is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition, the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it

assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of FBS.

2.5.6 Salary increases

The South African Local Government Bargaining Council entered into a three-year Salary and Wage Collective Agreement for the period 01 July 2015 to 30 June 2018. The preparation of the 2017/18 MTREF constitutes implementation of the last year of the agreement which municipalities must implement as follows:

- 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

2.5.7 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- National Development Plan addressing inter alia economic growth and job creation.
- Enhancing education and skills development.
- Improving health services.
- Rural development and agriculture.
- Fighting crime and corruption.

2.5.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 95% is achieved on operating expenditure and 90% on the capital programme for the draft 2017/18 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term Outlook: Operating Revenue

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The metro derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc.).

The revenue strategy is a function of key components such as:

- Growth in the city and economic development.
- Revenue management and enhancement.
- Achievement of a 94% annual collection rate for consumer revenue.

- National Treasury guidelines.
- Electricity tariff increases within the National Energy Regulator of South Africa (NERSA) approval.
- Achievement of full cost recovery of specific user charges.
- Determining tariff escalation rate by establishing/calculating revenue requirements.
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA).
- The ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers, aligned to the economic forecasts.

The proposed tariff increases for the 2016/17 MTREF on the different revenue categories are:

Table 38 Proposed tariff increases over the medium

Revenue category	2017/18 Proposed tariff increase	2018/19 Proposed tariff increase	2019/20 Proposed tariff increase
	%	%	%
Property rates	0.0	10.0	10.0
Sanitation	9.00	8.0	8.0
Refuse removal	7.5	7.5	7.5
Water	10.0	8.0	8.0
Electricity	7.0	10.0	10.0

The following table is a detailed analysis of the methodology in the calculation of the income rates and services:

Table 39 Detailed Budget Assumption for services

	Approved Budget 2016/2017	Draft Budget 2017/2018	Budget Balancing 2018/2019	Budget Balancing 2019/2020
INCREASE IN SERVICES INCOME	Approved Tariff Increases	Proposed Tariff Increases	Assumptions	Assumptions

	%	%		
Base Adjustment/ Efficiency Adjustment				
- Assessment Rates Income	-1.13%	12.00%	0.00%	0.00%
- Electricity Sales	-2.32%	0.00%	0.00%	0.00%
- Water Sales	0.76%	0.00%	0.00%	0.00%
- Sanitation Sales	-0.86%	0.00%	0.00%	0.00%
- Refuse Removal	-0.08%	-0.90%	0.00%	0.00%
Growth in Consumption of Services				
- Assessment Rates Income	1.00%	0.9%	1.0%	1.0%
- Electricity Sales	-3.00%	0.0%	0.0%	0.0%
- Water Sales	1.00%	0.0%	1.0%	1.0%
- Sanitation Sales	1.00%	0.0%	1.0%	1.0%
- Refuse Removal	1.00%	0.9%	1.0%	1.0%
Tariff Increases				
- Assessment Rates Income	7.50%	0.0%	10.0%	10.0%
- Electricity Sales	7.64%	7.0%	10.0%	10.0%
- Water Sales	9.00%	10.0%	8.0%	8.0%
- Sanitation Sales	9.00%	9.0%	8.0%	8.0%
	Approved Budget 2016/2017	Draft Budget 2017/2018	Budget Balancing 2018/2019	Budget Balancing 2019/2020
- Refuse Removal	8.00%	7.5%	7.5%	7.5%
Total Income Increases				
- Assessment Rates Income	7.37%	12.9%	11.0%	11.0%
- Electricity Sales	2.32%	7.0%	10.0%	10.0%
- Water Sales	10.76%	10.0%	9.0%	9.0%
- Sanitation Sales	9.14%	9.0%	9.0%	9.0%
- Refuse Removal	8.92%	7.5%	8.5%	8.5%
Bulk purchase increase				
- Electricity	7.86%	7.0%	10.0%	10.0%
- Water	9.00%	9.0%	8.0%	8.0%
- Sanitation	9.00%	9.0%	8.0%	8.0%

Note 1: Increase of the draft 2017/18 is compared with the 2016/17 **Adjustment Budget**

The tables below provide detailed investment information and investment particulars by maturity.

Table 40 MBRR SA15 – Detailed Investment Information

EKU Ekurhuleni Metro - Supporting Table SA15 Investment particulars by type									
Investment type	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand									
Parent municipality									
Securities - National Government	–	–							
Listed Corporate Bonds	–	–							
Deposits - Bank	164,177	80,618	147,021	88,680	88,680	1,258,824	1,343,166	1,433,158	1,529,179
Deposits - Public Investment Commissioners	–	–							
Deposits - Corporation for Public Deposits	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Bankers Acceptance Certificates	–	–							
Negotiable Certificates of Deposit - Banks	–	–							
Guaranteed Endowment Policies (sinking)	612,154	912,956	1,091,831	1,119,423	1,119,423	1,298,744	1,456,701	1,614,657	1,772,613
Repurchase Agreements - Banks	–	–							
Municipal Bonds									
Municipality sub-total	780,332	997,574	1,242,851	1,212,103	1,212,103	2,561,569	2,803,866	3,051,814	3,305,792
Consolidated total:	780,332	997,574	1,242,851	1,212,103	1,212,103	2,561,569	2,803,866	3,051,814	3,305,792

Table 41 MBRR SA16 – Investment particulars by maturity

EKU Ekurhuleni Metro - Supporting Table SA16 Investment particulars by maturity											
Investments by Maturity Name of institution & investment ID	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate ^a	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Investment Top Up	Closing Balance
	Yrs/Months										
Parent municipality											
Absa Bank	3 Months	Fixed deposit	Yes	Fixed	0.0735	No	None	20.03.2017	39,768		39,768
Investec Bank (30000383748) - Structured	Month to Month	Call deposit	Yes	Fixed	0.055	No	None	On call	42,830		42,830
Stanlib	9 Years	Fixed deposit	Yes	Fixed	0.092278	No	None	01.03.2021	366,626	58,158	424,784
Sanlam	Month to Month	Money Market	Yes	Variable	Variable	No	None	On call	4,400		4,400
Rand Merchant Bank (338)	On call	Fund managing	Yes	Variable	Variable	No	None	On call	137		137
RU500456214	15 Years	Guaranteed Trust	Yes	Fixed	0.1325	No	None	On call	4,454		4,454
'356	12 years	Money Market	Yes	Fixed	0.0607	No	None	Unit Trust	33,027		33,027
'50619016740	18 Years	Guaranteed Trust	Yes	Fixed	0.1476	No	None	28.12.2017	23,776		23,776
NedBank	10 Years	Structured deposit	Yes	Fixed	0.0923	No	None	28.07.2020	415,227	57,539	472,766
NedBank	12 Years	Structured deposit	Yes	Fixed	0.0824	No	None	01.05.2024	377,821	49,571	427,392
NedBank	3 Months	Call deposit	Yes	Variable	0.0785	No	None	On call	1,258,824	-	1,258,824
Municipality sub-total									2,566,891	165,268	2,732,159
Entities											
Rand Airport		Shareholding	Yes	Variable	Variable	No	None	Shareholding	4,000		4,000
Entities sub-total									4,000	-	4,000
TOTAL INVESTMENTS AND INTEREST									2,570,891	165,268	2,736,159

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2016/17 medium-term capital programme:

Table 42 Sources of capital revenue over the MTREF

2017/18 Medium Term Revenue & Expenditure Framework - Per Source of Finance						
Source of Finance	Budget Year 2017/18		Budget Year +1 2018/19		Budget Year +2 2019/20	
		%		%		%
Capital Replacement Reserve (CRR)	-	0.00%	-	0.00%	-	0.00%
Energy Efficiency & Demand Side Management (EEDMS)	12,000,000	0.19%	16,000,000	0.24%	20,000,000	0.28%
External Loans	2,900,260,000	46.25%	2,967,200,992	45.41%	3,298,005,000	46.79%
Human Settlement Development Grant (HSDG)	70,800,000	1.13%	163,900,000	2.51%	207,795,000	2.95%
Integrated City Development Grant (ICDG)	48,646,000	0.78%	48,221,000	0.74%	50,921,000	0.72%
Integrated National Electrification Programme (INEP)	40,000,000	0.64%	45,000,000	0.69%	45,451,000	0.64%
Neighborhood Development Partnership Grant (NDPG)	82,000,000	1.31%	55,000,000	0.84%	55,000,000	0.78%
SRAC Provincial Grant	8,000,000	0.13%	8,000,000	0.12%	8,000,000	0.11%
Public Transport Network Grant (PTNG)	660,718,000	10.54%	631,906,000	9.67%	670,650,000	9.51%
Revenue	997,551,470	15.91%	991,624,021	15.18%	978,837,603	13.89%
Urban Settlement development Grant (USDG)	1,451,300,242	23.14%	1,606,968,591	24.59%	1,713,755,586	24.31%
Total	6,271,275,712	100%	6,533,820,604	100%	7,048,415,189	100%

Table 43 MBRR Table SA17 - Detail of borrowings

EKU Ekurhuleni Metro - Supporting Table SA17 Borrowing									
Borrowing - Categorised by type	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Parent municipality									
Annuity and Bullet Loans	1,147,491	820,930	821,189	640,522	640,522	640,522	439,681	316,811	272,237
Long-Term Loans (non-annuity)	32,620	–		–	–	–			
Local registered stock									
Instalment Credit									
Financial Leases									
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds	3,841,000	4,591,000	4,229,667	5,119,922	5,129,735	5,129,735	7,913,196	10,763,236	12,243,257
Non-Marketable Bonds	–								
Bankers Acceptances	–								
Financial derivatives	–								
Other Securities	–								
Municipality sub-total	5,021,111	5,411,930	5,050,855	5,760,444	5,770,257	5,770,257	8,352,878	11,080,046	12,515,494
Entities									
Entities sub-total	–	–	–	–	–	–	–	–	–
Total Borrowing	5,021,111	5,411,930	5,050,855	5,760,444	5,770,257	5,770,257	8,352,878	11,080,046	12,515,494

The following graph illustrates the growth in outstanding borrowing for the 2013/14 to 2019/20 period.

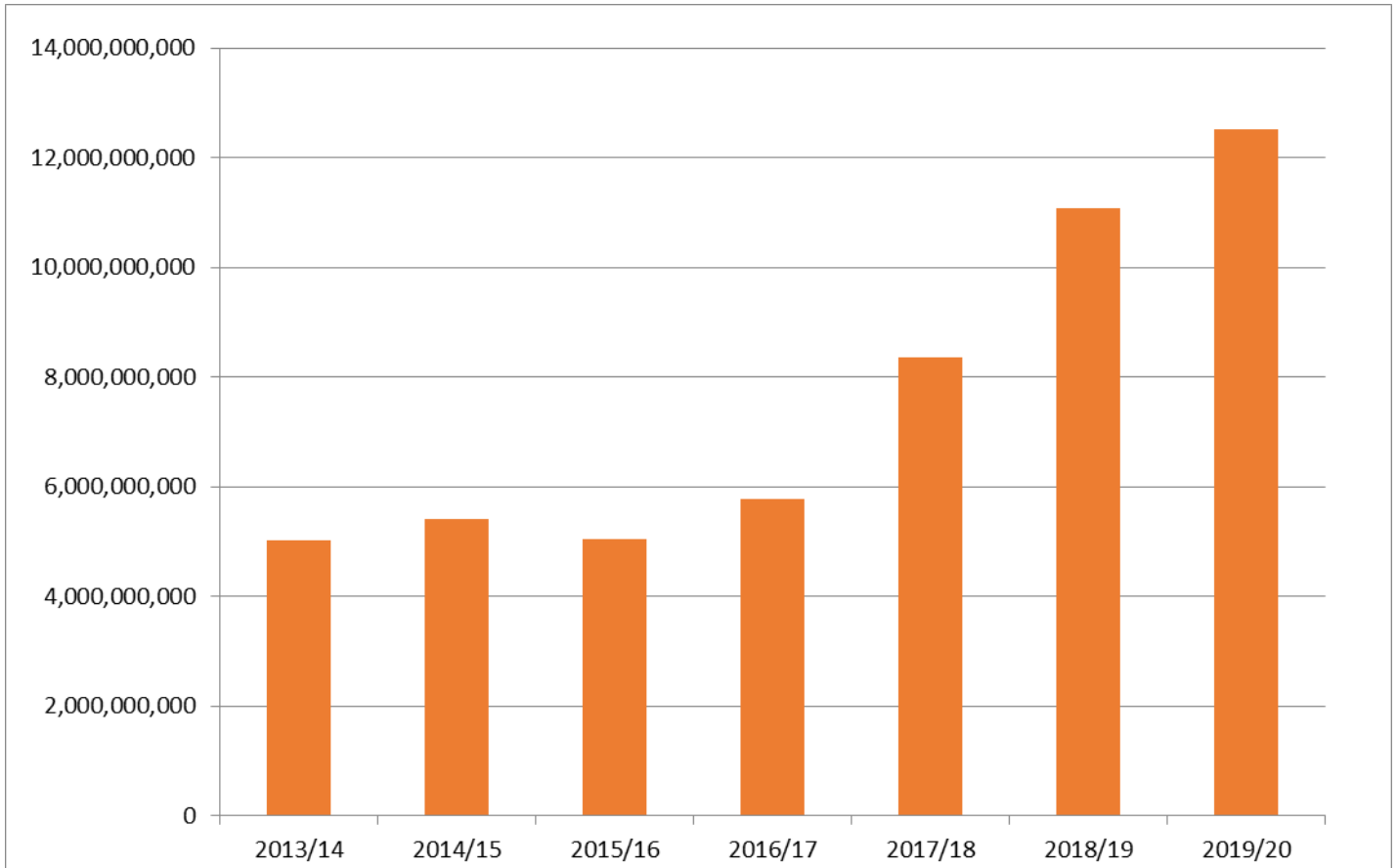


Figure 5 Growth in outstanding borrowing (long-term liabilities)

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash-backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash-backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds consist of contribution from revenue and Capital Replacement Reserve) is estimated at R7.8 billion in 2017/18, R9.5 billion in 2018/19 and R11.7 billion in 2019/20.

Table 44 MBRR Table SA18 - Capital transfers and grant receipts

EKU Ekurhuleni Metro - Supporting Table SA18 Transfers and grant receipts									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital Transfers and Grants									
National Government:	1,632,538	1,888,481	1,954,852	1,850,283	1,766,827	1,766,827	2,294,664	2,403,096	2,555,778
MIG/USDG	1,358,995	1,569,981	1,550,181	1,255,969	1,220,664	1,220,664	1,451,300	1,606,969	1,713,756
Public Transport and Systems	239,543	240,000	309,296	460,002	410,002	410,002	660,718	631,906	670,650
INEP	10,000	61,000	50,000	40,000	40,000	40,000	40,000	45,000	45,451
Electrification Demand Side Management	16,000	17,500	18,000	15,000	15,000	15,000	12,000	16,000	20,000
Other capital transfers/grants [insert description]	8,000	–	27,375	79,312	81,161	81,161	130,646	103,221	105,921
Provincial Government:	4,644	1,000	31,487	26,473	30,859	30,859	78,800	171,900	215,795
Other capital transfers/grants [insert description]	4,644	1,000	31,487	26,473	30,859	30,859	78,800	171,900	215,795
District Municipality: [insert description]	–	–	–	–	–	–	–	–	–
Other grant providers: [insert description]	–	–	–	–	–	–	–	–	–
Total Capital Transfers and Grants	1,637,183	1,889,481	1,986,339	1,876,755	1,797,686	1,797,686	2,373,464	2,574,996	2,771,573
TOTAL RECEIPTS OF TRANSFERS & GRANTS	4,102,547	4,555,110	4,964,666	5,379,173	5,310,964	5,310,964	6,045,260	6,598,123	7,154,520

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understanding for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category.
- Clear separation of capital and operating receipts from government, which also enables cash from 'ratepayers and other' to be provided for as cash inflow based on actual performance. In other words, the actual collection rate of billed revenue.
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term-borrowing (debt).

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Table 45 MBRR Table A7 - Budget cash flow statement

EKU Ekurhuleni Metro - Table A7 Budgeted Cash Flows										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates	3,106,102	3,728,133	3,894,773	4,459,590	4,459,590	4,459,590	4,459,590	4,979,928	5,328,522	5,701,519
Service charges	13,190,103	14,281,853	15,102,231	19,529,590	19,529,590	19,529,590	19,529,590	20,090,276	22,015,616	24,126,857
Other revenue	607,604	335,254	634,583	2,425,384	2,410,504	2,410,504	2,410,504	2,570,739	2,705,656	2,843,213
Government - operating	3,825,396	3,904,523	4,345,583	3,502,418	3,513,278	3,513,278	3,513,278	3,238,509	4,023,127	4,382,947
Government - capital	1,629,069	2,038,103	2,146,788	1,876,755	1,797,686	1,797,686	1,797,686	2,373,464	2,574,996	2,771,573
Interest	732,360	811,907	969,054	666,643	666,643	666,643	666,643	862,988	913,905	966,911
Dividends								-	-	-
Payments										
Suppliers and employees	(17,546,823)	(18,831,069)	(20,535,349)	(25,154,308)	(24,948,921)	(24,948,921)	(24,948,921)	(25,693,764)	(28,272,078)	(30,758,198)
Finance charges	(572,960)	(571,556)	(600,828)	(662,383)	(663,333)	(663,333)	(663,333)	(753,661)	(986,116)	(1,125,824)
Transfers and Grants	(1,060,444)	(1,167,559)	(1,096,477)	(1,941,318)	(2,125,735)	(2,125,735)	(2,125,735)	(2,017,520)	(2,384,903)	(2,348,257)
NET CASH FROM/(USED) OPERATING ACTIVITIES	3,910,406	4,529,589	4,860,358	4,702,372	4,639,302	4,639,302	4,639,302	5,650,960	5,918,725	6,560,741
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	-							-	-	-
Decrease (Increase) in non-current debtors								-	-	-
Decrease (increase) other non-current receivables	(120)	1,578	4,089					-	-	-
Decrease (increase) in non-current investments	46,654	(217,242)	(245,277)	287,437	287,437	(1,062,029)	(1,062,029)	(242,297)	(247,948)	(253,978)
Payments										
Capital assets	(2,615,088)	(3,069,164)	(4,040,408)	(4,805,541)	(4,776,369)	(4,776,369)	(4,776,369)	(5,956,952)	(6,207,130)	(6,695,994)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(2,568,554)	(3,284,829)	(4,281,597)	(4,518,103)	(4,488,932)	(5,838,398)	(5,838,398)	(6,199,249)	(6,455,078)	(6,949,972)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-	-	-
Borrowing long term/refinancing	785,000	750,000		1,790,950	1,800,763	1,800,763	1,800,763	2,834,792	2,890,394	4,920,551
Increase (decrease) in consumer deposits	22,731	70,490	37,149	17,842	17,842	17,842	17,842	50,000	50,000	50,000
Payments										
Repayment of borrowing	(629,421)	(258,415)	(344,700)	(381,507)	(381,507)	(381,507)	(381,507)	(316,839)	(240,032)	(1,862,577)
NET CASH FROM/(USED) FINANCING ACTIVITIES	178,311	562,075	(307,551)	1,427,285	1,437,098	1,437,098	1,437,098	2,567,953	2,700,362	3,107,973
NET INCREASE/ (DECREASE) IN CASH HELD	1,520,163	1,806,836	271,210	1,611,554	1,587,469	238,003	238,003	2,019,663	2,164,008	2,718,742
Cash/cash equivalents at the year begin:	4,374,377	5,894,540	7,701,376	7,701,376	6,701,376	6,701,376	6,701,376	8,288,845	10,308,508	12,472,516
Cash/cash equivalents at the year end:	5,894,540	7,701,376	7,972,586	9,312,930	8,288,845	6,939,379	6,939,379	10,308,508	12,472,516	15,191,259

2.6.4 Cash-backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with Sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are these funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with

Section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with Section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

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Table 46 MBRR Table A8 – Cash-backed reserves/accumulated surplus reconciliation

EKU Ekurhuleni Metro - Table A8 Cash backed reserves/accumulated surplus reconciliation										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available										
Cash/cash equivalents at the year end	5,894,540	7,701,376	7,972,586	9,312,930	8,288,845	6,939,379	6,939,379	10,308,508	12,472,516	15,191,259
Other current investments > 90 days	143,070	115,978	147,021	143,070	143,070	143,070	143,070	143,070	143,070	143,070
Non current assets - Investments	637,262	881,596	1,095,831	1,069,033	1,069,033	2,418,499	2,418,499	2,660,797	2,908,745	3,162,723
Cash and investments available:	6,674,872	8,698,950	9,215,438	10,525,032	9,500,947	9,500,947	9,500,947	13,112,374	15,524,331	18,497,051
Application of cash and investments										
Unspent conditional transfers	370,603	553,046	433,286	-	-	-	-	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	-	-	-	-	-	-	-	-	-	-
Other provisions	762,445	743,849	838,026	838,079	838,079	838,079	838,079	924,856	924,856	924,856
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	803,186	1,005,015	-	1,046,253	-	-	-	-	-	-
Total Application of cash and investments:	1,936,233	2,301,910	1,271,312	1,884,332	838,079	838,079	838,079	924,856	924,856	924,856
Surplus(shortfall)	4,738,639	6,397,040	7,944,125	8,640,700	8,662,868	8,662,868	8,662,868	12,187,518	14,599,475	17,572,195

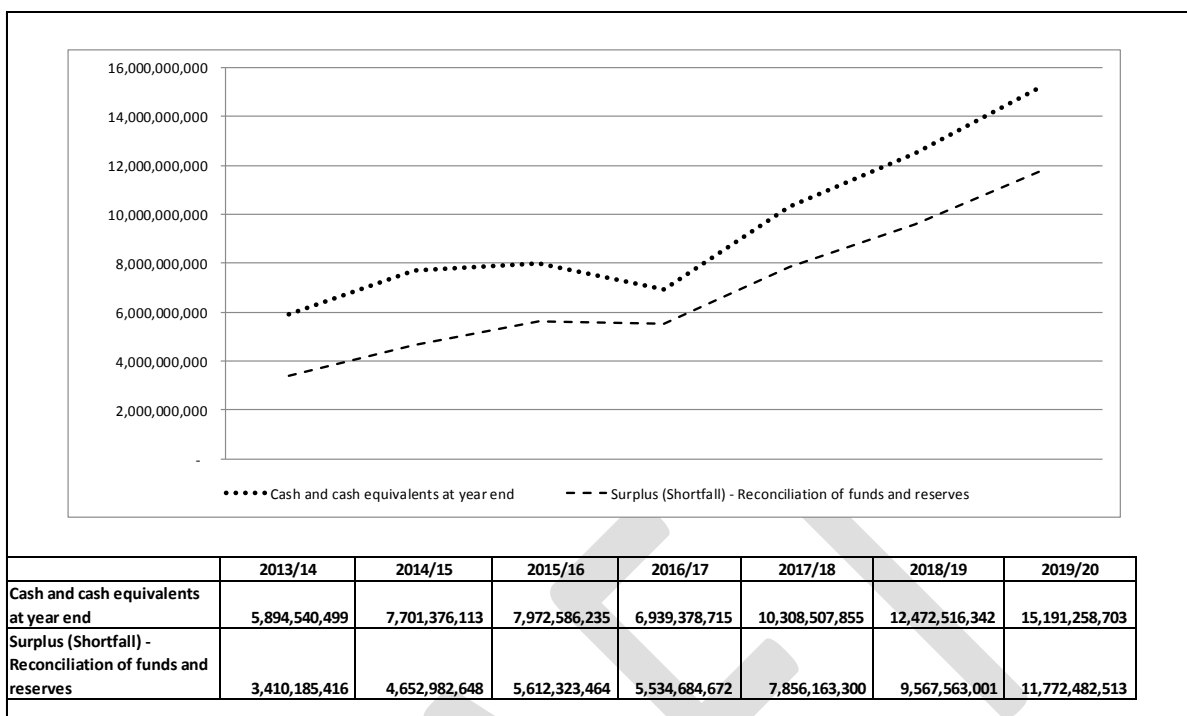
From the above table and the discussion of Table A8 on page it can be seen that the cash and investments available will increase to R18,4 billion by 2019/20, which includes the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to ‘roll-over’ and be spent in the ordinary course of business, but this practice has been discontinued. During 2009/10, National Treasury issued Circular 51 which outlines the process to be followed in order to retain unspent conditional grants. Council has to apply annually for the roll-over of unspent grants.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital. For the purpose of the cash-backed reserves and accumulated surplus reconciliation a provision equivalent to one month’s operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 90 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the metro to meet its creditor obligations.
- Other provisions to the amount of R924 m has been provided for the 2017/18 financial year. This liability is informed by, amongst others, the supplementary pension liability.
- Long-term investments consist primarily of the sinking funds for the repayment of future borrowings. The sinking fund value is held within long-term investments and must be ‘held to maturity’ and is not available for spending.
- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality’s cash-backing policy. These include the rehabilitation of landfill sites and quarries.

For the current year a cash surplus is forecasted and for future years an increase of surplus cash is predicted as indicated on the above table. In conclusion, from a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible for the MTREF. The challenge for the metro will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash-backed reserves/accumulated funds reconciliation over a seven-year perspective.

Figure 6 Cash and cash equivalents / Cash-backed reserves and accumulated funds



2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against 14 different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 47 MBRR SA10 – Funding compliance measurement

EKU Ekurhuleni Metro Supporting Table SA10 Funding measurement												
Description	MFMA section	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	5,894,540	7,701,376	7,972,586	9,312,930	8,288,845	6,939,379	6,939,379	10,308,508	12,472,516	15,191,259
Cash + investments at the yr end less applications - R'000	18(1)b	2	3,410,185	4,652,983	5,612,323	7,448,481	5,470,458	5,534,685	5,534,685	7,856,163	9,567,563	11,772,483
Cash year end/monthly employee/supplier payments	18(1)b	3	3.8	4.4	4.2	4.4	4.0	3.4	3.4	4.5	5.0	6.0
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	1,856,415	2,057,822	2,170,248	1,877,528	1,814,458	1,871,487	1,871,487	2,388,727	2,609,306	2,823,912
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	3.3%	(0.6%)	15.7%	(6.1%)	(7.0%)	(6.0%)	2.7%	3.1%	3.1%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	87.3%	86.7%	87.6%	92.5%	92.5%	93.8%	93.8%	89.3%	89.3%	89.3%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	7.3%	11.1%	6.8%	5.7%	5.7%	5.8%	5.8%	5.7%	5.6%	5.5%
Capital payments % of capital expenditure	18(1)c;19	8	100.1%	100.0%	98.7%	93.7%	93.6%	98.5%	98.5%	95.0%	95.0%	95.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	71.5%	52.8%	0.0%	55.0%	54.5%	59.0%	59.0%	72.7%	73.0%	115.1%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	1.5%	19.5%	(19.5%)	0.0%	0.0%	0.0%	(4.0%)	(3.9%)	(3.6%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	98.5%	38.5%	(27.8%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	3.1%	3.0%	3.6%	6.2%	6.1%	6.1%	7.0%	6.5%	6.5%	6.7%
Asset renewal % of capital budget	20(1)(vi)	14	45.3%	41.2%	47.1%	39.9%	40.8%	40.8%	0.0%	42.5%	37.0%	37.8%

EKURHULENI METROPOLITAN MUNICIPALITY – DRAFT BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro Supporting Table SA10 Funding measurement												
Description	MFMA section	Re f	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Supporting indicators												
% incr total service charges (incl prop rates)	18(1)a			9.3%	5.4%	21.7%	(0.1%)	(1.0%)	0.0%	8.7%	9.1%	9.1%
% incr Property Tax	18(1)a			7.8%	6.9%	18.1%	0.0%	(0.5%)	0.0%	12.5%	7.0%	7.0%
% incr Service charges - electricity revenue	18(1)a			8.3%	5.4%	13.8%	0.0%	(1.1%)	0.0%	6.9%	10.0%	10.0%
% incr Service charges - water revenue	18(1)a			15.3%	8.3%	32.4%	(0.0%)	(1.1%)	0.0%	8.6%	9.7%	9.7%
% incr Service charges - sanitation revenue	18(1)a			12.2%	4.9%	56.1%	0.0%	2.6%	0.0%	13.0%	8.0%	8.0%
% incr Service charges - refuse revenue	18(1)a			8.1%	(7.6%)	54.6%	0.0%	(2.3%)	0.0%	7.9%	7.5%	7.5%
% incr in Service charges - other	18(1)a			6.1%	1.3%	87.3%	(21.9%)	(39.4%)	0.0%	14.7%	5.9%	5.8%
Total billable revenue	18(1)a		18,288,748	19,997,845	21,077,114	25,650,550	25,620,550	25,371,156	25,371,156	27,842,173	30,367,964	33,127,393
Service charges			18,288,748	19,997,845	21,077,114	25,650,550	25,620,550	25,371,156	25,371,156	27,842,173	30,367,964	33,127,393
Property rates			3,427,709	3,693,387	3,946,659	4,661,284	4,661,284	4,637,970	4,637,970	5,242,029	5,608,971	6,001,599
Service charges - electricity revenue			10,358,669	11,215,634	11,824,170	13,458,637	13,458,637	13,315,364	13,315,364	14,384,348	15,819,554	17,398,007
Service charges - water revenue			2,576,373	2,970,665	3,217,167	4,260,889	4,260,888	4,212,303	4,212,303	4,628,903	5,076,206	5,566,992
Service charges - sanitation revenue			895,456	1,005,144	1,054,668	1,646,274	1,646,274	1,688,507	1,688,507	1,860,003	2,008,785	2,169,468
Service charges - refuse removal			962,652	1,040,979	961,447	1,486,709	1,486,709	1,452,359	1,452,359	1,604,411	1,724,742	1,854,098
Service charges - other			67,889	72,037	73,002	136,757	106,757	64,653	64,653	122,479	129,706	137,229
Rental of facilities and equipment			55,705	62,455	59,256	65,479	65,599	63,641	63,641	74,361	78,748	83,316
Capital expenditure excluding capital grant funding			1,097,859	1,421,722	1,947,602	3,254,206	3,305,754	3,050,582	3,050,582	3,897,811	3,958,825	4,276,843
Cash receipts from ratepayers	18(1)a		16,903,809	18,345,240	19,631,588	26,414,564	26,399,684	26,399,684	26,399,684	27,640,943	30,049,794	32,671,589
Ratepayer & Other revenue	18(1)a		19,354,507	21,171,546	22,403,505	28,549,471	28,534,590	28,139,707	28,139,707	30,965,178	33,657,589	36,587,425
Change in consumer debtors (current and non-current)			598,954	77,157	1,003,346	(1,201,249)	(1,201,249)	(1,201,249)	(1,201,249)	(197,861)	(182,801)	(163,836)
Operating and Capital Grant Revenue	18(1)a		5,339,961	5,760,183	6,612,130	5,379,173	5,310,964	5,310,964	5,310,964	6,045,260	6,598,123	7,154,520
Capital expenditure - total	20(1)(vi)		2,612,301	3,069,164	4,093,865	5,130,961	5,103,440	4,848,268	4,848,268	6,271,276	6,533,821	7,048,415
Capital expenditure - renewal	20(1)(vi)		1,183,988	1,263,430	1,928,851	2,044,696	2,081,055	1,977,002		2,665,587	2,417,611	2,664,738

EKURHULENI METROPOLITAN MUNICIPALITY – DRAFT BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro Supporting Table SA10 Funding measurement												
Description	MFMA section	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Supporting benchmarks</u>												
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline			4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY										3,339,339	3,673,187	4,033,007
DoRA capital grants total MFY										2,294,664	2,403,096	2,555,778
Provincial operating grants										332,457	349,940	349,940
Provincial capital grants										78,800	171,900	215,795
District Municipality grants												
Total gazetted/advised national, provincial and district grants										6,045,260	6,598,123	7,154,520
Average annual collection rate (arrears inclusive)												
<u>DoRA operating</u>												
<i>Local Government Equitable Share</i>										2,719,861	3,154,062	3,503,013
Finance Management										1,050	1,000	1,000
EPWP										44,718		
USDG & PTIS - operating										573,710	518,125	528,994
										3,339,339	3,673,187	4,033,007
<u>DoRA capital</u>												
<i>USDG</i>										1,451,300	1,606,969	1,713,756
Public Transport and Systems										660,718	631,906	670,650
INEP & Electrification Demand Side Management										52,000	61,000	65,451
NDPG & ICDG										130,646	103,221	105,921
										2,294,664	2,403,096	2,555,778

EKURHULENI METROPOLITAN MUNICIPALITY – DRAFT BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro Supporting Table SA10 Funding measurement												
Description	MFMA section	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Trend												
Change in consumer debtors (current and non-current)			598,954	77,157	1,003,346	(1,201,249)	(197,861)	(182,801)	(163,836)	–	–	–
Total Operating Revenue			23,548,607	25,803,810	27,501,101	32,378,969	32,374,949	31,969,880	31,969,880	35,036,876	38,104,212	41,418,432
Total Operating Expenditure			23,208,349	25,393,075	27,478,011	32,378,197	32,358,177	31,896,079	31,896,079	35,021,613	38,069,902	41,366,093
Operating Performance Surplus/(Deficit)			340,258	410,735	23,090	773	16,772	73,801	73,801	15,263	34,310	52,339
Cash and Cash Equivalents (30 June 2012)										10,308,508		
Revenue												
% Increase in Total Operating Revenue				9.6%	6.6%	17.7%	(0.0%)	(1.3%)	0.0%	8.2%	8.8%	8.7%
% Increase in Property Rates Revenue				7.8%	6.9%	18.1%	0.0%	(0.5%)	0.0%	12.5%	7.0%	7.0%
% Increase in Electricity Revenue				8.3%	5.4%	13.8%	0.0%	(1.1%)	0.0%	6.9%	10.0%	10.0%
% Increase in Property Rates & Services Charges				9.3%	5.4%	21.7%	(0.1%)	(1.0%)	0.0%	8.7%	9.1%	9.1%
Expenditure												
% Increase in Total Operating Expenditure				9.4%	8.2%	17.8%	(0.1%)	(1.4%)	0.0%	8.2%	8.7%	8.7%
% Increase in Employee Costs				2.9%	13.4%	2.8%	(4.2%)	(2.5%)	0.0%	11.8%	5.9%	6.4%
% Increase in Electricity Bulk Purchases				6.6%	14.1%	6.1%	0.0%	0.0%	0.0%	6.0%	10.0%	10.0%
Average Cost Per Budgeted Employee Position (Remuneration)					345361.584	351426.5376				536993618.7		
Average Cost Per Councillor (Remuneration)					523247.71	564969.7902				576647.7545		
R&M % of PPE			3.1%	3.0%	3.6%	6.2%	6.1%	6.1%		6.5%	6.5%	6.7%
Asset Renewal and R&M as a % of PPE			6.0%	6.0%	8.0%	10.0%	10.0%	10.0%		13.0%	12.0%	12.0%
Debt Impairment % of Total Billable Revenue			7.3%	11.1%	6.8%	5.7%	5.7%	5.8%	5.8%	5.7%	5.6%	5.5%
Capital Revenue												
Internally Funded & Other (R'000)			259,741	450,115	1,947,602	1,463,256	1,449,667	1,287,299	1,287,299	991,401	991,624	978,838
Borrowing (R'000)			838,118	971,607	–	1,790,950	1,856,087	1,763,282	1,763,282	2,906,410	2,967,201	3,298,005
Grant Funding and Other (R'000)			1,514,442	1,647,442	2,146,263	1,876,755	1,797,686	1,797,686	1,797,686	2,373,464	2,574,996	2,771,573
Internally Generated funds % of Non Grant Funding			23.7%	31.7%	100.0%	45.0%	43.9%	42.2%	42.2%	25.4%	25.0%	22.9%
Borrowing % of Non Grant Funding			76.3%	68.3%	0.0%	55.0%	56.1%	57.8%	57.8%	74.6%	75.0%	77.1%
Grant Funding % of Total Funding			58.0%	53.7%	52.4%	36.6%	35.2%	37.1%	37.1%	37.8%	39.4%	39.3%
Capital Expenditure												
Total Capital Programme (R'000)			2,612,301	3,069,164	4,093,865	5,130,961	5,103,440	4,848,268	4,848,268	6,271,276	6,533,821	7,048,415
Asset Renewal			1,183,988	1,263,430	1,928,851	2,044,696	2,081,055	1,977,002	1,977,002	2,665,587	2,417,611	2,664,738
Asset Renewal % of Total Capital Expenditure			45.3%	41.2%	47.1%	39.9%	40.8%	40.8%	40.8%	42.5%	37.0%	37.8%
Cash												
Cash Receipts % of Rate Payer & Other			87.3%	86.7%	87.6%	92.5%	92.5%	93.8%	93.8%	89.3%	89.3%	89.3%
Cash Coverage Ratio			0	0	0	0	0	0	0	0	0	0

EKURHULENI METROPOLITAN MUNICIPALITY – DRAFT BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro Supporting Table SA10 Funding measurement												
Description	MFMA section	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Borrowing</u>												
Credit Rating (2009/10)										Aaa.za		
Capital Charges to Operating			5.2%	3.3%	4.3%	3.2%	3.2%	3.2%	3.2%	3.1%	3.2%	7.2%
Borrowing Receipts % of Capital Expenditure			71.5%	52.8%	0.0%	55.0%	54.5%	59.0%	59.0%	72.7%	73.0%	115.1%
<u>Reserves</u>												
Surplus/(Deficit)			3,410,185	4,652,983	5,612,323	7,448,481	5,470,458	5,534,685	5,534,685	7,856,163	9,567,563	11,772,483
<u>Free Services</u>												
Free Basic Services as a % of Equitable Share			27.0%	29.4%	94.8%	108.8%	101.9%	101.9%		99.2%	92.6%	89.7%
Free Services as a % of Operating Revenue (excl operational transfers)			6.2%	6.0%	7.4%	5.8%	5.8%	5.8%		6.0%	5.9%	5.6%
<u>High Level Outcome of Funding Compliance</u>												
Total Operating Revenue			23,548,607	25,803,810	27,501,101	32,378,969	32,374,949	31,969,880	31,969,880	35,036,876	38,104,212	41,418,432
Total Operating Expenditure			23,208,349	25,393,075	27,478,011	32,378,197	32,358,177	31,896,079	31,896,079	35,021,613	38,069,902	41,366,093
Surplus/(Deficit) Budgeted Operating Statement			340,258	410,735	23,090	773	16,772	73,801	73,801	15,263	34,310	52,339
Surplus/(Deficit) Considering Reserves and Cash Backing			3,410,185	4,652,983	5,612,323	7,448,481	5,470,458	5,534,685	5,534,685	7,856,163	9,567,563	11,772,483
MTREF Funded (1) / Unfunded (0)		15	1	1	1	1	1	1	1	1	1	1
MTREF Funded v/ Unfunded v		15	v	v	v	v	v	v	v	v	v	v

2.6.5.1 Cash/cash equivalent position

The metro's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF, would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the Medium-term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with Section 45 of the MFMA, which deals with the repayment of short-term debt at the end of the financial year. The forecasted cash and cash equivalents for the MTREF shows R10.3 billion, R12.4 billion and R15.1 billion for each respective MTREF financial years.

2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detailed reconciliation of the cash-backed reserves/surpluses is contained in Table 28, on page 70. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash inflow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the metro to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. During the MTREF the municipality's improving cash position causes the ratio between 4.4 and 5.5 over the MTREF period.

2.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium-term. For the MTREF the indicative outcome is a surplus of R0.7 million, R32.1 million and R5.5 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.5.5 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are ‘collected’. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is expected to be at 94% this measure and performance objective will have to be meticulously managed.

A 94% collection target has been set for the metro.

2.6.5.6 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 6% over the MTREF. Considering the debt incentive scheme and the municipality’s revenue management strategy’s objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.5.7 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It should be noted that a timing discount may have an influence on the cash position forecasted over financial years. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.5.8 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality’s ‘own-funded’ capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 72.7%, 73.0% and 115.1% of own funded capital over the MTREF.

2.6.5.9 Transfers/grants revenue as a percentage of government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100% could indicate that not all grants as contained in the Division of Revenue Act have been budgeted for. The metro has budgeted for all transfers.

2.6.5.10 Consumer debtors change (current and non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are two measures shown for this factor, the change in current debtors and the change in long-term receivables, both from the Budgeted Financial Position.

2.6.5.11 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium- to long-term because the revenue budget is not being protected. Details of the metro's strategy pertaining to asset management and repairs and maintenance are contained in Table 95 MBRR SA34c - repairs and maintenance expenditure by asset class on page 254.

2.6.5.12 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed Capital Budget is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 94 MBRR SA34b on page 253.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 48 MBRR SA19 - Expenditure on transfers and grant programmes

EKU Ekurhuleni Metro - Supporting Table SA18 Transfers and grant receipts									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:									
Operating Transfers and Grants									
National Government:	2,168,333	2,387,871	2,576,154	3,078,925	3,121,386	3,121,386	3,339,339	3,673,187	4,033,007
Local Government Equitable Share	1,917,953	2,042,951	2,181,182	2,381,367	2,381,367	2,381,367	2,719,861	3,154,062	3,503,013
Finance Management	1,250	1,250	1,050	1,050	1,050	1,050	1,050	1,000	1,000
Public Transport and Systems	4,000	10,000	30,000	40,000	40,000	40,000	40,000	40,000	40,000
Integrated City Development Grant	8,808	40,323	43,194						
EPWP Operational	10,405	6,422	13,709	22,125	22,125	22,125	44,718		
Other transfers/grants	225,917	286,925	307,019	634,383	676,844	676,844	533,710	478,125	488,994
Provincial Government:	297,032	277,758	402,172	423,493	391,892	391,892	332,457	349,940	349,940
Health subsidy	106,493	111,952	117,885	124,133	124,133	124,133	130,340	137,900	137,900
Ambulance subsidy	129,001	136,040	143,043	150,624	150,624	150,624	158,155	167,328	167,328
SETA	3,291	7,374	1,553	23,821	23,821	23,821	25,132	25,132	25,132
Other transfers/grants	58,247	22,392	139,691	124,914	93,314	93,314	18,830	19,580	19,580
District Municipality:	-	-	-	-	-	-	-	-	-
<i>[insert description]</i>									
Other grant providers:	-	-	-	-	-	-	-	-	-
<i>[insert description]</i>									
Total Operating Transfers and Grants	2,465,365	2,665,629	2,978,327	3,502,418	3,513,278	3,513,278	3,671,795	4,023,127	4,382,947

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EKU Ekurhuleni Metro - Supporting Table SA18 Transfers and grant receipts									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:									
Capital Transfers and Grants									
National Government:	1,632,538	1,888,481	1,954,852	1,850,283	1,766,827	1,766,827	2,294,664	2,403,096	2,555,778
MIG/USDG	1,358,995	1,569,981	1,550,181	1,255,969	1,220,664	1,220,664	1,451,300	1,606,969	1,713,756
Public Transport and Systems	239,543	240,000	309,296	460,002	410,002	410,002	660,718	631,906	670,650
INEP	10,000	61,000	50,000	40,000	40,000	40,000	40,000	45,000	45,451
Electrification Demand Side Management	16,000	17,500	18,000	15,000	15,000	15,000	12,000	16,000	20,000
Other capital transfers/grants [insert description]	8,000	–	27,375	79,312	81,161	81,161	130,646	103,221	105,921
Provincial Government:	4,644	1,000	31,487	26,473	30,859	30,859	78,800	171,900	215,795
Other capital transfers/grants [insert description]	4,644	1,000	31,487	26,473	30,859	30,859	78,800	171,900	215,795
District Municipality: <i>[insert description]</i>	–	–	–	–	–	–	–	–	–
Other grant providers: <i>[insert description]</i>	–	–	–	–	–	–	–	–	–
Total Capital Transfers and Grants	1,637,183	1,889,481	1,986,339	1,876,755	1,797,686	1,797,686	2,373,464	2,574,996	2,771,573
TOTAL RECEIPTS OF TRANSFERS & GRANTS	4,102,547	4,555,110	4,964,666	5,379,173	5,310,964	5,310,964	6,045,260	6,598,123	7,154,520

Table 49 MBRR SA20 - Reconciliation between transfers, grant receipts and unspent funds

EKU Ekurhuleni Metro - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year	34,380	54,767	152,219		7,156				
Current year receipts	2,168,482	2,427,027	2,490,877	3,078,925	3,114,230	3,121,386	3,339,339	3,673,187	4,033,007
Conditions met - transferred to revenue	2,148,094	2,329,575	2,600,651	3,078,925	3,121,386	3,121,386	3,339,339	3,673,187	4,033,007
Conditions still to be met - transferred to liabilities	54,767	152,219	42,445						
Provincial Government:									
Balance unspent at beginning of the year	65,827	125,766	8,411		75,094				
Current year receipts	329,286	196,492	402,300	423,493	316,798	391,892	332,457	349,940	349,940
Conditions met - transferred to revenue	269,346	313,847	336,407	423,493	391,892	391,892	332,457	349,940	349,940
Conditions still to be met - transferred to liabilities	125,766	8,411	74,304						
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year	268								
Current year receipts									
Conditions met - transferred to revenue	268	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Total operating transfers and grants revenue	2,417,708	2,643,422	2,937,058	3,502,418	3,513,278	3,513,278	3,671,795	4,023,127	4,382,947
Total operating transfers and grants - CTBM	180,534	160,630	116,748	-	-	-	-	-	-
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year	53,025	184,825	391,247		1,849				
Current year receipts	1,627,087	1,848,851	2,039,066	1,850,283	1,764,978	1,766,827	2,294,664	2,403,096	2,555,778
Conditions met - transferred to revenue	1,495,287	1,642,429	2,118,921	1,850,283	1,766,827	1,766,827	2,294,664	2,403,096	2,555,778
Conditions still to be met - transferred to liabilities	184,825	391,247	311,393						
Provincial Government:									
Balance unspent at beginning of the year	77,330	5,243	1,169		3,798				
Current year receipts	(52,931)	938	31,318	26,473	27,061	30,859	78,800	171,900	215,795
Conditions met - transferred to revenue	19,156	5,012	27,342	26,473	30,859	30,859	78,800	171,900	215,795
Conditions still to be met - transferred to liabilities	5,243	1,169	5,145						
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year	1,845								
Current year receipts	(1,845)								
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Total capital transfers and grants revenue	1,514,442	1,647,442	2,146,263	1,876,755	1,797,686	1,797,686	2,373,464	2,574,996	2,771,573
Total capital transfers and grants - CTBM	190,069	392,416	316,537	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE	3,932,151	4,290,864	5,083,321	5,379,173	5,310,964	5,310,964	6,045,260	6,598,123	7,154,520

2.8 Councillor and employee benefits

Table 50 MBRR SA22 - Summary of councillor and staff benefits

EKU Ekurhuleni Metro - Supporting Table SA22 Summary councillor and staff benefits									
Summary of Employee and Councillor remuneration	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19
	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	50,089	50,469	50,275	64,682	64,682	62,967	72,019	76,988	82,224
Pension and UIF Contributions	7,366	7,424	7,386	9,405	9,405	3,959	4,026	4,304	4,597
Medical Aid Contributions	2,105	2,095	2,096	3,358	3,358	1,597	1,797	1,921	2,052
Motor Vehicle Allowance	10,459	11,359	11,719	14,271	14,271	13,799	6,290	6,724	7,181
Cellphone Allowance	3,339	4,253	4,252	5,702	5,702	5,558	5,620	6,008	6,416
Housing Allowances	20,783	24,377	29,968	29,136	29,136	28,928	39,417	42,137	45,002
Other benefits and allowances									
Sub Total - Councillors	94,141	99,977	105,696	126,553	126,553	116,809	129,169	138,082	147,471
% increase		6.2%	5.7%	19.7%	-	(7.7%)	10.6%	6.9%	6.8%
Senior Managers of the Municipality									
Basic Salaries and Wages	-	43,760	-	50,375	120,751	45,282	51,652	55,216	58,970
Pension and UIF Contributions	-	-	-	1,590	3,180	1,192	1,070	1,144	1,222
Medical Aid Contributions	-	-	-	63	126	47	96	102	109
Overtime	-	-	-	-	-	-	-	-	-
Performance Bonus	-	4,558	-	7,556	15,113	5,667	4,723	5,049	5,392
Motor Vehicle Allowance	-	-	-	2,831	5,662	2,123	1,925	2,058	2,198
Cellphone Allowance	-	-	-	1,020	2,040	765	1,011	1,081	1,154
Housing Allowances	-	-	-	170	340	128	126	135	144
Other benefits and allowances	-	1,823	-	3	5	2	3	3	3
Payments in lieu of leave	-	-	(0)	2,377	4,754	1,783	2,436	2,605	2,782
Long service awards	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality	-	50,142	(0)	65,985	151,970	56,989	63,042	67,392	71,975
% increase		-	(100.0%)	(659,851,598,465.2%)	130.3%	(62.5%)	10.6%	6.9%	6.8%
Other Municipal Staff									
Basic Salaries and Wages	3,597,216	3,603,191	3,930,115	4,252,178	3,987,307	3,889,497	4,465,896	4,701,058	4,989,926
Pension and UIF Contributions	658,631	688,874	718,555	836,297	834,250	890,604	1,021,967	1,092,483	1,166,772
Medical Aid Contributions	250,279	354,350	668,413	453,051	372,409	357,038	401,119	428,797	457,955
Overtime	471,338	512,118	638,657	409,439	410,096	402,919	430,186	459,869	491,140
Performance Bonus	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	-	203,779	208,394	220,225	214,564	216,371	249,633	266,857	285,003
Cellphone Allowance	13,589	16,833	17,384	16,108	14,098	15,855	16,374	17,504	18,694
Housing Allowances	-	42,144	57,074	58,975	58,085	57,942	73,058	78,099	83,410
Other benefits and allowances	11,024	31,070	-	-	3,628	-	4,053	4,333	4,627
Payments in lieu of leave	112,943	100,916	105,370	183,520	178,766	180,308	224,018	239,476	255,760
Long service awards	46,364	(89,109)	(5,541)	19,671	19,671	19,327	20,668	22,094	23,596
Post-retirement benefit obligations	270,751	73,042	-	-	-	-	10,903	11,656	12,448
Sub Total - Other Municipal Staff	5,432,135	5,537,209	6,338,421	6,449,463	6,092,873	6,029,861	6,917,875	7,322,224	7,789,331
% increase		1.9%	14.5%	1.8%	(5.5%)	(1.0%)	14.7%	5.8%	6.4%
Total Parent Municipality	5,526,277	5,687,328	6,444,117	6,642,001	6,371,396	6,203,659	7,110,086	7,527,697	8,008,777
TOTAL SALARY, ALLOWANCES & % increase	5,526,277	5,687,328	6,444,117	6,642,001	6,371,396	6,203,659	7,110,086	7,527,697	8,008,777
		2.9%	13.3%	3.1%	(4.1%)	(2.6%)	14.6%	5.9%	6.4%
TOTAL MANAGERS AND STAFF	5,432,135	5,587,350	6,338,421	6,515,448	6,244,843	6,086,850	6,980,917	7,389,616	7,861,306

A 6% provision has been made on the remuneration of councillor's budget.

The councillor allowances reflected in Annexure B amounts to R129.1m.

In reconciling the total employee-related costs with the budget provided the following details are provided:

Table 51 Total employees related costs.

Table 52 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/senior managers)

EKU Ekurhuleni Metro - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)						
Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum		1.				2.
Councillors						
Speaker	484,058	91,636	575,219			1,150,913
Chief Whip	1,035,809	–	22,978			1,058,787
Executive Mayor	1,368,051	–	46,049			1,414,100
Deputy Executive Mayor	–	–	–			–
Executive Committee	4,241,606	652,117	5,694,151			10,587,874
Total for all other councillors	64,918,805	5,124,606	44,914,007			114,957,419
Total Councillors	72,048,331	5,868,359	51,252,404			129,169,094
Senior Managers of the Municipality						
Municipal Manager (MM)	3,083,275	65,657	135,881	265,660		3,550,473
Chief Finance Officer	1,928,761	–	89,208	163,521		2,181,490
Chief Operating Officer	1,928,761	–	89,208	163,521		2,181,490
Chief of Police	1,928,761	–	89,208	163,521		2,181,490
Chief Audit Executive	1,842,445	85,640	79,526	162,529		2,170,140
Chief Information Officer	1,928,761	–	89,208	163,521		2,181,490
	–	–	–	–		–
<i>List of each official with packages >= senior manager</i>						
Head of Department : Energy	1,928,761	–	89,208	163,521		2,181,490
Head of Department : Strategy & Corporate Planning	1,928,761	–	89,208	163,521		2,181,490
Head of Department : Health & Social Services	1,765,536	160,574	75,898	162,019		2,164,027
Head of Department : Customer Relations Management	2,230,887	–	97,849	188,529		2,517,265
Head of Department : Corporate Legal Services	2,002,971	128,460	87,098	179,530		2,398,059
Head of Department : Communication & Brand Management	1,693,427	125,941	66,556	152,573		2,038,497
Head of Department : Human Resources	1,928,761	–	89,208	163,521		2,181,490
Head of Department : Sport, Recreation, Arts & Culture	1,928,761	–	89,208	163,521		2,181,490
Head of Department : City Planning	1,748,073	179,742	77,319	162,293		2,167,427
Head of Department : Disaster & Emergency Management	1,917,391	169,611	83,062	175,585		2,345,649
Head of Department : Human Settlement	1,599,440	93,775	66,381	142,464		1,902,060
Head of Department : Economic Development	2,093,383	–	88,557	176,628		2,358,568
Head of Department : Transport	1,928,761	–	89,208	163,521		2,181,490
Head of Department : Environmental Resource Management	1,928,117	–	89,177	163,467		2,180,761
Head of Department : Waste Management	1,928,761	–	89,208	163,521		2,181,490
Head of Department : Enterprise Programme Management	2,067,686	–	89,029	174,618		2,331,333
Head of Department : Facilities Management & Repairs	1,889,110	107,050	82,849	168,297		2,247,306
Head of Department : Water & Sanitation	1,928,761	–	89,208	163,521		2,181,490
Head of Department : Secretary Of Council	1,928,761	–	89,208	163,521		2,181,490
Head of Department : Roads & Stormwater	2,119,141	–	86,967	178,535		2,384,643
Head of Department : Fleet Management	1,942,881	–	89,874	164,716		2,197,471
Head of Department : Risk Management	1,697,415	–	69,880	143,139		1,910,434
Total Senior Managers of the Municipality	54,766,310	1,116,450	2,436,399	4,722,834	–	63,041,993
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	126,814,641	6,984,809	53,688,803	4,722,834	–	192,211,087

Table 53 MBRR SA24 – Summary of personnel numbers

EKU Ekurhuleni Metro - Supporting Table SA24 Summary of personnel numbers									
Summary of Personnel Numbers	2015/16			Current Year 2016/17			Budget Year 2017/18		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	202	–	202	224	–	224	224	–	224
Board Members of municipal entities	13	–	13	13	–	13	13	–	13
Municipal employees									
Municipal Manager and Senior Managers	100	75	18	191	32	159	–	–	197
Other Managers	969		5	566	566	18		366	
Professionals	1,847	1,745	109	1,127	1,595	170	–	1,943	–
<i>Finance</i>	156	156	–	151	151	12		200	
<i>Spatial/town planning</i>	98	98	–	17	17	–		42	
<i>Information Technology</i>	4	4	–	9	9	3		29	
<i>Roads</i>	8	8	–	16	16	8		57	
<i>Electricity</i>	33	33	–	23	23	10		51	
<i>Water</i>	26	26	–	39	39	12		67	
<i>Sanitation</i>	180	180	–	–	–	6			
<i>Refuse</i>	–	–	–	–	–	8			
<i>Other</i>	1,342	1,240	109	872	1,340	111		1,474	
Technicians	1,404	1,382	22	1,826	1,826	53	–	2,411	–
<i>Finance</i>	19	19	–	16	16	–		58	
<i>Spatial/town planning</i>	47	47	–	96	96	–		97	
<i>Information Technology</i>	22	22	–	31	31	4		40	
<i>Roads</i>	54	54	–	179	179	–		193	
<i>Electricity</i>	154	154	–	360	360	8		365	
<i>Water</i>	145	145	–	136	136	15		183	
<i>Sanitation</i>	–	–	–	–	–	2		–	
<i>Refuse</i>	18	18	–	22	22	–		42	
<i>Other</i>	945	923	22	986	986	24		1,433	
Clerks (Clerical and administrative)	3,871	3,786	85	3,600	3,600	94		3,989	
Service and sales workers	3,775	3,706	69	4,452	4,452	76		5,579	
Skilled agricultural and fishery workers	176	176	–	96	96	–		96	
Craft and related trades	530	530	–	15	15	–		–	
Plant and Machine Operators	1,944	1,939	5	1,864	1,864	6		1,891	
Elementary Occupations	4,688	4,668	20	4,790	4,790	22		4,874	
TOTAL PERSONNEL NUMBERS	19,519	18,007	548	18,764	18,836	834	237	21,149	434

In addition to the information supplied in Table SA24 the following summary of employees are provided:

Table 54 Number of non-structural positions in CITY OF EKURHULENI(must be deleted and update table of contents)

DEPARTMENT	Administrative Assistant	Administrative Officer	Call centre Agents	Cleaner	Experiential Training Students	Facilitator: Climate Survey Project	Internships	Learnerships	MP Students	Personal Assistant	Project Administrator	Relief Workers	Reservists	Snr Caretaker	Tariff Doctors	Urban Marshals	Grand Total	
CITY MANAGER																	40	40
CITY PLANNING					18		2											20
COMMUNICATION & BRANDING					5													5
COUNCIL GENERAL												203						203
CUSTOMER RELATIONS MANAGEMENT					14													14
DISASTER AND EMERGENCY MANAGEMENT SERVICES			50		2	1	6	22					137					218
ECONOMIC DEVELOPMENT					1,547		2											1,549
EKURHULENI METRO POLICE DEPARTMENT						1			150									151
ENERGY					15			22										37
ENVIRONMENTAL RESOURCE MANAGEMENT					5			5										10
EXECUTIVE OFFICE	1	1																2
FINANCE					38		10	10			1							59
FLEET MANAGEMENT								1										1
HEALTH AND SOCIAL DEVELOPMENT					11		5	29				1				15		61
HUMAN RESOURCES					16	5	6	177				1						205
HUMAN SETTLEMENTS					10			1				1						12
INFORMATION COMMUNICATION TECHNOLOGY					16													16
INTERNAL AUDIT					4			1										5
LEGISLATURE										1								1
REAL ESTATE					7			4				1						12
ROADS AND STORMWATER					19			12										31
SPORTS, RECREATION, ARTS AND CULTURE				3	4										1			8
TRANSPORT					3													3
WASTE MANAGEMENT					1													1
WATER AND SANITATION					3			4				1						8
Grand Total	1	1	50	3	1,738	7	31	288	150	1	1	208	137	1	15	40	2,672	

PROJECT	CURRENT SCOA VOTE	Number of personel
DEMS - FIRE BRIGADES	1478226450011IZZZ16	467
CLEAN CITY	6762226450011IZZZ16	3,412
WARD COMMITTEES	4430211001011IZZZ16	1,014
EX COMPATANTS	1018226450011IZZZ16	14
PUBLIC TRANSPORT	6382211001011IZZZ16	39
PEACE CORPS	1894226450011IZZZ16	1,010
JOBS PROGRAMME ECONOMIC DEVELOPMENT	1802226450011IZZZ16	948
RODENT CONTROL	2906211001011IZZZ16	373
TREE PLANTERS	1802232360011IPVZZ16	149
CSP (Field workers Health)	294623236005D7P3ZZ16	401
CERT (Community Emergency Response Team)	1754211001011IZZZ16	606
SHANELA PROJECT	6762232360011IR1ZZ16	220
MINI DUMP SITES	6762232360011IR1ZZ16	161
PRIMARY HEALTH	180223236075CXP3ZZ16	606
LUNGILE MTSHALI	143823236011IPTZZ16	3,000
Total		12,420

Table 58 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

R thousand	Description	Budget Year 2017/18												Medium Term Revenue and Budget			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
	Multi-year expenditure to be appropriated																
	Vote 1 - Executive and Council	3,715	22,248	45,228	82,230	55,231	77,719	88,821	99,924	111,027	122,129	133,232	326,762	1,168,267	1,133,908	1,184,529	
	Vote 2 - Finance and Corporate Services	2,275	13,626	27,701	50,363	33,827	47,600	54,400	61,200	68,000	74,800	81,600	164,607	680,000	693,500	716,451	
	Vote 3 - Energy	2,455	14,701	29,886	54,337	36,496	51,356	58,692	66,029	73,365	80,702	88,038	123,394	679,450	810,550	837,000	
	Vote 4 - Water and Sanitation	405	2,424	4,927	8,958	6,017	8,467	9,676	10,886	12,095	13,305	14,514	29,278	120,950	123,000	117,000	
	Vote 5 - Waste Management	3,153	18,887	38,395	69,806	46,886	65,976	75,401	84,826	94,251	103,676	113,101	228,153	942,510	1,018,070	1,283,331	
	Vote 6 - Human Settlements																
	Vote 7 - City Planning																
	Vote 8 - Economic Development	458	2,745	5,581	10,147	6,815	9,590	10,960	12,330	13,700	15,070	16,440	33,164	137,000	173,000	170,000	
	Vote 9 - Disaster and Emergency Management Service	339	2,032	4,131	7,510	5,044	7,098	8,112	9,126	10,140	11,154	12,168	24,546	101,400	102,600	57,000	
	Vote 10 - Sports, Recreation, Arts & Culture (SRAC)	298	1,783	3,626	6,592	4,427	6,230	7,120	8,010	8,900	9,790	10,680	21,544	89,000	88,150	138,700	
	Vote 11 - Health and Social Development	256	1,533	3,116	5,666	3,806	5,355	6,120	6,885	7,650	8,415	9,180	18,518	76,500	85,500	118,500	
	Vote 12 - Environmental Resource Management	63	375	762	1,385	930	1,309	1,496	1,683	1,870	2,057	2,244	4,527	18,700	87,000	126,000	
	Vote 13 - Ekurhuleni Metropolitan Police Department	222	1,333	2,709	4,925	3,308	4,655	5,320	5,985	6,650	7,315	7,980	16,098	66,500	55,000	39,000	
	Vote 14 - Transport Planning & Provisioning	2,733	16,366	33,270	60,489	40,628	57,170	65,337	73,505	81,672	89,839	98,006	197,703	816,718	782,156	828,150	
	Vote 15 - Roads and Stormwater	2,167	12,977	26,381	47,963	32,215	45,332	51,808	58,284	64,760	71,236	77,712	156,764	647,600	645,750	693,300	
	Capital multi-year expenditure sub-total	18,539	111,031	225,713	410,370	275,632	387,856	443,264	498,672	554,080	609,487	664,895	1,345,058	5,544,595	5,798,184	6,308,960	
	Single-year expenditure to be appropriated																
	Vote 1 - Executive and Council	49	292	594	1,081	726	1,022	1,167	1,313	1,459	1,605	1,751	3,533	14,594	11,190	12,503	
	Vote 2 - Finance and Corporate Services	274	1,642	3,338	6,070	4,077	5,737	6,556	7,376	8,195	9,015	9,834	19,838	81,951	69,926	72,542	
	Vote 3 - Energy	126	755	1,536	2,792	1,875	2,639	3,016	3,393	3,770	4,147	4,524	9,126	37,700	23,700	28,700	
	Vote 4 - Water and Sanitation	229	1,373	2,790	5,073	3,408	4,795	5,480	6,165	6,850	7,535	8,220	13,582	65,500	39,300	33,500	
	Vote 5 - Waste Management	152	912	1,854	3,370	2,263	3,185	3,640	4,095	4,550	5,005	5,460	11,014	45,500	45,500	50,500	
	Vote 6 - Human Settlements	35	208	422	768	516	726	830	933	1,037	1,141	1,244	2,510	10,370	2,300	3,439	
	Vote 7 - City Planning	172	1,033	2,100	3,818	2,564	3,608	4,124	4,639	5,155	5,670	6,186	12,478	51,546	51,621	54,321	
	Vote 8 - Economic Development	27	162	330	600	403	567	648	729	810	891	972	1,961	8,100	7,800	5,300	
	Vote 9 - Disaster and Emergency Management Service	369	2,212	4,496	8,174	5,490	7,726	8,830	9,933	11,037	12,141	13,244	26,717	110,370	89,900	85,000	
	Vote 10 - Sports, Recreation, Arts & Culture (SRAC)	144	860	1,748	3,177	2,134	3,003	3,432	3,861	4,290	4,719	5,148	10,385	42,900	35,000	20,000	
	Vote 11 - Health and Social Development	109	654	1,330	2,418	1,624	2,286	2,612	2,939	3,265	3,592	3,918	7,904	32,650	26,200	26,200	
	Vote 12 - Environmental Resource Management	460	2,755	5,601	10,184	6,840	9,625	11,000	12,375	13,750	15,125	16,500	33,285	137,500	188,400	207,600	
	Vote 13 - Ekurhuleni Metropolitan Police Department	176	1,052	2,139	3,888	2,612	3,675	4,200	4,725	5,250	5,775	6,300	12,709	52,500	59,500	56,000	
	Vote 14 - Transport Planning & Provisioning	65	387	786	1,429	960	1,351	1,544	1,737	1,930	2,123	2,316	4,672	19,300	68,600	65,100	
	Vote 15 - Roads and Stormwater	54	325	660	1,200	806	1,134	1,296	1,458	1,620	1,782	1,944	3,922	16,200	16,700	18,750	
	Capital single-year expenditure sub-total	2,441	14,622	29,725	54,043	36,299	51,078	58,374	65,671	72,968	80,265	87,562	173,634	726,681	795,637	799,455	
	Total Capital Expenditure	20,980	125,652	255,437	464,413	311,930	438,933	501,638	564,343	627,048	689,752	752,457	1,518,691	6,271,276	6,593,821	7,048,415	

Table 59 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

EKURHULENI METROPOLITAN MUNICIPALITY – DRAFT BUDGET 2017/18 TO 2019/20

Description		Budget Year 2017/18												Medium Term Revenue and			
		Budget Year 2017/18												Budget	Budget	Budget	
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Year 2017/18	Year+1	Year+2	
Capital Expenditure - Functional																	
Governance and administration																	
	Executive and council	4,038	24,183	49,161	89,381	60,034	84,477	96,545	108,613	120,681	132,749	144,817	149,782	1,410,461	1,246,024	1,264,574	
	Finance and administration	1,653	9,902	20,131	36,599	24,583	34,591	39,533	44,475	49,416	54,358	59,300	63,272	697,814	666,270	719,583	
	Internal audit	2,383	14,272	29,013	52,749	35,429	49,855	56,977	64,099	71,221	78,343	85,465	92,587	712,208	579,304	544,991	
	Community and public safety	1	9	18	33	22	31	35	40	44	48	53	107	440	450	-	
Community and social services																	
	Sport and recreation	5,587	33,459	68,018	123,664	83,061	116,879	133,576	150,273	166,970	183,667	200,364	217,060	1,669,700	1,790,020	2,089,170	
	Public safety	655	3,926	7,980	14,509	9,745	13,713	15,672	17,631	19,590	21,549	23,508	25,467	195,900	254,800	274,500	
	Housing	271	1,623	3,300	5,999	4,029	5,670	6,480	7,290	8,100	8,910	9,720	10,530	81,000	96,150	146,200	
	Health	1,107	6,628	13,474	24,498	16,454	23,154	26,462	29,769	33,077	36,385	39,692	43,000	330,770	307,000	237,000	
	Health	3,188	19,095	38,817	70,574	47,402	66,702	76,230	85,759	95,288	104,817	114,346	123,875	952,880	1,020,370	1,286,770	
	Health	365	2,187	4,446	8,084	5,430	7,641	8,732	9,824	10,915	12,007	13,098	14,190	109,150	111,700	144,700	
Economic and environmental services																	
	Planning and development	5,593	33,498	68,098	123,809	83,158	117,016	133,733	150,450	167,166	183,883	200,600	217,317	1,671,664	1,757,227	1,853,021	
	Road transport	537	3,219	6,544	11,898	7,991	11,245	12,852	14,458	16,065	17,671	19,278	20,885	160,646	196,421	176,121	
	Environmental protection	5,018	30,054	61,097	111,082	74,610	104,987	119,985	134,984	149,982	164,980	179,978	194,976	1,499,818	1,513,206	1,605,300	
	Trading services	37	224	456	830	557	784	896	1,008	1,120	1,232	1,344	1,456	11,200	47,600	71,600	
	Energy sources	5,642	33,791	68,694	124,893	83,886	118,041	134,904	151,767	168,630	185,493	202,356	219,219	1,483,450	1,704,550	1,788,151	
	Water management	2,401	14,382	29,237	53,155	35,703	50,239	57,416	64,593	71,770	78,947	86,124	93,301	717,700	717,200	745,151	
	Waste water management	1,637	9,802	19,926	36,228	24,333	34,241	39,132	44,024	48,915	53,807	58,698	63,590	354,900	506,150	683,000	
	Waste management	1,047	6,272	12,751	23,182	15,570	21,910	25,040	28,170	31,300	34,430	37,560	40,690	244,400	312,700	192,500	
	Other	557	3,335	6,781	12,328	8,280	11,652	13,316	14,981	16,645	18,310	19,974	21,638	166,450	168,500	167,500	
	Total Capital Expenditure - Functional	20,980	125,652	255,437	464,413	311,990	438,933	501,638	564,343	627,048	689,752	752,457	815,158	6,271,276	6,533,821	7,048,415	
Funded by:																	
	National Government	7,678	45,982	93,477	169,951	114,150	160,626	183,573	206,520	229,466	252,413	275,360	298,307	2,294,664	2,403,096	2,555,778	
	Provincial Government	264	1,579	3,210	5,836	3,920	5,516	6,304	7,092	7,880	8,668	9,456	10,244	78,800	171,900	215,995	
	District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Other transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers recognised - capital		7,941	47,561	96,687	175,787	118,070	166,142	189,877	213,612	237,346	261,081	284,816	308,551	2,373,464	2,574,996	2,771,573	
Public contributions & donations																	
	Borrowing	9,701	58,102	118,114	214,744	144,236	202,962	231,957	260,951	289,946	318,941	347,935	376,930	2,906,410	2,967,201	3,298,005	
	Internally generated funds	3,338	19,990	40,637	73,882	49,624	69,829	79,904	89,780	99,755	109,731	119,706	129,681	991,401	991,624	978,838	
	Total Capital Funding	20,980	125,652	255,437	464,413	311,990	438,933	501,638	564,343	627,048	689,752	752,457	815,158	6,271,276	6,533,821	7,048,415	

2.10 Draft Annual budgets and SDBIPs – internal departments

The detail Capital Budget of Departments is reflected in Annexure F

2.10.1 CITY MANAGER

Operating Budget of the City Manager

The main cost drivers of relevant departments are salaries and office overhead costs.

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Table 61 Operating Budget of the City Manager

EMM - OPERATING BUDGET														
DESCRIPTION	F00 R'000		F00 R'000		F00 R'000		F00 R'000		F01 R'000		F02 R'000		F03 R'000	
	ORG BUDGET	ADJ BUDGET	YEAR TO	PROJECTED	2017/18	2018/19	2019/20	% B to B	% P to B	% Of Total	2018/19	2019/20		
	R	R	R	R	R	R	R	R	R	R	R	R	R	R
City Manager														
EXPENDITURE														
Employee Related Costs	41,124	37,081	13,120	35,622	33,399	35,705	-9.93%	-6.24%	56.34%		35,705	38,135		
Senior Management	3,314	3,314	744	2,485	3,550	3,795	7.14%	42.86%	5.99%		3,795	4,054		
- SM- Salaries Allowances and Service Benefit	3,314	3,314	728	2,485	3,483	3,723	5.11%	40.14%	5.88%		3,723	3,976		
- SM- Social Contributions	0	0	16	0	68	72	72507.53%	96364.29%	0.11%		72	77		
Municipal Staff	37,810	33,767	12,376	33,137	29,848	31,909	-11.61%	-9.92%	50.35%		31,909	34,081		
- MS- Salaries Allowances and Service Benefit	36,158	32,116	10,543	31,554	25,303	27,051	-21.21%	-19.81%	42.69%		27,051	28,892		
- MS- Social Contributions	1,652	1,652	1,833	1,583	4,545	4,859	175.18%	187.13%	7.67%		4,859	5,189		
Contracted Services	1,091	1,932	211	1,907	20,552	21,794	963.69%	977.70%	34.67%		21,794	23,092		
- Outsource Services	1,091	1,091	181	1,077	-	-	-100.00%	0.00%	0.00%		-	-		
- Consultants and Professional Services	-	-	-	-	19,824	20,994	100.00%	100.00%	33.44%		20,994	22,211		
- Contractors	-	841	30	830	728	801	-13.41%	-12.27%	1.23%		801	881		
Operational Cost	2,721	2,783	568	2,694	2,974	3,053	6.85%	10.38%	5.02%		3,053	3,136		
Inventory	2,446	3,001	1,068	3,001	2,180	2,310	-27.38%	-27.38%	3.68%		2,310	2,446		
Depreciation and Amortisation	170	170	99	170	175	184	3.00%	3.00%	0.30%		184	193		
TOTAL EXPENDITURE	47,552	44,968	15,067	43,394	59,279	63,046	31.83%	36.61%	100.00%		63,046	67,001		
DEFICIT / (SURPLUS)	47,552	44,968	15,067	43,394	59,279	63,046	31.83%	36.61%			63,046	67,001		
DEFICIT / (SURPLUS) AFTER GAINS AND LO	47,552	44,968	15,067	43,394	59,279	63,046					63,046	67,001		

2.10.2 CHIEF OPERATING OFFICER: DELIVERY CO-ORDINATION

Operating Budget of the Chief Operating Officer: Delivery Co Ordination

The main cost drivers of relevant departments are salaries and office overhead costs.

The COO's office co-ordinate and drive the service delivery programmes and works with various service delivery departments

It is also important to note that the COO will also monitor the implementation of service delivery projects. Processes are in place to develop the Service Delivery Model and Service Delivery Improvement Mechanism

The office will also focus on the investigation/reviewing of service delivery mechanism as per sections 76, 77 and 78 of the Municipal Systems Act.

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Table 62 Operating Budget of the Chief Operating Officer: Delivery Co-Ordination Department

EMM - OPERATING BUDGET		F00		F00		F00		F00		F00		F01		%		%		%		F02		F03	
DESCRIPTION		R	R	R	R	R	R	R	R	R	R	R	R	R	B to B	P to B	Of Total	R	R	R	R	R	
ORG BUDGET		ADJ BUDGET		YEAR TO		PROJECTED		2017/18		B to B		P to B		%		%		2018/19		2019/20			
Chief Operating Officer																							
EXPENDITURE																							
Employee Related Costs		14,210	14,316	5,743	13,325	10,574	-26.14%	-20.64%	67.03%	11,304	12,073												
Senior Management		3,128	3,128	889	2,346	2,181	-30.27%	-7.02%	13.83%	2,332	2,491												
- SM - Salaries Allowances and Service Benef		3,066	3,066	867	2,299	2,180	-28.90%	-5.20%	13.82%	2,330	2,488												
- SM - Social Contributions		63	63	23	47	2	-97.02%	-96.03%	0.01%	2	2												
Municipal Staff		11,082	11,188	4,854	10,979	8,393	-24.98%	-23.56%	53.20%	8,972	9,582												
- MS - Salaries Allowances and Service Benef		10,532	10,638	4,232	10,452	7,182	-32.49%	-31.29%	45.53%	7,677	8,199												
- MS - Social Contributions		550	550	622	527	1,211	120.07%	129.62%	7.68%	1,295	1,383												
Contracted Services		2,288	2,288	-	2,258	1,805	-21.09%	-20.05%	11.44%	1,911	2,022												
- Outsource Services		-	-	-	-	10	100.00%	100.00%	0.06%	10	11												
- Consultants and Professional Services		2,288	2,288	-	2,258	1,794	-21.57%	-20.54%	11.37%	1,900	2,010												
- Contractors		-	-	-	-	1	100.00%	100.00%	0.01%	1	1												
Operational Cost		626	694	187	668	1,124	61.90%	68.19%	7.13%	1,169	1,216												
Inventory		284	403	183	403	2,261	461.84%	461.84%	14.34%	2,399	2,542												
Contra Accounts Revenue		-	-	-	-	10	100.00%	100.00%	0.06%	11	11												
- Revenue Cost of Free Basic Services		-	-	-	-	10	100.00%	100.00%	0.06%	11	11												
TOTAL EXPENDITURE		17,408	17,701	6,114	16,654	15,775	-10.88%	-5.28%	100.00%	16,794	17,864												
DEFICIT / (SURPLUS)		17,408	17,701	6,114	16,654	15,775	-10.88%	-5.28%		16,794	17,864												
DEFICIT / (SURPLUS) AFTER GAINS AND LO		17,408	17,701	6,114	16,654	15,775				16,794	17,864												

2.10.3 CITY PLANNING

The result statements of the department are contained in the IDP in Annexure A.

Key Strategic Projects of the City Planning Department

Project Name	Brief Description	Project Status/Progress
Development of Regional Spatial Development Frameworks (RSDFs) for Regions B, C, D, E & F and review of the metropolitan Spatial Development Framework (MSDF).	The aim of the project is to develop RSDFs and review the current (2011) MSDF to provide updated context to the built environment and application of city form and city identity for the metro.	The spatial strategies MSDF and the RSDFs have been completed and approved by Council in November 2014.
Regularisation of unproclaim townships.	This programme includes the investigation of the current legislative status quo of the townships in terms of the Town Planning requirements, Land Survey requirements and Conveyancing requirements as well as the current use of the properties on the ground (i.e. contraventions to the scheme, contraventions to the NBRs, illegal occupation of municipal/government land, encroachments etc.). The programme further ensures the completion of due processes in terms of the aforementioned fields in order to eventually ensure that the township has been registered at the Deeds Office and the ownership has been upgraded from leasehold to freehold (Upgrading of Land Tenure Right)	General plans of various townships in the metro have been endorsed; the townships registers opened and tenure upgraded in Alberton (1), Benoni (8), Germiston 9, Springs (1)
Development Ekurhuleni Town Planning Scheme.	The project aims to put in place the new consolidated Ekurhuleni Town Planning Scheme (ETOPS) by 30 June 2014, which will replace the current 17 Town Planning Schemes that are currently operational and apply a uniform approach in the assessment of land use applications across the metro.	The ETOPS was approved by Council in November 2014 and is in the process of being implemented across the City. Zonings of former town planning schemes and identified policies have been rescinded. Maps of the ETOPS are GIS database linked.
Development and Implementation of the Capital Investment Framework (CIF)	The CIF aims to drive CAPEX spend within defined geographic priority areas within the metro thus having a catalytic effect with regards to return on investment in relation to	The results of the Capital Investment Framework (CIF) evaluation of the MTREF Capital Budget was presented to IBALCO on 3 December

Project Name	Brief Description	Project Status/Progress
	its social and developmental objectives.	2015. Quarter 2 saw the continuation of the drafting of the BEPP and CIF for 2015/16 and the rest of the MTREF period. Additional CIF modelling was concluded, refinements were made to the CIF's Capital Prioritisation Model (CPM), data was sourced for the 2016/17 BEPP.
Development of the (annual) Built Environment Framework (BEPP)	The Built Environment Performance Plan (BEPP) is a legislated document as described in the Division of Revenue Act, which seeks to assess and evaluate the development of the built environment fabric of the city and the impact thereof of major projects which utilise infrastructure grant funding within the built environment. These grants include ICDG, USDG, NDPG, PTIS, INEP	The BEPP is reviewed and submitted annually in line with the timeframes prescribed by national treasury. The City continues to receive tranche payments from the National Treasury for these identified infrastructure grants.

Project 1: Urban Design Policy

The Urban Design Policy is to inform the city design as aligned to the new planning language and Theory of change embedded in the Municipal Spatial Development Framework (MSDF). The Policy will address aesthetic principles of developments in relation to building designs, landscape planning, beautification of urban and open spaces, urban space elements used in street furniture, interface of mixed uses etc. The policy will inform urban renewal and management in a manner that enhances identified nodes and precincts of the City. Research work for this project has commenced and there is a preliminary policy outline in place.

Project 2: Parking feasibility studies

The feasibility studies are to investigate the viability of parkades in Kempton Park, Germiston and other nodal areas. Feasibility studies, architectural concepts, landscaping, quantity survey costs were undertaken.

This is an attempt to promote non-motorised transport in CBDs and to rejuvenate decaying urban areas, most important to enhance revenue for the City of Ekurhuleni and promote new urban design that improves property development. An estimated cost of 6,5million will be spent on the parkade studies.

Project 3: Regularisation of unproclaimed townships

There are over 200 townships which township establishment procedures were not completed at the time that the townships were established. The aim is to complete all the processes so that the townships are fully established and registered. This will enable the communities in the townships to obtain freehold titles to their properties and therefore to use them as tradable assets. The CITY OF EKURHULENI will also be able to develop and/or dispose of municipal land within the townships. In addition, the CITY OF EKURHULENI will obtain valuable data relating to land use contraventions such as illegal development, encroachments, etc.

To date, the Department has fully completed three townships, with an additional 12 in various stages of progress. It is estimated that at the end of the financial year, 24 townships will be completed, including those carried over from last year in Germiston, Alberton, Benoni, Tembisa and Springs at an estimated cost of approximately R4.8 million. A target of 50 townships per year beginning in 2015/16, at a cost of R10m per year for the next four years has been set.

Project 4: Precinct Plans

Precinct plans are to attract investment and to rejuvenate decaying areas. It is envisaged that 3 precinct plans are to be formulated have been identified and they are: (1) Kempton Park CBD; (2) Germiston Lake; and (3) Bredell. Status quo analysis for the three precinct plans has commenced. It is estimated that the project will cost R5million.

Project 5: Rehabilitation of sinkholes

This project is to rehabilitate sinkholes and unlock land for development. The municipal landscape is 52% dolomitic. Service providers' contracts in place to assist with the management of geo-hazards, i.e. Consultant for rendering of professional services and management of contractors; contractor for the rehabilitation of sinkholes; contractor for the geo-physical investigations; and contractor for the percussion drilling. The department is continuously unlocking the undevelopable land and rehabilitating sinkholes as and when they occur.

City Planning Projects for implementation in 2016/17

The following projects are to be implemented during 2016/17

- Township regularization will continue
- Land use survey tender for R46million shared amongst different service providers.
- Ekurhuleni University Feasibility Study – R1million.
- Rhodesfield – OR Tambo bridge Feasibility Study – R3 million. Service provider appointed.
- Capital Investment Framework (CIF) Modelling Phase 2 – R1.2 million.
- Built Environment Performance Plan (BEPP) Phase 2 & 3 – R1 million. Service provider appointed.
- Ekurhuleni Industrial Area Survey – R2 million;
- Automation of the Capital Prioritisation Model [CPM Share Point/ SOLAR] – R1 million
- Eskom Matla- Jupiter Transmission Line Servitude: Routing Analysis – R1.8 million
- Media Tender – R1.2 million. Service provider appointed.
- Tender initiation processes
 - for the development of an Infrastructure Master Plan will be a mechanism to manage and inform the development and infrastructure investment to achieve a balanced and sustainable City acupuncture;
 - of a service provider for assisting the city planning department with the development of a Growth Management Strategy that will serve as a mechanism to manage growth through understanding of development patterns in the city
 - for assisting the City Planning Department in drafting an urban design policy and establishment of an urban design review committee for the municipality as well as drafting of detailed precinct urban design plans. This is to ensure that when the current contract comes to an end there is not gap created in terms of workflow.

-
- Dolomite related investigations, on an as and when required basis from 1 July 2016 to 30 June 2019
 - Rehabilitation of dolomitic land and dolomite related investigations,

The Operating Budget per category is attached hereto.

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Table 63 Operating Budget of the City Planning Department

EMM - OPERATING BUDGET	F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		
	ORG BUDGET	ADJ BUDGET	YEAR TO	PROJECTED	2017/18	B to B	P to B	% Of Total	2018/19	2019/20											
City Planning																					
INCOME																					
NON - EXCHANGE REVENUE																					
Transfers and Subsidies	-	-	-	-	(48,646)	100.00%	100.00%	53.59%	(48,221)	(50,921)											
- Capital: Monetary	-	-	-	-	(48,646)	100.00%	100.00%	53.59%	(48,221)	(50,921)											
SUB TOTAL: NON - EXCHANGE REVENUE																					
EXCHANGE REVENUE																					
Operational Revenue	(158)	(158)	(232)	(124)	(139)	-11.92%	12.15%	0.15%	(148)	(156)											
Sales of Goods and Rendering of Services	(40,425)	(40,425)	(18,696)	(31,376)	(41,985)	3.86%	33.81%	46.25%	(44,462)	(47,041)											
SUB TOTAL: EXCHANGE REVENUE	(40,583)	(40,583)	(18,928)	(31,501)	(42,124)	3.80%	33.72%	46.41%	(44,610)	(47,197)											
TOTAL INCOME	(40,583)	(40,583)	(18,928)	(31,501)	(90,770)	123.66%	188.15%	100.00%	(92,831)	(98,118)											
EXPENDITURE																					
Employee Related Costs																					
Senior Management	183,407	168,983	93,521	164,788	194,619	15.17%	18.10%	52.97%	208,055	222,211											
- SM - Salaries Allowances and Service Benefits	2,145	2,145	771	1,609	2,167	1.04%	34.71%	0.59%	2,317	2,475											
- SM - Social Contributions	1,962	1,962	695	1,471	1,986	1.22%	34.96%	0.54%	2,123	2,267											
Municipal Staff	183	183	76	138	182	-0.94%	32.08%	0.06%	194	207											
- MS - Salaries Allowances and Service Benefits	181,262	166,838	92,749	163,179	192,452	15.35%	17.94%	52.38%	205,738	219,736											
- MS - Social Contributions	150,591	136,167	76,861	133,785	158,178	16.16%	18.23%	43.05%	169,099	180,606											
Contracted Services																					
- Outsourcing Services	30,671	30,671	15,888	29,395	34,274	11.75%	16.60%	9.33%	36,639	39,130											
- Consultants and Professional Services	30,877	50,879	15,900	50,217	71,044	39.63%	41.47%	19.34%	75,249	79,629											
- Contractors	487	524	80	517	331	-36.87%	-36.04%	0.09%	350	371											
Operational Cost																					
Inventory	30,000	49,050	15,722	48,412	69,384	41.46%	43.32%	18.89%	73,478	77,739											
Operating Leases	390	1,305	98	1,288	1,329	1.82%	3.16%	0.36%	1,421	1,519											
Depreciation and Amortisation	9,484	8,674	5,639	8,396	9,727	12.14%	15.85%	2.65%	10,293	10,885											
TOTAL EXPENDITURE	37,992	38,202	6,397	38,202	88,478	131.61%	131.61%	24.08%	91,910	98,842											
DEFICIT / (SURPLUS)	2,182	2,182	1,314	2,094	2,498	14.50%	19.27%	0.68%	2,645	2,799											
DEFICIT / (SURPLUS) AFTER GAINS AND LO	1,006	1,006	587	1,006	1,036	3.00%	3.00%	0.28%	1,088	1,142											
	264,947	269,925	123,357	264,703	367,401	36.11%	38.80%	100.00%	389,240	415,508											
	224,364	229,342	104,430	233,203	276,631	20.62%	18.62%		296,409	317,390											
	224,364	229,342	104,430	233,203	276,631				296,409	317,390											

2.10.4 COMMUNICATION & BRANDING DEPARTMENT

Key Strategic Projects of the Communication and Branding

Operational Budget

Key strategic projects of the Communication and Brand Management Department

Strategic objective 1: A clear single brand identity

PROJECT NAME	PROJECT DESCRIPTION
A clear single brand identity	This objective is about tracking the brand promotion interventions implemented during the reporting period in pursuit of a clear single brand identity. The unit of analysis is the "brand promotion interventions", and the unit of measure is the "number of brand promotions interventions implemented".

Description

Signage

R4.5m has been budgeted for the production, printing and branding of all municipal buildings and vehicles. In addition, destination and directional signs will also be produced. Another project to be undertaken will be the branding of strategic places identified around the City.

Brand Building / Advertising campaigns

An amount of R12.5m has been budgeted for the following:

Two core brand campaigns (Achievements and Siyakhokha) will be rolled out on an annual basis.

Other major awareness/publicity campaigns include State of the City address, Budget Speech, Chris Hani month, OR Tambo month. In addition to the corporate campaigns, the department also contributes towards key departmental campaigns such as Save Water, Clean City, Aerotropolis, Clean Audit and Bus Rapid Transport, however the bulk of the budget is made available by the service departments. R7.3m has been budgeted to support department's efforts.

Corporate identity roll out

Corporate identity provides guidelines on the application of the brand. An important aspect of this is the staff education component (internal workshops/road-shows).

An amount of R1.3m has been put aside for internal reputation management.

Exhibitions

Ekurhuleni promotes the region by participation in various exhibitions locally and international. These create a platform which allow for stakeholder engagements and partnerships. These

include IMFO conference, SALGA conference, ACE conference, BRICS and other smaller exhibitions. These are either attended by or hosted by the Metro. An amount of R1.4m is budgeted per annum.

Stakeholder engagement

Brand partnerships are developed with various stakeholders in Ekurhuleni, for example events hosted by key partners such as the Birchwood Hotel, Carnival City and Emperors Palace. These relationship building platforms give us the opportunity to cement stakeholder relations and also position the City of Ekurhuleni as an entertainment hub.

An amount of one million rand is budgeted on an annual basis.

Strategic objective 2: Enhanced City stakeholder relations

PROJECT NAME	PROJECT DESCRIPTION
Enhanced City stakeholder relations	This strengthens existing platforms and also create new ones. It includes coordination of integrated stakeholder engagements.

Description

Examples of some of the platforms developed and utilized are listed below:

City Meets Business

This platform looks at strengthening the relations between the business community and the City. The implementation of this output ensures that the Executive Mayor, MMCs and HoDs are provided with a quarterly platform to address the business fraternity on developments within the City of particular relevance to them.

Investment Tours

This tool was developed specifically to provide the City with a formal platform to showcase key investment opportunities across the City. The rollout of this tour is planned as a monthly activity and is directed at investors, business media and incoming trade delegations.

Employee Roadshows

This platform looks at strengthening the relations between the City and its employees. The platform ensures that employees from across the spectrum are engaged and information about developments in the City.

Press Club

This platform looks at strengthening the relations between the media and Council. The implementation of this output ensures that various HODs and MMCs are afforded a monthly platform to address the media on various issues in relations to their service delivery departments. The Press Club involves all media from national to local media.

Table 64 Operating Budget of the Communication & Branding Department

EMM - OPERATING BUDGET		F00	F00	F00	F00	F00	F00	F00	F00	F01	%	%	F02	F03	
DESCRIPTION		R	R	R	R	R	R	R	R	R	B to B	P to B	R	R	
ORG BUDGET		R	R	R	R	R	R	R	R	R			R	R	
ADJ BUDGET		R	R	R	R	R	R	R	R	R			R	R	
YEAR TO		R	R	R	R	R	R	R	R	R			R	R	
PROJECTED		R	R	R	R	R	R	R	R	R			R	R	
2017/18		R	R	R	R	R	R	R	R	R			R	R	
2018/19		R	R	R	R	R	R	R	R	R			R	R	
2019/20		R	R	R	R	R	R	R	R	R			R	R	
Communication and Brand Management															
EXPENDITURE															
Employee Related Costs		42,210	36,042	19,347	34,799	43,826	21.60%	25.94%	36.70%	46,851	50,039				
Senior Management		2,002	2,002	814	1,501	2,038	1.82%	35.76%	1.71%	2,179	2,327				
- SM - Salaries Allowances and Service Benef		1,947	1,947	749	1,460	1,911	-1.86%	30.85%	1.60%	2,043	2,181				
- SM - Social Contributions		55	55	64	41	128	132.32%	209.76%	0.11%	137	146				
Municipal Staff		40,208	34,040	18,533	33,298	41,788	22.76%	25.50%	35.00%	44,672	47,712				
- MS - Salaries Allowances and Service Benef		34,104	27,937	15,908	27,448	34,721	24.28%	26.50%	29.08%	37,118	39,644				
- MS - Social Contributions		6,103	6,103	2,626	5,850	7,066	15.78%	20.80%	5.92%	7,554	8,068				
Contracted Services		349	166	46	164	114	-31.26%	-30.35%	0.10%	121	129				
- Outsource Services		120	120	46	118	99	-17.28%	-16.19%	0.08%	105	111				
- Consultants and Professional Services		183	-	-	-	-	0.00%	0.00%	0.00%	-	-				
- Contractors		46	46	-	45	15	-67.68%	-67.25%	0.01%	16	18				
Operational Cost		35,233	50,867	15,871	49,239	62,499	22.87%	26.93%	52.34%	66,162	69,975				
Inventory		4,927	5,479	2,480	5,476	7,996	45.93%	46.02%	6.70%	8,470	8,964				
Operating Leases		4,496	4,496	2,450	4,316	4,693	4.40%	8.75%	3.93%	4,970	5,259				
Depreciation and Amortisation		270	270	158	270	278	3.00%	3.00%	0.23%	292	307				
TOTAL EXPENDITURE		87,485	97,320	40,352	94,263	119,406	22.69%	26.67%	100.00%	126,867	134,672				
DEFICIT / (SURPLUS)		87,485	97,320	40,352	94,263	119,406	22.69%	26.67%		126,867	134,672				
DEFICIT / (SURPLUS) AFTER GAINS AND LO		87,485	97,320	40,352	94,263	119,406				126,867	134,672				

2.10.5 CORPORATE LEGAL SERVICES

The Corporate Legal Services Department contributes to ALL GDS imperatives with a strong focus being on GDS THERMATIC AREA 4 – Effective Corporate Governance through being an enterprise that drives legal compliance and specialized legal advisory services that cut across CITY OF EKURHULENI Departments and its Entities, focusing its resources on ensuring sustainable proper governance systems and processes focusing on promoting good governance. To ensure that this is attained, the focus is on all legal matters of Council in specialised fields such as Supply Chain Management, Intellectual Property, Housing and Development, Compliance Management which includes managing CITY OF EKURHULENI Contract, Municipal Court Operations, Infrastructure, Legal Research, and, specialised litigation.

The Department's main objective is to institutionalise legal compliance, guided by the following principles:

- To create a regulatory environment that enhances the capacity of the municipality to deliver consistent and qualitative legal advisory services;
- To ensure compliance with legislation applicable to Local Government throughout the CITY OF EKURHULENI and municipal Entities;
- To review the improvement and expansion of the governance model support to facilitate the implementation of the separation of powers;
- To strengthen the legal support service to the organization;
- To increase levels of legal compliance throughout the CITY OF EKURHULENI and within its Entities, and,
- To manage and reduce legal costs on cases by / against Council

Key Strategic Projects of the Corporate Legal Services Department

PROJECT NAME	PROJECT DESCRIPTION
Establish a functional Office of the Municipal Ombudsman	To establish the Office of the Municipal Ombudsman - a mechanism for the speedy and effective resolution of disputes and queries on service delivery
Establishment of Municipal Courts within the CITY OF EKURHULENI	Establishment of additional two (2) fully operational Municipal Courts in located at Germiston and Boksburg to cater for the enforcement of traffic infringements and by-law contraventions.
Review and rationalisation of CITY OF EKURHULENI By-laws	To develop a uniform set of CITY OF EKURHULENI By-Laws that are implementable, enforceable and, not in conflict with the Constitution and other applicable legislation.

Operating Budget of the Corporate Legal Services Department

By the nature of its core business, the Department is not an income-generating Unit for the Metro and, therefore, its Operating Budget is primarily focused on the expenditure component. However, there is income generated in the form of sundry income derived from legal cost recoveries.

The expenditure component is comprised of various cost drivers i.e. general expenses, contracted services, compensation of employees, repairs and maintenance (external and

internal) and Grants-in-Aid categories. The major drivers are compensation of employees and contracted service categories. The biggest single cost item is Contracts: Legal Services, in the contracted services category spent on legal fees for Contracted Attorneys from Council's Panel in the defense of legal cases that proceed to Court by / against Council. Legal fees, unpredictable by their nature, significantly escalated during the past financial years and this has been identified as an area where the Department should continue developing and applying very stringent cost management mechanisms to reduce costs. One such key control mechanism is the two-pronged Due Diligence study undertaken to develop an CITY OF EKURHULENI Litigation Strategy, to highlight litigation triggers, generate management reports to analyse disputes, enable management of the performance of contracted Attorneys, critical appraisal of services rendered to client Departments and cooperation from client Departments, amongst others, is at an advanced stage of development:

- I. Development of a Case Management Framework which has been finalised used to manage litigious matters of the CITY OF EKURHULENI, submitted to the Senior Management Team for noting and, to be referred to the Corporate Services & Finance Mayoral Cluster, for further noting after which it will be implemented.
- II. The 2nd Phase currently underway is the identification of actual legal cases to be analysed and a survey to be conducted amongst the contracted Attorneys.

Focus will not only be on cutting costs but rather on getting value for money. The more applicable compliance legislation is promulgated; the more legal costs will go up due to stringent requirements for the municipality to comply with in ensuring compliance. The connotation is balance should be struck between rendering quality and efficient legal advisory services and strictly managing costs.

Legal costs are monitored and referred for taxation when warranted and regular meetings are held in this regard. The Department has no influence on the Court roster as the scheduling of matters heard by the Court is a process completely controlled by the Courts, therefore, the duration of legal cases is based on the nature of legal cases and is not influenced in any way except that the Departmental Legal Advisors manage all aspects of the case to ensure that when a matter is set down to be heard, whatever that is within the control of the Department in preparation of the Court hearing, is strictly complied with to avoid unnecessary delays that may result in the matter being postponed.

Legal cases result directly from actions and/or a failure to act (omissions) by different client CITY OF EKURHULENI Departments. Corporate Legal Services continues to manage all aspects of litigation services until conclusion through external legal Practitioners on a contracted basis.

The second phase of the due diligence study is expected to be completed by the end of the reporting period.

Table 65 Operating Budget of the Corporate Legal Services Department

EMM - OPERATING BUDGET																	
DESCRIPTION	F00 R'000 ORG BUDGET		F00 R'000 ADJ BUDGET		F00 R'000 YEAR TO		F00 R'000 PROJECTED		F01 R'000 2017/18		% Of Total		F02 R'000 2018/19		F03 R'000 2019/20		
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	
Corporate Legal																	
INCOME																	
EXCHANGE REVENUE																	
Sales of Goods and Rendering of Services	(3,913)	(3,913)	(613)	(1,194)	(3,013)	(3,013)	(3,013)	(3,013)	(3,013)	(3,013)	152.20%	100.00%	(3,190)	(3,375)	(3,190)	(3,375)	
SUB TOTAL: EXCHANGE REVENUE	(3,913)	(3,913)	(613)	(1,194)	(3,013)	(3,013)	(3,013)	(3,013)	(3,013)	(3,013)	152.20%	100.00%	(3,190)	(3,375)	(3,190)	(3,375)	
TOTAL INCOME	(3,913)	(3,913)	(613)	(1,194)	(3,013)	(3,013)	(3,013)	(3,013)	(3,013)	(3,013)	152.20%	100.00%	(3,190)	(3,375)	(3,190)	(3,375)	
EXPENDITURE																	
Employee Related Costs	46,126	40,005	20,076	38,583	45,116	45,116	45,116	45,116	45,116	45,116	16.93%	20.89%	48,229	51,509	48,229	51,509	
Senior Management	2,379	2,379	1,022	1,784	2,398	2,398	2,398	2,398	2,398	2,398	34.43%	1.11%	2,564	2,738	2,564	2,738	
- SM - Salaries Allowances and Service Benefit	2,247	2,247	957	1,685	2,268	2,268	2,268	2,268	2,268	2,268	34.57%	1.05%	2,424	2,589	2,424	2,589	
- SM - Social Contributions	132	132	66	99	130	130	130	130	130	130	32.05%	0.06%	139	149	139	149	
Municipal Staff	43,747	37,627	19,054	36,799	42,718	42,718	42,718	42,718	42,718	42,718	16.09%	19.78%	45,666	48,771	45,666	48,771	
- MS - Salaries Allowances and Service Benefit	36,705	30,585	15,905	30,049	34,775	34,775	34,775	34,775	34,775	34,775	15.72%	16.10%	37,174	39,702	37,174	39,702	
- MS - Social Contributions	7,042	7,042	3,149	6,749	7,944	7,944	7,944	7,944	7,944	7,944	12.80%	3.68%	8,492	9,069	8,492	9,069	
Contracted Services	46,799	61,969	34,074	61,163	61,449	61,449	61,449	61,449	61,449	61,449	0.47%	28.45%	65,075	68,850	65,075	68,850	
- Outsourcing Services	27	197	16	195	211	195	195	195	211	211	6.65%	0.10%	223	236	223	236	
- Consultants and Professional Services	46,757	61,757	34,055	60,954	61,213	60,954	60,954	60,954	61,213	61,213	-0.88%	28.34%	64,825	68,584	64,825	68,584	
- Contractors	15	15	2	15	26	15	15	15	26	26	70.15%	0.01%	28	30	28	30	
Operational Cost	3,432	3,613	1,228	3,497	3,104	3,497	3,497	3,497	3,104	3,104	-11.24%	1.44%	3,268	3,440	3,268	3,440	
Inventory	1,340	1,188	373	1,188	1,233	1,188	1,188	1,188	1,233	1,233	3.72%	0.57%	1,306	1,383	1,306	1,383	
Transfers and Subsidies	23,175	103,175	17,075	103,175	103,369	103,175	103,369	103,369	103,369	103,369	0.19%	47.86%	109,467	115,817	109,467	115,817	
- Operational: Monetary	23,175	103,175	17,075	103,175	103,369	103,175	103,369	103,369	103,369	103,369	0.19%	47.86%	109,467	115,817	109,467	115,817	
Depreciation and Amortisation	1,674	1,674	976	1,674	1,724	1,674	1,674	1,674	1,724	1,724	3.00%	0.80%	1,810	1,901	1,810	1,901	
TOTAL EXPENDITURE	122,545	211,624	73,802	209,280	215,995	209,280	215,995	215,995	215,995	215,995	2.07%	100.00%	229,157	242,900	229,157	242,900	
DEFICIT / (SURPLUS)	118,633	207,712	73,189	208,086	212,982	208,086	212,982	212,982	212,982	212,982	2.54%	2.35%	225,966	239,524	225,966	239,524	
DEFICIT / (SURPLUS) AFTER GAINS AND LOSSES	118,633	207,712	73,189	208,086	212,982	208,086	212,982	212,982	212,982	212,982			225,966	239,524	225,966	239,524	

2.10.6 CUSTOMER RELATIONS MANAGEMENT DEPARTMENT

Customer Relations Management Department was established with the main objective of managing the customer relations within City of Ekurhuleni (CoE). The main objective of the department is to provide seamless customer service throughout the City and promote open communication between the City and its residents and customers by encouraging an interactive participatory governance. To that end the City has a fully capacitated non-life threatening Call Centre and Customer Care Centres (CCCs) that are perfect platforms for promoting an accessible consultative and caring local government for the residents.

Key Strategic Projects of the Customer Relations Management Department

The Customer Relations Management Department is busy with the on-going establishment and refurbishment of the CCCs that are dotted across the Metro. The core benefits of these projects and thus the CCCs which are geographically distributed throughout the Metro includes:

- Providing an integrated service offering across City of Ekurhuleni communities;
- Improved efficiency and effectiveness of delivering municipal services;
- Improved ability to establish relationships with customers and influence full payment for services, thus ensuring City of Ekurhuleni profitability (100% revenue collection);
- Individualized marketing messages (evoking a sense ownership and loyalty);
- Improved revenue collection;

Some of the projects currently being undertaken with the Metro's CCCs, some of which will rollover into the 2015/16 financial year, are as follows:

Project Name	Brief Description	Project Status/Progress
Daveyton Building Upgrade	Building upgrade of the Daveyton Customer Care Centre	The project was initially divided into two phases because of inadequate funding. Phase one will be completed in June 2015 with phase two scheduled for completion at the end of June 2016
Tembisa 2/ Winnie Mandela New Building	New Customer Care Centre built in Tembisa 2 / Winnie Mandela	The project is under construction and will be completed in June 2015

Operating Budget of the Customer Relations Management Department

Customer Relations Management Department is not a revenue generating department but serves as the link/conduit between the customers/residents of CITY OF EKURHULENI and all other departments with the primary focus being placed on effective service delivery and the resolution of customer queries and complaints.

In addition, CRM oversees the holding of Izimbizos and the day to day operational responsibility of the Lungile Mtshali Community Development Project (LMCDP) which is currently one of the major cost driver of the operating budget of the Department.

Table 66 Operating Budget of the Customer Relations Management

EMM - OPERATING BUDGET																					
DESCRIPTION	F00 R'000 ORG BUDGET		F00 R'000 ADJ BUDGET		F00 R'000 YEAR TO		F00 R'000 PROJECTED		F01 R'000 2017/18		% B to B		% P to B		% Of Total		F02 R'000 2018/19		F03 R'000 2019/20		
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	
Customer Relations Management																					
INCOME																					
EXCHANGE REVENUE																					
Sales of Goods and Rendering of Services																					
SUB TOTAL: EXCHANGE REVENUE																					
					(1,636)		135					0.00%									
					(1,636)		135					0.00%									
					(1,636)		135					0.00%									
TOTAL INCOME																					
EXPENDITURE																					
Employee Related Costs																					
Senior Management																					
	146,748	151,066	80,410	147,178	169,893	169,893	147,178	169,893	169,893	169,893	169,893	12.46%	15.43%	15.43%	61.78%	61.78%	181,634	181,634	194,005	194,005	
- SM - Salaries Allowances and Service Benefits																					
	2,519	2,519	1,043	1,889			1,889					-100.00%	0.00%	0.00%	0.00%	0.00%					
- SM - Social Contributions																					
	2,517	2,517	1,028	1,887			1,887					-100.00%	0.00%	0.00%	0.00%	0.00%					
Municipal Staff																					
	144,229	148,547	79,367	145,290	169,893	169,893	145,290	169,893	169,893	169,893	169,893	14.37%	16.93%	16.93%	61.78%	61.78%	181,634	181,634	194,005	194,005	
- MS - Salaries Allowances and Service Benefits																					
	116,925	121,243	65,778	119,122	135,498	135,498	119,122	135,498	135,498	135,498	135,498	11.76%	13.75%	13.75%	49.27%	49.27%	144,865	144,865	154,736	154,736	
- MS - Social Contributions																					
	27,304	27,304	13,589	26,168	34,396	34,396	26,168	34,396	34,396	34,396	34,396	25.97%	31.44%	31.44%	12.51%	12.51%	36,769	36,769	39,269	39,269	
Contracted Services																					
	13,807	14,709	3,353	14,172	16,651	16,651	14,172	16,651	16,651	16,651	16,651	13.20%	17.49%	17.49%	6.05%	6.05%	17,633	17,633	18,656	18,656	
- Outsource Services																					
	4,657	5,559	1,733	5,141	3,765	3,765	5,141	3,765	3,765	3,765	3,765	-32.27%	-26.76%	-26.76%	1.37%	1.37%	3,987	3,987	4,218	4,218	
- Consultants and Professional Services																					
	9,150	9,150	1,620	9,031	12,886	12,886	9,031	12,886	12,886	12,886	12,886	40.83%	42.68%	42.68%	4.69%	4.69%	13,646	13,646	14,437	14,437	
Operational Cost																					
	8,740	9,245	2,347	8,949	10,946	10,946	8,949	10,946	10,946	10,946	10,946	18.40%	22.31%	22.31%	3.98%	3.98%	11,582	11,582	12,247	12,247	
Inventory																					
	128,416	80,277	34,027	80,626	19,431	19,431	80,626	80,626	19,431	19,431	19,431	-75.80%	-75.90%	-75.90%	7.07%	7.07%	20,897	20,897	22,471	22,471	
Depreciation and Amortisation																					
	56,393	56,393	32,896	56,393	58,085	58,085	56,393	58,085	58,085	58,085	58,085	3.00%	3.00%	3.00%	21.12%	21.12%	60,989	60,989	64,038	64,038	
TOTAL EXPENDITURE																					
	354,103	311,689	153,033	307,319	275,005	275,005	307,319	275,005	275,005	275,005	275,005	-11.77%	-10.51%	-10.51%	100.00%	100.00%	292,735	292,735	311,416	311,416	
DEFICIT / (SURPLUS)																					
	354,103	311,689	151,397	307,453	275,005	275,005	307,453	275,005	275,005	275,005	275,005	-11.77%	-10.55%	-10.55%			292,735	292,735	311,416	311,416	
DEFICIT / (SURPLUS) AFTER GAINS AND LOSSES																					
	354,103	311,689	151,397	307,453	275,005	275,005	307,453	275,005	275,005	275,005	275,005	-11.77%	-10.55%	-10.55%			292,735	292,735	311,416	311,416	

2.10.7 DISASTER AND EMERGENCY MANAGEMENT SERVICES

The result statements of the department are contained in the IDP in Annexure A.

Disaster and Emergency Management Services Department provides the following services to the community of Ekurhuleni:

- Fire suppression
- Fire prevention and fire safety
- Rescue services
- Emergency medical services
- Management and handling of hazardous material incidents
- Emergency Communications and Emergency Operations Centre
- Disaster Management

Key Strategic Capital Projects of the Disaster and Emergency Management Services Department

NAME OF THE PROJECT	BRIEF DESCRIPTION
Katlehong Fire Station	Katlehong is one of the Townships that has no purposeful built Fire Station. Planning for the construction of the commenced in 2015/16 with an approved budget of R1, 55m. The project a multi-year projects with budgets of R2min 2016/17 and R 10m in 2017/18 and R16m in 2018/19
Elandsfontein/Isando Fire Station	This Fire Station is located at an industrial areas to protect the manufacturing sector which creates much needed jobs and sustain the economy in Gauteng. Planning for the construction of the Elandsfontein/Isando Fire Station will commenced in 2015/16 with an approved budget of R 1m. The project is a multi-year project with budgets of R 2m in 2016/17; R10m in 2017/18 and R20m in 2018/19 provided for.
Replacement of aged specialised emergency vehicles	In terms of the Council policy (Community Protection against Fire), the City is bound to have replacement programme of its Emergency vehicles. Budgets of R30m in 2016/17; R32m in 2017/18; and R38m in 2018/19 have been provided for this purposes.
Replacement of specialised emergency medical vehicles (ambulances)	The current fleet of council owned ambulances is due for replacement commencing in the 2016/17 year as well as the need to augment this capacity due to increasing service demand. For this purpose; budgets of R30m in 2016/17; R33m in 2017/18; and 2018/19 have been provided for.
Construction of a fire station in Thokoza.	Thokoza has no purpose-built fire station and operations are undertaken from a temporary facility at the Multipurpose Centre. Planning for this project commenced during the 2014/15 financial year. Due to delays as a result of dolomitic studies that had to be undertaken; the appointment of a contractor was on realised in the second quarter of 2015/16. As a multi-year project; budgets of

NAME OF THE PROJECT	BRIEF DESCRIPTION
	R14m in 2016/17; R14m in 2017/18 and R11m in 2018/19 have been provided for.
Construction of the Germiston Fire Station.	The construction of the new fire station in Germiston commenced in 2014/15 financial year as part of Germiston Urban Renewal Programme. The current fire station is more than 100-years-old and it's not feasible to maintain. It's thus being preserved as a museum. It's a multi-year project to be completed in 2018/19 with budgets of R 7m in 2016/17; R15m in 2017/18 and R13m in 2018/19 being provided for.
Construction of the Albertina Sisulu Corridor Fire Station.	This fire station will be situated at the heart of the Aerotropolis. There are huge economic developments coming up in that corridor and the Kempton Park Fire Station, which is far from this area, is already not coping under the current circumstances. Planning for the new Fire station commenced in 2015/16 with an approved budget of R2m. As a multi-year project; budgets of R11m in 2016/17; R15m in 2017/18; and 12m in 2018/19 have been provided for.
Construction of the Olifantsfontein Fire Station.	This Fire Station is currently operating from a temporary facility. This is one of the Fire Stations that was inherited from the City of Johannesburg after the first Local Government demarcation in the democratic dispensation. The Fire Station is covering part of Tembisa and Olifantsfontein Industrial area. Planning for the construction commenced in 2015/16 with an approved budget of R1, 2m. As a multi-year project; budgets of R2m in 2016/17; R10m in 2017/28 and R20m in 2018/19 have been provided for.
Emergency Services Training Academy	The Training Academy currently located near East Rand Mall has been overwhelmed by commercial and residential developments to the extent that it can no longer operate effectively and in compliance with the relevant environmental and atmospheric legislation. When it was built many years ago, that area was outside the urban edge. Developments encroached and enclosed it. In terms of environmental legislation, fire simulators can no longer be operated in that area. It needs to be relocated to an appropriate industrial area or outside the urban edge. Council has in the 2015/16 financial year identified and set aside land for this purpose. As this is deemed a substantial project that will go beyond a typical MTREF period; it will have to be supported by in-depth study and conceptual planning. Budgets of R2m in 2016/17 and R3m in 2018/19 have been provided for this purposes.
High Volume Emergency Water Relay System	South Africa is a water stressed country and water availability across the country is underpinned by three main challenges of uneven spatial distribution and seasonality of rainfall; relatively low stream flow in rivers; and location of major urban and industrial developments remote from the larger water courses. Based on current usage trends; it is estimated that water demand will availability of economically usable fresh water resources by 2025.

NAME OF THE PROJECT	BRIEF DESCRIPTION
	<p>To mitigate against this challenge and to adapt departmental tactics in order to ensure adequacy of firefighting water supply into the future; a high volume water relay system will be purchased that will enable the sourcing and relaying of firefighting water from sources other than municipal potable water reticulation systems. As a multi-year project; budgets of R 15m in 2016/17; R20m in 2017/18; and R35m in 2018/19.</p>

Operating Budget of the Disaster and Emergency Management Services Department

This department is also partly funded by the Gauteng Provincial Government for the provision of ambulance services. The majority of the department's costs are subsidised by assessment rates.

The main cost drivers are salaries and cost of provision of emergency services. The emergency services section operates on a 24/7 basis increasing the salary cost.

The provision of funds for disasters and emergency management is done within this cost centre. Disasters are dealt with as follows, in terms of the MFMA. Section 12 of the MFMA outlines the process of setting up relief funds to deal with disasters. The process to develop a disaster management funding model for the city, to ensure that both proactive and reactive activities of disaster management are catered for sufficiently, is underway as part of the SDBIP targets. The following conditions apply:

- The bank account must be in the name of the municipality.
- Only the City Manager may be the accounting officer of the fund.
- Funds must be paid into either the municipality's bank account, or the new account opened for the specific purpose.
- Funds may be withdrawn from the special purpose account WITHOUT it being appropriated in a budget, but only with the written authority of the accounting officer acting in accordance with a Council decision and for the purposes that the funds were deposited into the account.

Section 29 of the MFMA deals with the process related to unforeseen and unavoidable expenditure. The mayor can authorise expenditure in an emergency or other exceptional circumstances, for unforeseeable and unavoidable expenditure for which no provision was made in an approved budget. Such expenditure:

- Must be reported by the mayor to the municipal council at its next meeting.
- Must be appropriated in an adjustments budget within 60 days after the expenditure was incurred.

In addition, Council has catastrophe insurance in the case of natural disasters. Cover is limited to council-owned property and third party liability. There is no cover for privately-owned property.

The metro's declared asset values for assets that are insurable amounts to R34 billion. Excluded from these declared values, and subsequently cover thereon, are items such as roads, bridges, water and sewer network and electricity network (because you can either

not source cover for these items or if you could it would simply be too expensive), however items such as sub stations, pump stations (in other words, machinery-related) are covered.

Cover is capped at R1.5 billion for any single event. Events covered are:

Fire and allied perils - which means fire, spontaneous combustion, spontaneous fermentation, spontaneous charring, spontaneous heating, lightning, thunderbolt, explosions, implosions, earthquakes and tremors, riot and strike, malicious damage, volcanic eruptions, subsidence and landslip, and acts of authorities.

Special perils - which means storm, wind, snow, water, hail, aircraft or other aerial devices or articles dropped therefrom, impact by vehicles (including railway) or animals, falling trees, accidental leakage from tanks, pipes etc.

Key Strategic OPEX Programmes of the Disaster and Emergency Management Services Department

Continuous maintenance of Fire Hydrants to ensure effective Fire Fighting activities by our firefighting crews cannot be forgotten. A Fire Hydrants Maintenance Programme for the City of Ekurhuleni commenced during the 2014/15 Financial. An amount of R15, 780,000.00 has been set aside in 2017/18 Financial to continue with this programme. This programme will see +- 208 unemployed been provided with skills and temporary employment for the coming Financial Year.

Increasing the capacity of our Disaster & Emergency Management Services Department to be able to respond effectively to emergency situations is crucial. A strong 200 Fire Brigade Reserve Force is deployed in line with our Fire Brigade Reserve Force Policy which had approved by Council. These individuals will be called upon to supplement staff shortages and will be paid for every shift they are called for. They will also come handy during Disasters and Major incidents where additional properly trained human capacity is required. This contributes significantly to job creation and poverty alleviation efforts.

As part of the municipality's Informal Settlement Management Plan, the reduction of devastating fire incidents at Informal Settlements remain a priority. Community Emergency Response Teams (CERT) Programme has seen 600 CERT members deployed in in all 119 Informal Settlements. The spinoffs from this noble service delivery programme are: job creation, poverty alleviation and community participation in matters that affect them. At the end of 2013/14 financial year, this initiative has seen the reduction of fire incidents in Informal settlements reduced by 52 fire incidents as compared with fire incidents during 2012/13. The Department is planning to reduce fire incidents in Informal settlements by 43 incidents in the current 2017/18 Financial Year as part of the SDBIP targets. The municipality will be setting aside R42m in 2017/18 Financial to expand to programme to all wards including formal residential areas.

Leading to the International Fire Awareness week, the municipality will be launching an annual Fire Awareness campaign. The amount set aside for this purpose in 2017/18 is R1, 5m. This campaign will be maintained through the winter season at this level. This is a day to day work of the department but towards winter, the campaign is elevated because winter is a fire season and lives and property are lost.

Fire Brigade Services is very high risk occupation. Personal Protective Equipment for operational staff in the department is paramount and a legal requirement to achieve compliance to the Occupational Health and Safety Act. An amount of R8, 2m will be provided to equip our staff to be ready to fight fire and perform rescues.

Table 67 Draft Operating Budget of the Disaster and Emergency Management Services
Department

DESCRIPTION	F00	F00	F00	F00	F00	F00	F00	F00	F00	F00	F00	F00	F00	F00	F00	F00
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Disaster & Emergency Management Services																
INCOME																
NON - EXCHANGE REVENUE																
Transfers and Subsidies	(166,624)	(163,124)	(160,123)	(163,124)	(158,155)	(158,155)	(167,328)	(167,328)	(167,328)	(167,328)	(167,328)	(167,328)	(167,328)	(167,328)	(167,328)	(167,328)
- Operational: Monetary	(150,624)	(150,624)	(150,624)	(150,624)	(158,155)	(158,155)	(167,328)	(167,328)	(167,328)	(167,328)	(167,328)	(167,328)	(167,328)	(167,328)	(167,328)	(167,328)
- Capital: Monetary	(16,000)	(12,500)	(9,499)	(12,500)	—	—	—	—	—	—	—	—	—	—	—	—
SUB TOTAL: NON - EXCHANGE REVENUE	(166,624)	(163,124)	(160,123)	(163,124)	(158,155)	(158,155)	(167,328)	(167,328)	(167,328)	(167,328)	(167,328)	(167,328)	(167,328)	(167,328)	(167,328)	(167,328)
EXCHANGE REVENUE																
Operational Revenue	(300)	(300)	(3)	(236)	(315)	(315)	(334)	(334)	(334)	(334)	(334)	(334)	(334)	(334)	(334)	(353)
Rental from Fixed Assets	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Sales of Goods and Rendering of Services	(21,207)	(21,207)	(7,781)	(10,524)	(22,268)	(22,268)	(23,582)	(23,582)	(23,582)	(23,582)	(23,582)	(23,582)	(23,582)	(23,582)	(23,582)	(24,948)
SUB TOTAL: EXCHANGE REVENUE	(21,508)	(21,508)	(7,784)	(10,759)	(22,583)	(22,583)	(23,916)	(23,916)	(23,916)	(23,916)	(23,916)	(23,916)	(23,916)	(23,916)	(23,916)	(25,302)
TOTAL INCOME	(188,132)	(184,632)	(167,907)	(173,883)	(180,738)	(180,738)	(191,243)	(191,243)	(191,243)	(191,243)	(191,243)	(191,243)	(191,243)	(191,243)	(191,243)	(192,630)
EXPENDITURE																
Employee Related Costs																
Senior Management	631,906	641,131	375,050	626,537	692,406	692,406	740,289	740,289	740,289	740,289	740,289	740,289	740,289	740,289	740,289	790,750
- SM - Salaries Allowances and Service Benefit	2,328	2,328	1,002	1,746	2,346	2,346	2,507	2,507	2,507	2,507	2,507	2,507	2,507	2,507	2,507	2,678
- SM - Social Contributions	2,189	2,189	920	1,641	2,174	2,174	2,324	2,324	2,324	2,324	2,324	2,324	2,324	2,324	2,324	2,482
Municipal Staff	140	140	82	105	171	171	183	183	183	183	183	183	183	183	183	196
- MS - Salaries Allowances and Service Benefit	629,578	638,803	374,047	624,791	690,061	690,061	737,782	737,782	737,782	737,782	737,782	737,782	737,782	737,782	737,782	788,072
- MS - Social Contributions	515,973	525,198	306,391	516,164	564,197	564,197	603,233	603,233	603,233	603,233	603,233	603,233	603,233	603,233	603,233	644,374
- MS - Cost Capitalised to PPE	119,646	119,646	67,656	114,668	131,852	131,852	140,949	140,949	140,949	140,949	140,949	140,949	140,949	140,949	140,949	150,534
Contracted Services	61,336	56,636	14,728	55,900	63,557	63,557	(6,401)	(6,401)	(6,401)	(6,401)	(6,401)	(6,401)	(6,401)	(6,401)	(6,401)	(6,836)
- Outsource Services	34,278	34,278	12,619	33,833	36,011	36,011	38,480	38,480	38,480	38,480	38,480	38,480	38,480	38,480	38,480	41,102
- Consultants and Professional Services	5,223	5,223	64	5,155	4,270	4,270	4,522	4,522	4,522	4,522	4,522	4,522	4,522	4,522	4,522	4,784
- Contractors	21,835	17,135	2,045	16,912	23,276	23,276	25,597	25,597	25,597	25,597	25,597	25,597	25,597	25,597	25,597	28,148
Operational Cost	56,376	57,838	71,633	55,939	64,765	64,765	69,243	69,243	69,243	69,243	69,243	69,243	69,243	69,243	69,243	74,002
Inventory	42,493	43,708	20,973	43,208	29,651	29,651	31,913	31,913	31,913	31,913	31,913	31,913	31,913	31,913	31,913	34,343
Operating Leases	74	74	—	71	77	77	81	81	81	81	81	81	81	81	81	86
Depreciation and Amortisation	21,976	21,976	12,819	21,976	22,635	22,635	23,767	23,767	23,767	23,767	23,767	23,767	23,767	23,767	23,767	24,955
TOTAL EXPENDITURE	814,160	821,363	495,203	803,630	873,091	873,091	933,903	933,903	933,903	933,903	933,903	933,903	933,903	933,903	933,903	998,171
DEFICIT / (SURPLUS)	626,029	636,731	327,296	629,747	692,353	692,353	742,660	742,660	742,660	742,660	742,660	742,660	742,660	742,660	742,660	805,541
DEFICIT / (SURPLUS) AFTER GAINS AND LO.	626,029	636,731	327,296	629,747	692,353	692,353	742,660	742,660	742,660	742,660	742,660	742,660	742,660	742,660	742,660	805,541

2.10.8 ECONOMIC DEVELOPMENT

The results statement of the department is contained in the IDP document attached hereto marked as **Annexure “A”**.

In terms of the National Outcomes, the Economic Development Department tasked with leading, facilitating and promoting economic growth and development within the City of Ekurhuleni, with a targeted commitment to enhancing inclusivity and competitiveness of the Ekurhuleni economy through Economic Planning, Investment & Trade Facilitation as well as Tourism Destination Marketing in the City of Ekurhuleni. It strives to achieve the following strategic objectives:

- Outcome 4: Decent employment through inclusive economic growth
- Outcome 5: A skilled and capable workforce to support inclusive growth
- Outcome 6: An efficient, competitive and responsive economic infrastructure network
- Outcome 7: Vibrant, equitable and sustainable rural communities and food security
- Outcome 9: A responsive and, accountable, effective and efficient local government system

During the draft 2017/18 the Department is aiming at implementing innovative programs and initiatives to create economic renewal and prosperity.

Draft Operating Budget 2017/2018

The budget structure is informed by the new organizational structure and categorized as per the following cost centers:

- Office of the HoD: Economic Development
- Community Enterprise Development
- Industrial Investment Facilitation
- Economic Development Projects
- Economic Research & Planning
- Governance & Compliance
- Tourism Development & Marketing
- Support Services
- Economic Research, Planning and Strategy
- Springs Fresh Produce Market

Operating Income

The income is generated from Springs Fresh Produce Market (SFPM) and business licencing tariffs.

Operating Expenditure

The Economic Development Department will focus more on implementing Mega and Flagship projects to deal with the challenges such as higher unemployment rates as large number of employment seekers cannot enter the labour markets due to low education and poor skills base.

Mega and Flagship Projects as pronounced by the Executive Mayor

Activity	Description
1. Coordination of the metro-wide job creation programme	
Purpose of the project	Coordinate a city-wide intervention that creates short- medium- and long-term work opportunities through the provision of training, experiential learning, and private sector placement opportunities.
Current progress on project	<p>The department is implementing the following Skills Development Programmes:</p> <p style="text-align: center;">1. Expanded Public Works Programme (EPWP)</p> <p>The EPWP is a programme that draws a significant number of unemployed people into productive work by giving them work opportunities coupled with skills development. The opportunities are offered through both capex and opex projects implemented by all Departments within the municipality. To date, the programme has recorded 9600 work opportunities.</p> <ul style="list-style-type: none"> • EPWP Vukuphile Contractor Learnership Programme <p>The Department is also implementing EPWP Vukuphile Contractor Learnership Programme, which is a programme focusing on developing emerging contractors. Currently there are 20 learner contractors and 20 learner supervisors that were on the programme since 2011 and they are currently on exit phase. The Department is currently finalizing the process of recruiting New 100 Learner Contractors and 100 Learner Supervisors.</p> <p style="text-align: center;">2. Community Skills Development</p> <p>The following programmes are implemented under Community Skills Development:</p> <ul style="list-style-type: none"> • Community Learnerships <p>Learnerships are implemented in partnership with various organizations. The young people enrolled on this Learnerships were recruited from the Job Summit & Career Expo. The Department has introduced and implemented several learnership programmes as from the 01 July 2015. Such learnership programmes are implemented in variety of departments within the city and varies in terms of duration and minimum entry requirements. The skills are offered primarily for effective and efficient service delivery initiatives.</p>

Activity	Description
	<p>This in turn, uplifts the skills levels of the employees and allows members of the community for self-employment, for now and in the future. In essence, learnerships strive to align training interventions (courses) more closely to labour market needs. The programmes implemented includes; Electrical Apprenticeship, Pharmacy Assistance, Municipal Finance Management, Call Centre Learnership, Disaster Management, Horticulture, Community House Building, Project Management, Early Childhood Development, etc. A total of 121 people are participating in the programmes.</p> <ul style="list-style-type: none"> <p>• Youth Placement Programme</p> <p>Ekurhuleni faces unprecedented challenges that are manifested through amongst other things; higher unemployment rates, large number of employment seekers who cannot enter the labour markets, low education and poor skills base. Young people are mostly affected by this challenge of unemployment. The Department continues to place learners through the Work Readiness Placement Programme. The Department continues to place learners through the Work Readiness Placement Programme. As from October to December 2016, 705 learners were placed internally and with external companies as interns. Induction workshops for new learners were conducted on a monthly basis</p> <p>• Bursary Provision</p> <p>As part of Community Development, the Economic Development has been cascaded the responsibility of Bursary provision in the City. This is part of the overall Organizational Youth Development Programme for the Municipality. The aim of the bursary scheme is to increase the knowledge and also to improve the employability of bursary holders after studies have been completed. This is a strategic project that supports the achievement of service delivery goals (Youth Development Programme and Job Creation). Bursaries are offered in the third quarter when learners have obtained their examination results; however, there are 408 learners currently on the system. The Department is currently preparing for 2016 community bursary allocation; 848 learners are recommended for bursaries.</p> <p>• Unemployed Graduates Youth Work Readiness Placement Programme</p> <p>Ekurhuleni faces unprecedented challenges that are manifested through amongst other things; higher unemployment rates, large number of employment seekers who cannot enter the labour markets, low education and poor skills base. Young people are mostly affected by this challenge of unemployment. The programme is a continuation of the current youth placement programme and seeks to place at least 2000 unemployed youth with third party institutions. In 2014/15, 1700 unemployed youth were placed through the programme Currently the Department has placed 1434</p>

Activity	Description
	unemployed youth with various companies for Work Readiness Experiential Learning Programme.
Future activities of the project	The department will continuously implement and coordinate the Coordinate of the metro-wide job creation programme. All these are projects are budgeted for in the Operating budget.
Activity	Description
2.Revitalisation of Township Economies	
Purpose of the project	Systematic intervention in the economic rejuvenation in the townships in a manner that addresses spatial inequalities through the development of economic infrastructure to drive economic activity.
Current progress on project	The initiative by the city of a flagship project to transform township economies to be efficient and successful. The project is implemented in two fold; one is the development of a proper and comprehensive strategy and implementation plan to turn around to Township economies. The other is the ongoing programme to roll-out economic infrastructure in townships, coupled with the intense SMME development programme. The work on Strategy has been completed save to say the department has initiated the process to get the approval of the strategy by council. This goes hand in hand with the process to finalise the implementation plan as well as the applications to the National treasury for NDGP funding.
Future activities of the project	<p>The development and pursuit of Township Economies Development programme has necessitated that the ownership and design of municipal shops be looked-into.</p> <ul style="list-style-type: none"> ▪ The transformation of five EMM township complexes into prosperous, compact, sustainable and better managed urban centres with vibrant economies, better transport linkages, well managed public spaces and infrastructure. The goal is to redevelop EMM townships into great places to live, work and play. ▪ Targeted investment in public spaces, public infrastructure and public buildings is prioritised to boost private investor confidence.t ▪ The focus of the economic sector is to develop and grow a diversified economy that goes beyond the prominent retail developments and seeks to attract investment in other sectors such as light industrial, manufacturing, agriculture and tourism. A combination of attracting external investment and supporting local entrepreneurs, particularly in the SMME and co-operatives sector, is at the centre of the economic strategy

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Activity	Description
3. Revitalisation of Manufacturing Sector	
Purpose of the project	To stimulate industrial activity, efficiencies and competitiveness of industrial and manufacturing sector entities through the implementation of the 13 Pillar Programmes.
Current progress on project	<p>The Revitalization of the Manufacturing Sector project is being implemented through the 13 Pillar Programme where a number of instruments have been identified to activate the 13 Pillars and these are as follows:</p> <ul style="list-style-type: none"> • 5-year Industrial Development Policy, Strategy and Programme • 10-year Industrial Development & Upgrade, Productivity Improvement and Competitiveness Programme • 10-year Economic Development Strategy and Programme of Action • National Cleaner Production Centre (NCPC-SA) • Investment and Development Facilitation Strategic Policy Framework • The Manufacturing Indaba • Aerotropolis Annual Investment Conference and Exhibition <p>The strategies and programmes listed above are undertaken to inform a more organised industrial development the City is pursuing and to identify value chain opportunities to inform the development of the industrial sectors cluster programmes. The City's strategies and programmes are developed in alignment with the National Government strategies, programmes and priorities such as the Industrial Policy Action Plan (IPAP).</p> <p>List of land parcels have been identified to be reserved for industrial and manufacturing opportunities and industrial sector clusters identified. Other suitable land parcels are to be identified for township industrial development where a database of Ekurhuleni owned township vacant sites of 10 hectares and more were identified and City Planning is working on identifying suitable sites among this list for the proposed township industrial parks.</p> <p>The investment committee has overseen the increase in the investment and development projects pipeline increase. Among the new projects registered during the second quarter are the renewable energy proposals in the form of LED lighting</p>

Activity	Description
	<p>technology; Photovoltaic Industrial Solution proposal; Glucose manufacturing project; and the mega industrial development in Jupiter Extension 8, 9 and Simmerfield Extension 2 with investment value of up to R18 billion. Projects are at various stages of facilitation with the Green Reef Township Establishment Development approved during the second quarter.</p> <p>The Productivity Improvement and Industrial Upgrade programme commenced during the first quarter with initial database of Ekurhuleni companies developed. The process to develop / identify a model company has also commenced. The model company will be used as a benchmark with Ekurhuleni companies for productivity improvement.</p> <p>During the second quarter, 20 incubates from Lepharo underwent the Business Performance Improvement programme based on the outcome of the productivity improvement questionnaire they participated in during the first quarter.</p> <p>The following 5 new manufacturing investments were facilitated: ALPLA (Plastics manufacturing plant in Spartan), Distell (Expansion of manufacturing facilities & warehousing in Springs), Foschini (New plant in Chloorkop), Unilever Ice Cream (New plant in Chloorkop) & Unilever Liquids – (New plant in Boksburg).</p>
<p>Future activities of the project</p>	<p>Facilitation of the Manufacturing sector is an ongoing programme and budgeted for 2016/17</p> <p>Currently project pipeline for 2015/16 includes new investments in manufacturing in the following: Aqua Refinery of Waste LEAD Acid Battery, LED Lighting, fuel cells, Photovoltaic Solutions, Glucose Manufacturing.</p>

Activity	Description
<p>4. Ekurhuleni Aerotropolis Development Programme</p>	
<p>Purpose of the project</p>	<p>To implement the Ekurhuleni Aerotropolis Development Programme.</p>
<p>Current progress on project</p>	<p>The draft Aerotropolis Master Plan is ready for engagement by stakeholders. Special Purpose Vehicle (SPV) Legal Framework and Aerotropolis Advisory Panel has not yet been concluded but will be finalised in the current financial year.</p> <p>The 30 years Aerotropolis Master Plan has highlighted the importance of the initial 5 years of the programme to be crucial in building investor confidence and improving the traction of the Aerotropolis programme. as a result, the greening and beautification of the Airport Core and related corridors of N17; N12; R21; R23, R24, etc. has become urgent in order to improve the environment and look and feel of these priority areas.</p>

Activity	Description
	<p>The 30 years Aerotropolis Master Plan has necessitated the establishment of the PMU office, hence suitable offices have been identified. These offices required refurbishment in order to entrench the Aerotropolis Project Management Office at OR Tambo International Airport.</p> <p>To date the following have been achieved:</p> <ul style="list-style-type: none"> • Stakeholder engagement process continued and produced valuable insights that are critical in shaping the thinking as the project unfolds. These engagements are the first set of engagements with government, business, civil society, academic institutions and organised groups to share thinking and the direction that the Ekurhuleni Aerotropolis should take. The second set of engagements will take place once the longer term strategy is concluded. • Parallel to the development of the longer term strategic plan, a need to operationalize the Aerotropolis concept in the short term has been identified, to enable rolling out of the vision tangibly. This meant deciding on Priority Projects that must be developed now and positioning CITY OF EKURHULENI for their implementation. 19 short term priority projects have also been identified in the Strategic Road Map, addresses and advances critical Aerotropolis concepts identified in the Strategic Road Map, Planning and Land Use Guidelines (PLUG) and the Five Year Implementation Plan. These projects vary in complexity, implementation requirements and realization, but they address the common goals and themes of the Ekurhuleni Aerotropolis. <ul style="list-style-type: none"> • Business case for the establishment of an Ekurhuleni Aerotropolis Management Agency has been developed. • The inaugural Aerotropolis Industrial Cluster Development and Investment Conference took place in November 2015. The event was done in collaboration with key partners and stakeholders including ACSA, OR Tambo International Airport, CSIR' Technology Localization Unit and DENEL Aero Structures. The event also including the exhibition of 20 companies including partners. The highlight of the event was the official launch of the CITY OF EKURHULENI Aerotropolis Programme. •
<p>Future activities of the project</p>	<p>The 30 years Aerotropolis Master Plan has necessitated that strategic Aerotropolis projects should be activated as per the Master Plan in order to attract and bring crowd-in investments. In this regard, CITY OF EKURHULENI shall invest in land acquisitions, external engineering infrastructure and top building structures that will enable and attract strategic private investments in the Aerotropolis Core.</p>

Activity	Description
	<p>The following projects will be implemented in 2016/17</p> <ul style="list-style-type: none"> • Aerotropolis Greening and Beautification • Establishment of Aerotropolis Project Management Office at OR Tambo International Airport • Strategic Aerotropolis Project Infrastructure • Aerotropolis Project Fleet <p>Master Plans Aerotropolis Implementation (Project Facilitation)</p> <p>Appointment of a team leader and team of consultants to render Turnkey Administration, Project Management and related Professional Services for implementation of the 30 Years Aerotropolis Master Plan in the Economic Development Department from 01 July 2016 until 30 June 2019 on a rate base structure.</p> <p>The 30 years Ekurhuleni AMP prescribes the acute prerequisite of the establishment of a Programme Management Unit (PMU) as an interim governance structure for the initial 3 years with the following competencies: Administration and Secretariat Service; Legal Services and Conveyancing; Structured Project Finance and PPP; Property Planning & Development; Communications, Marketing and Stakeholder Management; and Strategic Investment Packaging, Promotion and Facilitation.</p>

Operating Budget 2017/18

The department has budgeted the following programmes/projects in 2017/18 financial year.

Ekurhuleni Business Facilitation Network

The Ekurhuleni Business Facilitation Network (EBFN) was created to facilitate development and to attract investment in the regional economy. The Centre houses various directorates in the Economic Development Department as well as external economic development partners that also contribute to the maintenance and operationalization of the facility in particular Peermont. EBFN is also utilized to host incubation programmes, share Industry production facilities, fabrication laboratory and to harbor small business enterprises as tenants. It is for this reason that the contribution for both CITY OF EKURHULENI and Peermont will be R2m each to cover general expenses as well as project related expenses.

Community Agriculture Projects

The aim of our department is to provide opportunities for development of entrepreneurship in both primary and secondary agricultural systems and the self-empowerment of communities through our excellence in farm management and community engagement. The Community Agriculture Programme will include community food bank, training, co-operative development and farming management.

This entails development of commercial farm infrastructure, irrigation systems on municipal farms and incubation of emerging farmers.

Community Development Projects

Entrepreneurship and business development are important building blocks for a growing and sustainable economy. CITY OF EKURHULENI aims to create an environment that supports both informal traders and entrepreneurs who seek to develop small businesses into larger enterprises. The department keep small businesses abreast with the new regulations and compliance requirements. This is done through workshops and Seminars. This provides a controlled environment to feed information to small businesses in a way that they can interface with the facilitator and actively participate in the process.

The budget will assist the department to push the incubation programme. This programme is largely funded by SEDA, however, there is a need to augment what SEDA is providing owing to the fact that they don't have sufficient funds to set-up Incubation Programmes in municipalities. Ekurhuleni has established three incubation programmes in partnership with SEDA and it is on the brink of setting-up the Chemical Incubation. The city entered into agreement with SEDA to establish Incubation Center. In terms of this agreement the city has to pay part of its contribution as an obligation. Furthermore, the city has to run with implementation of the Township Economy Development Programme. The following is the breakdown:

- R5m - extension of Lepharo to industrial hives,
- R4m - setting-up of Chemical Incubation,
- R700 000 - contribution towards Ekurhuleni Jewellery Incubation
- R4.5m - for Operationalization of Tender Advice Centre(TAC), Business Mentorship Programme, Retail development, Co-operatives development and Business Licensing and permits.

The additional budget is required to implement the Recognition of Prior Learning Programme for 200 participants that have completed assessments.

Consultancy

The budget will be utilised for consulting on related professional services.

Special Events

One of the key performance indicators in the SDBIP for Economic Development is "Number of mega business and leisure activities designed to improve tourism in Ekurhuleni". To this end, the Department of Economic Development has identified mega events in the City to tap on in order to achieve the above mentioned indicator. These events have been identified based on their attractiveness to the domestic

market and huge media exposure opportunities for the City. This will also assist in leveraging marketing and branding opportunities for the destinations. Exhibitions are a useful face to face platform that brings a brand to the people and can easily convert them into tourists to the destination. The Tourism Division has undertaken competitor analysis and international best practice research on the impact of hosting anchor events, as well as activations at key international platforms. Some of the events will be Manufacturing Indaba and Aerotropolis Annual Investment Conference and Exhibition which plays a significant role in promoting the City as the Manufacturing Hub and the first African Aerotropolis. The Manufacturing Indaba is key to the implementation of the Revitalization of the Manufacturing Sector flagship projects as it provides a unique platform to bring together all relevant and key industry and public sector stakeholders in advocating for the growth and development of the Manufacturing Sector. The Aerotropolis Annual Investment Conference and Exhibition follows the successful hosting of the ACE (Airport Cities Conference & Exhibition) and the Business Consultative Conference held during 2013. The event is key in promoting the development of the Aerotropolis and it provides the platform to showcase the City as a preferred business and investment destination of choice to attract investment and developments to the City. Strategic events are as follows:

Breaking Bulk, Air Cargo, Manufacturing Indaba, National Localization Conference & Aerotropolis Investment Conference

Awareness Campaigns & Advertising

With the efforts realized by the Economic Development Department in the development and promotion of the City's economy on the various projects and programmes undertaken, it is critical that the department's presence is communicated to both internal and external stakeholders with the collaboration of the Brand & Marketing Department.

The branding and marketing of the Ekurhuleni Aerotropolis is central to the city's ability to build business & investor confidence as this approach would enable the creating of a positive image as well as to give the city a sense of location in the global space. The objective is to create one core message and then ensure that this message is consistently and extensively communicated and implemented. The Aerotropolis programme encompasses a myriad of stakeholders, the internal communication strategy should be enhanced by an external communication strategy whose objective is to create brand and project awareness both locally, regionally and internationally, and to impart the brand message consistently and effectively across all communication mediums and platforms

Workshops

The Economic Development department exists to become the pillar of economic planning, investment trade facilitation, tourism development & marketing as well as job creation and skills development in the region. For this to be continually achieved, a periodic engagement where the department evaluates its existing strategies and methodologies, and forges ahead is critical. Strategic planning is one impetus to providing efficient service delivery to the populace of CITY OF EKURHULENI. Despite the growth and apparent robustness of the sector, the development, retention and transfer of skills within the sector remain critical challenges for South Africa's international competitiveness. This affects the potential of the sector to create jobs, reduce poverty and contribute to the transformation and growth of the

South African economy. As such, it becomes critical for progressive destination to ensure to capacitation of its product owners in order for them to grow their business and compete in the market.

Given the emergence of township economy development, networking information sharing and orientation around new legislative arrangement and compliance into new programme such as Black Industrialist and capacity building workshops with strategic partners for SMMEs development, these have become critical.

The Springs Fresh Produce Market

The Fresh Produce Market is being renovated in the current financial year and renovations will continue in the 2017/18 financial year. This project is aimed at the enhancement of the operations of the market with resulting increased revenue. Refurbishment Phase Two is currently focusing on rented facility and expansion of essential infrastructure such as Ablution facility.

Table 68 Draft Operating Budget of the Economic Development Department

EIMM - OPERATING BUDGET														
DESCRIPTION	F00 R'000		F00 R'000		F00 R'000		F00 R'000		F01 R'000		F02 R'000		F03 R'000	
	ORG BUDGET	ADJ BUDGET	F00 R'000	YEAR TO	PROJECTED	2017/18	2018/19	2019/20	% B to B	% P to B	% Of Total	2018/19	2019/20	
	R	R	R	R	R	R	R	R	R	R	R	R	R	
Economic Development														
INCOME														
NON - EXCHANGE REVENUE														
Transfers and Subsidies	(22,125)	(22,125)	(11,017)	(44,718)	(22,125)	(44,718)	(44,718)	102.12%	102.12%	65.77%				
- Operational: Monetary	(22,125)	(22,125)	(11,017)	(44,718)	(22,125)	(44,718)	(44,718)	102.12%	102.12%	65.77%				
SUB TOTAL: NON - EXCHANGE REVENUE	(22,125)	(22,125)	(11,017)	(44,718)	(22,125)	(44,718)	(44,718)	102.12%	102.12%	65.77%				
EXCHANGE REVENUE														
Interest, Dividends and Rent on Land	(80)	(80)	(21)	(79)	(79)	(27)	(27)	-66.33%	0.04%	0.04%	(28)	(30)		
Operational Revenue	(20,063)	(20,063)	(8,242)	(15,756)	(15,756)	(21,067)	(21,067)	33.71%	30.98%	30.98%	(22,310)	(23,604)		
Rental from Fixed Assets	(2,072)	(2,072)	(468)	(1,865)	(1,865)	(2,176)	(2,176)	16.67%	3.20%	3.20%	(2,304)	(2,438)		
Sales of Goods and Rendering of Services	(3)	(3)	(3)	(3)	(3)	(3)	(3)	21.61%	0.00%	0.00%	(4)	(4)		
SUB TOTAL: EXCHANGE REVENUE	(22,219)	(22,219)	(8,734)	(17,702)	(17,702)	(23,273)	(23,273)	4.74%	31.46%	34.23%	(24,646)	(26,075)		
TOTAL INCOME	(44,344)	(44,344)	(19,751)	(62,420)	(39,827)	(67,991)	(67,991)	53.32%	70.71%	100.00%	(24,646)	(26,075)		
EXPENDITURE														
Employee Related Costs	126,094	124,573	77,044	121,660	121,660	102,680	102,680	-17.57%	-15.60%	37.51%	63,033	67,322		
Senior Management	2,349	2,349	1,180	1,762	1,762	4,876	4,876	107.55%	176.73%	1.78%	5,212	5,567		
- SM - Salaries Allowances and Service Benef	2,347	2,347	1,179	1,760	1,760	4,872	4,872	107.56%	176.75%	1.78%	5,208	5,562		
- SM - Social Contributions	2	2	1	1	1	4	4	86.89%	149.23%	0.00%	4	4		
Municipal Staff	123,744	122,223	75,864	119,898	119,898	97,804	97,804	-19.98%	-18.43%	35.73%	57,821	61,755		
- MS - Salaries Allowances and Service Benef	116,028	114,507	72,598	112,503	112,503	88,667	88,667	-22.57%	-21.19%	32.39%	48,053	51,323		
- MS - Social Contributions	7,716	7,716	3,266	7,395	7,395	9,138	9,138	18.42%	23.56%	3.34%	9,768	10,432		
Contracted Services	46,746	46,046	1,127	45,448	45,448	22,328	22,328	-51.51%	-50.87%	8.16%	23,748	25,241		
- Outsource Services	22,642	22,642	5	22,347	22,347	-	-	-100.00%	0.00%	0.00%	-	-		
- Consultants and Professional Services	21,579	20,879	517	20,607	20,607	19,824	19,824	-5.05%	-3.80%	7.24%	20,994	22,211		
- Contractors	2,526	2,526	605	2,493	2,493	2,504	2,504	-0.88%	0.43%	0.91%	2,754	3,030		
Operational Cost	41,525	112,763	7,605	109,154	109,154	74,820	74,820	-33.65%	-31.45%	27.33%	79,164	83,688		
Inventory	81,416	81,016	14,124	81,016	81,016	68,271	68,271	-15.73%	-15.73%	24.94%	71,338	75,587		
Operating Leases	1,200	1,200	-	1,152	1,152	1,189	1,189	-0.88%	3.25%	0.43%	1,260	1,333		
Depreciation and Amortisation	4,315	4,315	2,517	4,315	4,315	4,444	4,444	3.00%	3.00%	1.62%	4,667	4,900		
TOTAL EXPENDITURE	301,296	369,913	102,417	362,746	362,746	273,734	273,734	-26.00%	-24.54%	100.00%	243,209	258,070		
DEFICIT / (SURPLUS)	256,952	325,569	82,666	322,918	322,918	205,743	205,743	-36.81%	-36.29%		218,564	231,995		
DEFICIT / (SURPLUS) AFTER GAINS AND LO	256,952	325,569	82,666	322,918	322,918	205,743	205,743				218,564	231,995		

2.10.9 EKURHULENI METRO POLICE DEPARTMENT (EMPD)

The result statements of the department are contained in the IDP in Annexure A

Key projects of the Ekurhuleni Metro Police Department

- Improve organisational effectiveness in policing services (crime prevention, by-law enforcement, security and traffic law enforcement).
- Improve organisational governance vs. creating a better/improved enabling environment in EMPD.
- Build a new 'officer core' and improve discipline among the ranks.
- Grow community engagement (through social crime prevention programmes and Community Policing Forums).

Draft Operating Budget of the Ekurhuleni Metro Police Department

The EMPD Operating Expenditure Budget comprises mainly of remuneration-related (salaries etc.) expenses which is 80% of the total budget. The repair and maintenance budget (various votes including repair and maintenance of vehicles and buildings) is 2.43% of the budget. Contracted services include the security contracts which is 16.65% of the budget, with the remaining 7.12% used for general expenses.

One of the single greatest cost components of the EMPD (excluding salaries) is that of security contracts. The expenditure has drastically and significantly increased over the past few years, and is reflected as per the table below.

Financial Year	Actual Expenditure
2006/07	38,303,822
2007/08	45,228,492
2008/09	77,394,426
2009/10	76,833,395
2010/11	101,502,135
2011/12	99,508,647
2012/13	110,502,565
2013/14	133,600,523
2014/15	150,997,000
2015/16(current budget)	160,056,820
2016/17(proposed budget)	184,100,000

The Operating Budget per category is attached hereto.

Table 69 Draft Operating Budget of the Ekurhuleni Metro Police Department

EMM - OPERATING BUDGET														
DESCRIPTION	F00 R'000		F00 R'000		F00 R'000		F00 R'000		F01 R'000		F02 R'000		F03 R'000	
	ORG BUDGET	ADJ BUDGET	F00 R'000	YEAR TO	PROJECTED	2017/18	2018/19	2019/20	% B to B	% P to B	% Of Total	2018/19	2019/20	
	R	R	R	R	R	R	R	R	R	R	R	R	R	
Ekurhuleni Metro Police Department (EMPD)														
INCOME														
NON - EXCHANGE REVENUE														
Fines, Penalties and Forfeits	(106,511)	(121,511)	(62,741)	(121,511)	(155,260)	(164,420)	(173,956)	27.77%	27.77%	99.31%	(164,420)	(173,956)		
SUB TOTAL: NON - EXCHANGE REVENUE	(106,511)	(121,511)	(62,741)	(121,511)	(155,260)	(164,420)	(173,956)	27.77%	27.77%	99.31%	(164,420)	(173,956)		
EXCHANGE REVENUE														
Operational Revenue	(806)	(806)	(709)	(806)	(846)	(896)	(947)	4.91%	33.59%	0.54%	(896)	(947)		
Sales of Goods and Rendering of Services	(225)	(225)	(293)	(233)	(231)	(245)	(259)	2.78%	-0.87%	0.15%	(245)	(259)		
SUB TOTAL: EXCHANGE REVENUE	(1,031)	(1,031)	(1,002)	(866)	(1,077)	(1,140)	(1,207)	4.44%	24.31%	0.69%	(1,140)	(1,207)		
TOTAL INCOME	(107,542)	(122,542)	(63,743)	(122,377)	(156,337)	(165,560)	(175,163)	27.58%	27.75%	100.00%	(165,560)	(175,163)		
EXPENDITURE														
Employee Related Costs														
Senior Management	1,913	1,913	518	1,435	2,181	2,332	2,491	14.01%	52.02%	0.15%	2,332	2,491		
- SM - Salaries Allowances and Service Benef	1,911	1,911	517	1,434	2,180	2,330	2,488	14.04%	52.05%	0.15%	2,330	2,488		
- SM - Social Contributions	2	2	1	1	2	2	2	-6.55%	24.62%	0.00%	2	2		
Municipal Staff	978,007	956,510	552,181	935,318	1,075,110	1,149,496	1,227,892	12.40%	14.95%	71.56%	1,149,496	1,227,892		
- MS - Salaries Allowances and Service Benef	810,760	789,263	470,212	775,450	885,730	947,048	1,011,678	12.22%	14.22%	58.96%	947,048	1,011,678		
- MS - Social Contributions	177,409	177,409	81,969	170,028	199,452	213,214	227,713	12.43%	17.31%	13.28%	213,214	227,713		
- MS - Cost Capitalised to PPE	(10,161)	(10,161)	-	(10,161)	(10,072)	(10,767)	(11,499)	-0.88%	-0.88%	-0.67%	(10,767)	(11,499)		
Contracted Services	270,431	287,185	135,099	283,693	310,993	329,368	348,499	8.29%	9.62%	20.70%	329,368	348,499		
- Outsourcing Services	250,375	251,628	120,486	248,599	263,070	278,595	294,758	4.56%	5.82%	17.51%	278,595	294,758		
- Consultants and Professional Services	16,896	31,896	13,597	31,481	45,298	47,970	50,753	42.02%	43.89%	3.02%	47,970	50,753		
- Contractors	3,161	3,661	1,015	3,613	2,626	2,802	2,989	-28.28%	-27.34%	0.17%	2,802	2,989		
Operational Cost Inventory	83,628	84,658	40,457	81,949	77,493	82,217	87,153	-8.46%	-5.44%	5.16%	82,217	87,153		
Operating Leases	36,535	37,655	15,951	37,986	35,922	38,950	42,232	-4.60%	-5.43%	2.39%	38,950	42,232		
TOTAL EXPENDITURE	1,370,515	1,368,602	744,817	1,341,034	1,502,371	1,603,073	1,709,018	9.77%	12.03%	100.00%	1,603,073	1,709,018		
DEFICIT / (SURPLUS)	1,262,973	1,246,060	681,074	1,218,657	1,346,035	1,437,512	1,533,856	8.02%	10.45%		1,437,512	1,533,856		
DEFICIT / (SURPLUS) AFTER GAINS AND LO	1,262,973	1,246,060	681,074	1,218,657	1,346,035	1,437,512	1,533,856				1,437,512	1,533,856		

2.10.10 ENERGY

The result statements of the department are contained in the IDP in Annexure A

Key Strategic Projects of the Energy Department

NAME OF THE PROJECT	BRIEF DESCRIPTION
Solar lighting for informal settlements	Provision of four solar powered lights plus cell phone charger
One megawatt landfill gas projects	Generation of energy from methane gas at landfill sites
Building/Upgrading of Substations	Create transformer capacity and increase remaining useful life of substation
Electrification of subsidised households in Chief Albert Luthuli (Ext. 6), John Dube Village, Eden Park and Kwa Thema Ext 2	Electrification of stands
Lighting of areas	Provision of streetlights and high mast lights in certain areas

Operating Budget of the Energy Department

The Operating Budget of the Energy Department consists mainly of the repairs and maintenance and bulk purchases in terms of operating expenses and electricity sales in respect of operating income.

An amount of R580m is allocated for preventative maintenance of the electrical infrastructure and energy efficiency. A further amount of R169m is allocated for other repairs and maintenance.

Refurbishment / Preventative maintenance

Work with regard to the refurbishment budget is prioritised based on the department's approved asset management refurbishment programme and will be amended as and when required in order to address newly identified priorities. Forced interruption statistics, local knowledge, asset age and inspection results are used to identify refurbishment projects. A detailed multi-year refurbishment plan has been compiled and is currently being implemented by the department.

Repairs and Maintenance

Repairs and maintenance forms part of the department's daily asset management activities. Repairs are carried out as and when required. Maintenance is done in accordance with the department's approved maintenance plan.

TARIFF INCREASES AND FREE BASIC ELECTRICITY

Increases

- Purchase of electricity was increased by 7% and sale of electricity by 7% to 9.4%. Taking the negative deviation of 2% in the current year as well as a 3% negative growth

rate expectation for 2016/17 the net increase of sales service charges and bulk is only 2.07% and 4.31% respectively.

FBE

- 100 units per month for Tariff A users remains in place.
- It should be noted that the low IBT rates match those of Eskom, which results in a huge cross subsidisation from other customer segments.
- That is, CITY OF EKURHULENI has a very low rate subsidised heavily by other customers and 100 units FBE. Change is required to avoid sustainability matters arising.

OPERATING INCOME

Energy Department will continue to focus efforts on accurate metering, a reduction in energy losses and migrate indigent customers to prepayment metering. Efforts to reduce meter tampering and illegal connections will continue, as will the fight against cable and copper theft. Finally, the continued installation of energy efficient streetlights and also LED signals for all traffic lights would assist in reducing energy consumption in municipal operations.

The Operating Budget per category is shown below.

Table 70 Operating Budget of the Energy Department

EMM - OPERATING BUDGET															
DESCRIPTION	F00 R'000		F00 R'000		F00 R'000		F00 R'000		F01 R'000		F02 R'000		F03 R'000		
	ORG BUDGET	ADJ BUDGET	YEAR TO	PROJECTED	2017/18	B to B	P to B	% Of Total	2018/19	2019/20	B to B	P to B	% Of Total	2018/19	2019/20
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Energy Department															
INCOME															
NON - EXCHANGE REVENUE															
Fines, Penalties and Forfeits	(7,131)	(7,131)	(5,011)	(7,131)	(7,562)	6.04%	6.04%	0.05%	(8,008)	(8,472)					
Transfers and Subsidies	(678,644)	(637,215)	(335,005)	(637,215)	(766,442)	20.28%	20.28%	5.02%	(864,266)	(942,047)					
- Operational: Monetary	(428,215)	(428,215)	(319,846)	(428,215)	(492,442)	15.00%	15.00%	3.23%	(576,266)	(625,596)					
- Capital: Monetary	(250,429)	(209,000)	(15,159)	(209,000)	(274,000)	31.10%	31.10%	1.80%	(288,000)	(316,451)					
SUB TOTAL: NON - EXCHANGE REVENUE	(685,775)	(644,346)	(340,016)	(644,346)	(774,003)	20.12%	20.12%	5.07%	(872,274)	(950,520)					
EXCHANGE REVENUE															
Service Charges	(13,233,422)	(13,233,422)	(8,062,098)	(13,090,501)	(14,158,368)	6.99%	8.16%	92.81%	(15,571,131)	(17,124,909)					
Interest, Dividends and Rent on Land	(60,000)	(60,000)	(46,397)	(59,034)	(80,000)	33.33%	35.52%	0.52%	(84,720)	(89,634)					
Operational Revenue	(10)	(10)	(8)	(7)	(10)	6.04%	35.10%	0.00%	(11)	(11)					
Rental from Fixed Assets	(3,521)	(3,521)	(1,723)	(3,169)	(3,767)	7.00%	18.89%	0.02%	(3,990)	(4,221)					
Sales of Goods and Rendering of Services	(16,797)	(16,797)	(17,253)	(18,463)	(17,078)	1.68%	-7.50%	0.11%	(18,086)	(19,135)					
SUB TOTAL: EXCHANGE REVENUE	(13,313,749)	(13,313,749)	(8,127,479)	(13,171,174)	(14,259,224)	7.10%	8.26%	93.47%	(15,677,937)	(17,237,910)					
Contra Accounts	(221,694)	(221,694)	(99,968)	(221,694)	(222,212)	0.23%	0.23%	-0.59%	(244,433)	(268,877)					
- Cost of Free Basic Services	(221,694)	(221,694)	(99,968)	(221,694)	(222,212)	0.23%	0.23%	1.46%	(244,433)	(268,877)					
TOTAL INCOME	(14,221,218)	(14,179,789)	(8,567,463)	(14,037,214)	(15,255,439)	7.59%	8.68%	100.00%	(16,794,645)	(18,457,307)					

EMM - OPERATING BUDGET																					
DESCRIPTION	F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		
	ORG BUDGET	ADJ BUDGET	YEAR TO	PROJECTED	2017/18	B to B	P to B	% Of Total	2018/19	2019/20											
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Energy Department																					
EXPENDITURE																					
Employee Related Costs	361,863	340,737	253,984	331,165	397,207	16.57%	19.94%	2.73%	424,793	453,882											
Senior Management	2,542	2,542	1,136	1,906	2,181	-14.17%	14.43%	0.02%	2,332	2,491											
- SM - Salaries Allowances and Service Benef	2,421	2,421	1,064	1,816	2,180	-9.97%	20.04%	0.01%	2,330	2,488											
- SM - Social Contributions	121	121	72	91	2	-98.45%	-97.94%	0.00%	2	2											
Municipal Staff	359,322	338,195	252,848	329,259	395,026	16.80%	19.97%	2.72%	422,461	451,391											
- MS - Salaries Allowances and Service Benef	350,146	329,019	212,217	323,261	378,583	15.06%	17.11%	2.60%	404,884	432,619											
- MS - Social Contributions	76,394	76,394	40,631	73,216	83,070	8.74%	13.46%	0.57%	88,802	94,840											
- MS - Cost Capitalised to PPE	(67,219)	(67,219)	-	(66,627)	(66,627)	-0.88%	-0.88%	-0.46%	(71,225)	(76,068)											
Contracted Services	244,080	273,370	120,216	269,896	271,211	-0.79%	0.49%	1.87%	287,439	304,367											
- Outsource Services	190,890	219,420	103,777	216,805	211,637	-3.55%	-2.38%	1.46%	224,124	237,123											
- Consultants and Professional Services	915	1,615	-	1,594	3,480	115.47%	118.31%	0.02%	3,685	3,899											
- Contractors	52,275	52,335	16,439	51,497	56,094	7.18%	8.93%	0.39%	59,630	63,345											
Operational Cost	277,294	1,164,327	317,749	1,155,634	1,237,275	6.27%	7.06%	8.51%	1,321,186	1,410,112											
Inventory	1,931,010	966,644	317,274	966,564	1,127,375	16.63%	16.64%	7.75%	1,233,157	1,341,522											
Bulk Purchases	9,084,096	9,084,096	5,486,621	9,084,096	9,630,215	6.01%	6.01%	66.24%	10,593,237	11,652,560											
Interest Dividends and Rent on Land	154,828	154,828	80,306	149,192	173,152	11.83%	16.06%	1.19%	218,049	251,936											
Contribution for Bad Debt	792,957	792,957	462,558	792,957	847,199	6.84%	6.84%	5.83%	906,503	969,958											
Depreciation and Amortisation	476,104	476,104	277,727	476,104	490,387	3.00%	3.00%	3.37%	514,906	540,652											
Contra Accounts Revenue	351,694	351,694	173,956	351,694	365,212	3.84%	3.84%	2.51%	395,870	429,097											
- Cost of Free Basic Services Delivered	351,694	351,694	173,956	351,694	365,212	3.84%	3.84%	2.51%	395,870	429,097											
TOTAL EXPENDITURE	13,673,926	13,604,756	7,490,392	13,577,300	14,539,233	6.87%	7.08%	100.00%	15,895,141	17,354,085											
DEFICIT / (SURPLUS)	(547,292)	(575,033)	(1,077,071)	(459,914)	(716,206)	24.55%	55.73%		(899,503)	(1,103,222)											
DEFICIT / (SURPLUS) AFTER GAINS AND LO.	(547,292)	(575,033)	(1,077,071)	(459,914)	(716,206)				(899,503)	(1,103,222)											

2.10.11 ENVIRONMENTAL RESOURCE MANAGEMENT

The budget of the department includes provision for the following divisions namely:

1. Strategy and Planning
2. Environmental Protection and Resilience
3. Legislative Compliance
4. Park and Cemeteries
5. Infrastructure Planning and Coordination
6. Support Services

The department has one flagship project - Beautification of Lakes and Dams. The beautification of lakes and dams will enhance the rich wetland environment within the Ekurhuleni region. The aim is to position the city as being a preferred destination for investment, home for water sport, water economics and hospitality. This will thus involve ensuring that the water bodies within the region are healthy and have the necessary infrastructure to enable the community to live and play within these areas.

The planned activities around water body rehabilitation are related to the following:

- Rehabilitation of the Bredell wetland. Restoration biodiversity and flood mitigation.
- Boksburg Lake Rehabilitation: Environmental authorizations for the lake rehabilitation plan will be applied for and completed.
- Rehabilitation of degraded wetlands: The aim is to restore biodiversity, flood control and aesthetic values of the upper Illiondale wetland.

Most of the budget of the department is spent on parks and cemeteries upgrade, development of town entrances and replacement of aged fleet.

Development of Parks

The development of parks and conservation areas is an ongoing process in CITY OF EKURHULENI to ensure that communities' needs are addressed within available budget, linked to the IDP and other development plans of CITY OF EKURHULENI. It also includes the completion of Town Entrances that form part of the Acupuncture Project.

Development of Cemeteries

Development of cemeteries is a necessity to address the shortage of burial space in CITY OF EKURHULENI. This also makes provision for the development of alternative burials.

Fleet and Specialised Equipment

A substantial budget has been provided for the acquiring of new vehicles as well as the replacing of old vehicles that exceeded their life span and will include tractors, cherry pickers, stump grinders, tipper trucks, water tankers and crew carriers, amongst others.

A large number of specialised equipment will also be acquired to increase operational efficiency and will include lawn mowers, ride-on mowers, and pruning equipment and brush cutters.

Operating Budget of the Environmental Resource Management Department

The Environmental Resource Management Department Operational expenditure budget is largely required for employee-related costs, grass cutting and other horticultural maintenance including cemetery operations and conservation areas. To ensure effective budget management it is imperative that productivity is ensured and effective management of personnel is undertaken. The accurate management of contractors is a key to ensure

that the department receives value for money.

The operating budget will respond to the following key performance areas:

- Horticultural Services that includes turf grass maintenance (grass cutting), Arboriculture (planting and pruning of trees), Urban Beautification.
- Managing and operating of various nurseries and facilities such as Dries Niemandt, Germiston Lake, Murray Park and various Lapa's.
- Maintenance of all the active and in-active cemeteries including the provision of graves.
- Management and maintenance of various conservation areas that include caring for a large number of livestock (game and domestic animals) e.g. Bokkie Park, Bunny Park, Nigel Game Reserve etc.
- Maintenance of buildings and grounds.
- Operating of various lawnmower workshops for the repair and maintenance of specialised equipment.
- Acquiring the services of Landscape Consultants to assist with the development of master plans for capital projects.
- Training of staff in accordance with the Workplace Skills Plan (WSP)
- Education and Awareness campaigns and drives.
- Finalisation and implementation of all Departmental Environmental Service Level Agreements.
- Implementation of the Climate Change Strategy.
- Reporting on climate change actions of the city to various platforms
- Development and implementation of all relevant Departmental Climate Change Response Plans.
- Implementation of Environmental Sustainability Benchmark Guidelines for internal Departments.
- Development and implementation of Environmental Management Frameworks (EMFs)
- Celebration of important Environmental Awareness Theme Days
- Issuing of Air Quality Emission Licences
- Conduct Carbon Foot printing studies for the city
- Investigation of environmental contraventions by the regulated community, including listed activity industries operating without licenses.
- Collection of evidence and compilation of Environmental Management Inspectors (EMI) dockets for presentation to environmental prosecutors
- Updating of the environmental sensitivity layers in the Ekurhuleni GIS system.
- Holding a workshop on the new EIA Regulations for relevant CITY OF EKURHULENI employees
- Holding a workshop on the new NEMA S30 Regulations for relevant CITY OF EKURHULENI employees

Table 71 Operating Budget of the Environmental Resource Management Department

DESCRIPTION	F00 R'000		F00 R'000		F00 R'000		F00 R'000		F01 R'000		F02 R'000		F03 R'000	
	ORG BUDGET	ADJ BUDGET	F00 R'000	YEAR TO	PROJECTED	2017/18	% B to B	% P to B	% Of Total	2018/19	2019/20	2018/19	2019/20	
Environmental Resource Management														
INCOME														
NON - EXCHANGE REVENUE														
Transfers and Subsidies			(31)	(15)	(31)		-100.00%	0.00%	0.00%					
- Operational: Monetary			(31)	(15)	(31)		-100.00%	0.00%	0.00%					
SUB TOTAL: NON - EXCHANGE REVENUE			(31)	(15)	(31)		-100.00%	0.00%	0.00%					
EXCHANGE REVENUE														
Rental from Fixed Assets	(699)	(699)	(699)	(315)	(686)	(734)	5.00%	6.91%	2.17%			(777)	(822)	
Sales of Goods and Rendering of Services	(31,453)	(31,453)	(31,453)	(14,693)	(25,010)	(33,026)	5.00%	32.05%	97.83%			(34,974)	(37,003)	
SUB TOTAL: EXCHANGE REVENUE	(32,152)	(32,152)	(32,152)	(15,008)	(25,696)	(33,760)	5.00%	31.38%	100.00%			(35,751)	(37,825)	
TOTAL INCOME	(32,152)	(32,152)	(32,152)	(15,023)	(25,727)	(33,760)	4.90%	31.22%	100.00%			(35,751)	(37,825)	
EXPENDITURE														
Employee Related Costs	495,967	457,616	457,616	268,729	447,237	513,024	12.11%	14.71%	64.90%			548,639	586,193	
Senior Management				919		2,181	100.00%	100.00%	0.28%			2,331	2,490	
- SM - Salaries Allowances and Service Benef				918		2,179	100.00%	100.00%	0.28%			2,329	2,488	
- SM - Social Contributions				1		2	100.00%	100.00%	0.00%			2	2	
Municipal Staff	495,967	457,616	457,616	267,810	447,237	510,843	11.63%	14.22%	64.62%			546,308	583,703	
- MS - Salaries Allowances and Service Benef	397,613	359,263	359,263	218,060	352,976	408,908	13.82%	15.85%	51.72%			437,339	467,324	
- MS - Social Contributions	98,353	98,353	98,353	49,750	94,262	101,935	3.64%	8.14%	12.89%			108,969	116,379	
Contracted Services	104,997	108,248	108,248	34,846	107,042	120,218	11.06%	12.31%	15.21%			128,817	137,986	
- Outsourcing Services	76,499	76,450	76,450	20,974	75,658	81,096	6.08%	7.19%	10.26%			86,082	91,302	
- Consultants and Professional Services	6,960	9,560	9,560	2,021	9,436	7,291	-23.74%	-22.73%	0.92%			7,721	8,169	
- Contractors	21,538	22,238	22,238	11,851	21,948	31,831	43.14%	45.03%	4.03%			35,014	38,515	
Operational Cost	48,663	50,285	50,285	44,196	48,588	55,540	10.45%	14.31%	7.03%			59,344	63,384	
Inventory	52,431	56,556	57,898	22,856	57,898	74,272	31.32%	28.28%	9.40%			81,280	88,953	
Operating Leases	512	1,732	1,663	48	1,663	1,681	-2.95%	1.09%	0.21%			1,780	1,884	
Depreciation and Amortisation	25,056	25,056	25,056	14,616	25,056	25,508	3.00%	3.00%	3.26%			27,098	28,453	
TOTAL EXPENDITURE	727,625	699,493	687,485	385,290	687,485	790,542	13.02%	14.99%	100.00%			846,959	906,852	
DEFICIT / (SURPLUS)	695,473	667,310	667,310	370,267	661,758	756,783	13.41%	14.36%				811,207	869,027	
DEFICIT / (SURPLUS) AFTER GAINS AND LO:	695,473	667,310	667,310	370,267	661,758	756,783						811,207	869,027	

2.10.12 ENTERPRISE PROJECT MANAGEMENT OFFICE (EPMO)

The result statements of the department are contained in the 2017/18 – 2019/20 IDP (Annexure A)

Key Strategic Projects of the EPMO

- Improved project management maturity level across CITY OF EKURHULENI; and
- Improved capital expenditure against the budget for capital projects.
- Improved project management capabilities of EMM;
- Increased usage of innovative solutions to enhance efficiencies in EMM built environment;
- PMO sustainability / go-steady state achievement; and
- Project management system functional support

Operating Budget of the EPMO

The 2017/18 EPMO Operational Expenditure Budget comprises mainly staff remuneration.

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Table 72 Operating Budget of the Enterprise Project Management Office (EPMO)

EMM - OPERATING BUDGET		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000	
DESCRIPTION		ORG BUDGET	ADJ BUDGET	YEAR TO	PROJECTED	2017/18	B to B	P to B	% Of Total	2018/19	2019/20										
		R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
EPMO																					
EXPENDITURE																					
Employee Related Costs		19,803	17,439	9,129	16,551	46,197	164.90%	179.11%	88.15%	49,384	52,742										
Senior Management		2,327	2,327	1,149	1,745	4,579	96.74%	162.32%	8.74%	4,895	5,227										
- SM - Salaries Allowances and Service Benef		2,325	2,325	1,138	1,744	4,468	92.14%	156.19%	8.53%	4,776	5,101										
- SM - Social Contributions		2	2	10	1	111	5442.07%	7290.66%	0.21%	118	126										
Municipal Staff		17,475	15,112	7,981	14,806	41,618	175.40%	181.09%	79.41%	44,490	47,515										
- MS - Salaries Allowances and Service Benef		15,757	13,393	7,288	13,159	33,960	153.56%	158.07%	64.80%	36,303	38,772										
- MS - Social Contributions		1,719	1,719	693	1,647	7,658	345.63%	364.98%	14.61%	8,187	8,743										
Contracted Services		7,378	7,378	3,507	7,282	992	-86.55%	-86.38%	1.89%	1,051	1,112										
- Outsourcing Services		7,378	6,418	3,085	6,335	-	-100.00%	0.00%	0.00%	-	-										
- Consultants and Professional Services		-	960	422	948	991	3.25%	4.61%	1.89%	1,050	1,111										
- Contractors		-	-	-	-	1	100.00%	100.00%	0.00%	1	1										
Operational Cost		878	848	277	820	1,502	77.25%	83.12%	2.87%	1,574	1,649										
Inventory		522	552	277	552	1,437	160.23%	160.23%	2.74%	1,522	1,611										
Operating Leases		-	-	-	-	2,280	100.00%	100.00%	4.35%	2,414	2,554										
TOTAL EXPENDITURE		28,581	26,217	13,190	25,207	52,409	99.90%	107.91%	100.00%	55,945	59,668										
DEFICIT / (SURPLUS)		28,581	26,217	13,190	25,207	52,409	99.90%	107.91%		55,945	59,668										
DEFICIT / (SURPLUS) AFTER GAINS AND LO		28,581	26,217	13,190	25,207	52,409				55,945	59,668										

2.10.13 EXECUTIVE OFFICE

The Executive Office cost centre is the cost centre of the executive arm of the political office being the Office of the Executive Mayor and the Members of Mayoral Committee.

Operating Budget of the Executive Office Department

The budget consists mainly of salaries, councillor remuneration and operational expenditure-related to the administration of the function.

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Table 73 Operating Budget of the Executive Office Department

DESCRIPTION	F00 R'000 ORG BUDGET		F00 R'000 ADJ BUDGET		F00 R'000 YEAR TO		F00 R'000 PROJECTED		F01 R'000 2017/18		% B to B		% P to B		% Of Total		F02 R'000 2018/19		F03 R'000 2019/20		
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	
EMM - OPERATING BUDGET																					
Executive Office																					
EXPENDITURE																					
Employee Related Costs	77,455	77,899	77,682	76,413	94,685	21.55%	23.91%	59.40%	101,219	108,103											
Senior Management	-	-	-	-	2,181	100.00%	100.00%	1.37%	2,332	2,491											
- SM - Salaries Allowances and Service Benefits	-	-	-	-	2,180	100.00%	100.00%	1.37%	2,330	2,488											
- SM - Social Contributions	-	-	-	-	2	100.00%	100.00%	0.00%	2	2											
Municipal Staff	77,455	77,899	27,682	76,413	92,504	18.75%	21.06%	58.03%	98,887	105,613											
- MS - Salaries Allowances and Service Benefits	71,109	71,553	26,014	70,332	75,600	5.65%	7.49%	47.43%	80,817	86,313											
- MS - Social Contributions	6,345	6,345	1,668	6,081	16,904	166.40%	177.96%	10.60%	18,071	19,299											
Remuneration of Councillors	11,146	11,146	6,232	10,437	11,930	7.03%	14.31%	7.48%	12,753	13,620											
- ROC - Allowances & Service Related Benefits	10,110	10,110	5,855	9,868	11,283	11.61%	14.33%	7.08%	12,062	12,882											
- ROC - Social Contributions	1,037	1,037	377	568	647	-37.58%	13.88%	0.41%	692	739											
Contracted Services	824	994	113	981	148	-85.11%	-84.92%	0.09%	163	179											
- Outsource Services	714	714	-	704	-	-100.00%	0.00%	0.00%	-	-											
- Contractors	110	280	113	276	148	-47.18%	-46.48%	0.09%	163	179											
Operational Cost	17,396	37,881	1,731	36,621	37,835	-0.12%	3.32%	23.74%	39,749	41,743											
Inventory	9,747	11,342	4,051	11,392	10,095	-10.99%	-11.38%	6.33%	10,691	11,312											
Transfers and Subsidies	3,500	3,500	3,493	3,500	3,714	6.10%	6.10%	2.33%	3,933	4,161											
- Operational: Monetary	3,500	3,500	3,493	3,500	3,714	6.10%	6.10%	2.33%	3,933	4,161											
Depreciation and Amortisation	964	964	562	964	993	3.00%	3.00%	0.62%	1,043	1,095											
TOTAL EXPENDITURE	121,032	143,726	43,864	140,307	159,400	10.91%	13.61%	100.00%	169,551	180,214											
DEFICIT / (SURPLUS)	121,032	143,726	43,864	140,307	159,400	10.91%	13.61%		169,551	180,214											
DEFICIT / (SURPLUS) AFTER GAINS AND LOSSES	121,032	143,726	43,864	140,307	159,400				169,551	180,214											

2.10.14 FINANCE DEPARTMENT

The result statements of the department is contained in the IDP in Annexure A

Flagship projects of the Finance Department: Siyakhokha Siyathuthuka “You Pay; You Prosper”

The Finance Department Revenue Enhancement flagship project is Siyakhokha Siyathuthuka “You Pay; You Prosper”. This flagship project has been launched throughout the CITY OF EKURHULENI at the various CCA’s and various communication messages have been sent out to notify the public and staff of this platform via e-mail, sms, radio and customer statements. An online platform has also been created to facilitate the registration of consumers for them to view and pay their accounts online without having to stand in queues which is hassle free. This in turn has assisted with achieving the collections as budgeted.

Following the launch, we started with the Customer Care promotions where the focus was on the following:

- ✓ Creating an exciting and positive vibe around the campaign
- ✓ Indigent Registration Programme
- ✓ e-Siyakhokha Registration
- ✓ Promote payment for services & encourage customers to pay via online platform
- ✓ Receive queries from customers
- ✓ Update customer details on CITY OF EKURHULENI billing system
- ✓ Assist CCAs with credit control.

This project will continue in 2017/18 especially in respect of the development of the electronic media.

Operating Budget of the Finance Department

The Finance Department renders a financial service to the municipality and Council. It therefore has to secure sound and sustainable management of the fiscal and financial affairs of the municipality; and ensure transparent, accountable and appropriate lines of responsibility in the fiscal and financial affairs of the municipality and its entities.

The department manages the borrowing, investments, supply chain management, revenue, expenditure, assets and liabilities of the municipality and therefore has to draw up the budgets and ensure that financial planning processes are followed and complied with in terms of legislation and other regulations and to coordinate these not only within the municipality but also with other organs of state in the different spheres of government. The Operating Budget will enable the department to perform the above functions and duties and many other functions that it would be expected to be perform.

The Finance Department’s budget includes the full income for the assessment rates, regardless of the utilisation of the rates. The cost centre shows a surplus, but it is not technically a surplus generating function.

The Operating Budget per category is attached hereto.

Table 74 Operating Budget of the Financial Services Department

DESCRIPTION	F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000	
	ORG BUDGET	ADJ BUDGET	YEAR TO	PROJECTED	2017/18	% B to B	P to B	% Of Total	2018/19	F03 R'000 2019/20												
FINANCE INCOME																						
NON - EXCHANGE REVENUE																						
Property Rates	(5,298,765)	(5,298,765)	(3,078,065)	(5,275,450)	(5,980,943)	12.87%	13.37%	73.43%	(6,399,609)	(6,847,581)												
Fines, Penalties and Forfeits	-	-	(90)	-	-	0.00%	0.00%	0.00%	-	-												
Transfers and Subsidies	(2,141,297)	(2,141,297)	(1,470,188)	(2,141,297)	(2,233,838)	4.32%	4.32%	27.42%	(2,402,083)	(2,553,827)												
- Operational: Monetary	(2,141,297)	(2,141,297)	(1,470,188)	(2,141,297)	(2,233,838)	4.32%	4.32%	27.42%	(2,402,083)	(2,553,827)												
SUB TOTAL: NON - EXCHANGE REVENUE	(7,440,062)	(7,440,062)	(4,548,334)	(7,416,747)	(8,214,781)	10.41%	10.76%	100.85%	(8,801,692)	(9,401,408)												
EXCHANGE REVENUE																						
Service Charges	(160,135)	(160,135)	(67,006)	(148,925)	(136,989)	-14.45%	-8.02%	1.68%	(145,071)	(153,485)												
Interest, Dividends and Rent on Land	(480,297)	(480,297)	(362,350)	(472,564)	(521,347)	8.55%	10.32%	6.40%	(552,107)	(584,129)												
Operational Revenue	(339)	(339)	(132)	(266)	(339)	0.27%	27.68%	0.00%	(359)	(380)												
Rental from Fixed Assets	-	-	(246)	-	-	0.00%	0.00%	0.00%	-	-												
Sales of Goods and Rendering of Services	(14,517)	(14,517)	(12,986)	(7,714)	(10,987)	-24.32%	42.42%	0.13%	(11,635)	(12,310)												
SUB TOTAL: EXCHANGE REVENUE	(655,287)	(655,287)	(442,719)	(629,470)	(669,662)	2.19%	6.39%	8.22%	(709,172)	(750,304)												
Contra Accounts	637,481	637,481	417,580	637,481	738,914	15.91%	15.91%	1.98%	790,638	845,982												
- Property Rates Revenue Foregone	637,481	637,481	417,580	637,481	738,914	15.91%	15.91%	-9.07%	790,638	845,982												
TOTAL INCOME	(7,457,869)	(7,457,869)	(4,573,473)	(7,408,737)	(8,145,529)	9.22%	9.94%	100.00%	(8,720,226)	(9,305,729)												

EMM - OPERATING BUDGET

DESCRIPTION	F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F01 R'000		F02 R'000		F03 R'000	
	ORG BUDGET	ADJ BUDGET	YEAR TO	PROJECTED	2017/18	B to B	P to B	% Of Total	2018/19	2019/20						
Finance EXPENDITURE																
Employee Related Costs	470,633	444,563	225,663	431,599	481,686	8.35%	11.60%	58.20%	514,917	549,932						
- Senior Management	13,375	13,375	1,275	10,031	13,085	-2.17%	30.44%	1.58%	13,988	14,939						
- SM - Salaries Allowances and Service Benefit	13,373	3,373	1,274	2,530	2,180	-35.37%	-13.83%	0.26%	2,330	2,488						
- SM - Social Contributions	2	2	1	1	2	-6.55%	24.62%	0.00%	2	2						
- SM - Post Retirement Benefit	-	10,000	-	7,500	10,903	9.03%	45.38%	0.03%	11,656	12,448						
- Municipal Staff	457,258	431,188	224,388	421,568	468,601	8.68%	11.16%	56.62%	500,930	534,993						
- MS - Salaries Allowances and Service Benefit	371,194	345,124	179,312	339,084	372,251	7.86%	9.78%	44.98%	397,931	424,991						
- MS - Social Contributions	86,065	86,065	45,076	82,484	96,350	11.95%	16.81%	11.64%	102,998	110,002						
Contracted Services	277,716	283,139	86,264	279,459	257,014	-9.23%	-8.03%	31.05%	272,547	288,762						
- Outsource Services	147,482	147,946	49,324	146,023	134,280	-9.24%	-8.04%	16.22%	142,340	150,742						
- Consultants and Professional Services	89,056	96,131	28,954	94,881	83,847	-12.78%	-11.63%	10.13%	88,793	93,943						
- Contractors	41,177	39,063	7,986	38,555	38,888	-0.45%	0.86%	4.70%	41,414	44,076						
Operational Cost	315,002	318,042	(34,693)	308,235	358,502	12.72%	16.31%	43.32%	381,103	404,848						
Inventory	(1,352,082)	(1,355,131)	(60,380)	(1,355,132)	(1,419,985)	4.79%	4.79%	-171.57%	(1,503,641)	(1,590,651)						
Interest Dividends and Rent on Land	224,675	224,675	106,160	217,225	246,689	9.80%	13.56%	29.81%	337,987	383,742						
Operating Leases	8,720	9,390	4,804	9,015	11,607	23.61%	28.76%	1.40%	12,292	13,005						
Contribution for Bad Debt	398,687	398,687	232,567	398,687	434,622	9.01%	9.01%	52.51%	465,046	497,599						
Depreciation and Amortisation	20,735	20,735	12,095	20,735	21,357	3.00%	3.00%	2.58%	22,425	23,546						
Contra Accounts Revenue	414,350	414,350	69,361	414,350	436,140	5.26%	5.26%	52.70%	466,670	499,337						
- Cost of Free Basic Services Delivered	290,768	290,768	-	290,768	308,214	6.00%	6.00%	37.24%	329,789	352,874						
- Revenue Cost of Free Basic Services	123,582	123,582	69,361	123,582	127,926	3.51%	3.51%	15.46%	136,880	146,462						
TOTAL EXPENDITURE	778,436	758,450	641,841	724,172	827,631	9.12%	14.29%	100.00%	969,344	1,070,118						
DEFICIT / (SURPLUS)	(6,679,432)	(6,699,418)	(3,931,632)	(6,684,564)	(7,317,898)	9.23%	9.47%	0.00%	(7,750,882)	(8,235,611)						
INVENTORY	-	1,000	-	1,000	-	(1)	0.00%	-	-	-						
TOTAL GAINS AND LOSSES	-	1,000	-	1,000	-	-	-	-	-	-						
DEFICIT / (SURPLUS) AFTER GAINS AND LO	(6,679,432)	(6,698,418)	(3,931,632)	(6,683,564)	(7,317,898)				(7,750,882)	(8,235,611)						

2.10.15 FLEET MANAGEMENT

The result statement of the department is contained in the IDP in Annexure A.

Operating Budget of the Fleet Management Department

The Fleet Management budget comprises the cost of the section responsible for the management of the council-owned fleet, but NOT the cost of the vehicles. The operational costs (fuel, tyres, repairs and maintenance, etc.) is budgeted for under the departments that are utilising the vehicles to ensure true cost reflection of services. The acquisition of vehicles is also budgeted for under the departments and not the fleet management cost centre.

The cost is therefore mainly comprised of salaries and overhead costs.

Table 75 Operating Budget of the Fleet Management Department

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EMM - OPERATING BUDGET

DESCRIPTION	F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F01 R'000		%		%		F02 R'000		F03 R'000		
	ORG BUDGET	ADJ BUDGET	YEAR TO	PROJECTED	2017/18	B to B	P to B	Of Total	2018/19	2019/20	R	R	R	R	R	R	R	R	R	R	
Fleet Management																					
EXPENDITURE																					
Employee Related Costs	38,767	28,837	44,686	27,417	52,839	83.23%	92.72%	75.78%	54,935	56,910											
Senior Management	2,214	2,214	926	1,661	2,197	-0.75%	32.33%	3.15%	2,349	2,509											
- SM - Salaries Allowances and Service Benef	2,212	2,212	925	1,659	2,196	-0.75%	32.34%	3.15%	2,347	2,507											
- SM - Social Contributions	2	2	1	1	2	-6.55%	24.62%	0.00%	2	2											
Municipal Staff	36,553	26,623	43,760	25,757	50,642	90.22%	96.62%	72.63%	52,586	54,402											
- MS - Salaries Allowances and Service Benef	19,921	9,992	34,583	9,817	30,607	206.32%	211.78%	43.90%	31,169	31,529											
- MS - Social Contributions	16,632	16,632	9,177	15,940	20,034	20.46%	25.69%	28.73%	21,417	22,873											
Contracted Services	660	2,117	1,161	2,089	1,657	-21.74%	-20.71%	2.38%	1,781	1,913											
- Outsource Services	-	220	59	217	1,017	362.26%	368.35%	1.46%	1,077	1,139											
- Contractors	660	1,897	1,102	1,872	640	-66.28%	-65.83%	0.92%	704	774											
Operational Cost	9,560	8,916	2,669	8,630	10,252	14.99%	18.79%	14.70%	10,911	11,606											
Inventory	4,341	3,880	2,018	3,880	4,164	7.30%	7.31%	5.97%	4,535	4,939											
Depreciation and Amortisation	793	793	462	793	816	3.00%	3.00%	1.17%	857	900											
TOTAL EXPENDITURE	54,120	44,543	50,997	42,809	69,728	56.54%	62.88%	100.00%	73,018	76,269											
DEFICIT / (SURPLUS)	54,120	44,543	50,997	42,809	69,728	56.54%	62.88%		73,018	76,269											
DEFICIT / (SURPLUS) AFTER GAINS AND LO	54,120	44,543	50,997	42,809	69,728				73,018	76,269											

2.10.16 HEALTH AND SOCIAL DEVELOPMENT

The Core business is characterised by key elements of service delivery and resources which are linked to the Integrated Development programme (IDP) and Growth Development Strategy (GDS) 2055. Guided by the Social Empowerment and Sustainable Integration as the long imperatives, key programmes and strategic interventions outlined in the departmental Service Delivery Budget Improvement Plan (SDBIP) mainly find expression in the GDS 2055.

Health and Social Department renders quality integrated health and social development services in partnership with stakeholders to contribute towards long and healthy life of communities through the provision of Primary Health Care, Social Development and Social Development Services.

Key Strategic Projects of the Health and Social Development Department

The Health and Social Development Department is comprised of the line function divisions and support divisions. The line function divisions are Primary Health Care; Social Development; Environmental Health; and Health Projects. The departmental functions are provided through other divisions, namely, Support Services; Health Projects; Strategy, Planning and reporting; Governance and Compliance; and Health Operations. These divisions are responsible for administrative and operational support, organisational planning and performance and compliance.

The Operating Budget per category is attached hereto.

Table 76 Operating Budget of the Health and Social Development Department

EMM - OPERATING BUDGET		F00	F00	F00	F00	F00	F00	F00	F00	F01	%	%	F02	F03	
DESCRIPTION		R	R	R	R	R	R	R	R	R	B to B	P to B	R	R	
		ORG BUDGET	ADJ BUDGET	YEAR TO	PROJECTED	2017/18	%	%	2018/19	2019/20					
		R	R	R	R	R	B to B	P to B	R	R			R	R	
Health & Social Development															
INCOME															
NON - EXCHANGE REVENUE															
Transfers and Subsidies															
- Operational: Monetary															
		(136,782)	(137,038)	(131,978)	(137,038)	(143,170)	4.47%	4.47%	(151,480)	(151,480)			(151,480)	(151,480)	
- Capital: Monetary															
		(55,500)	(55,843)	(22,667)	(55,843)	-	-100.00%	0.00%	-	-			-	-	
SUB TOTAL: NON - EXCHANGE REVENUE		(192,282)	(192,880)	(154,645)	(192,880)	(143,170)	-25.77%	-25.77%	(151,480)	(151,480)			(151,480)	(151,480)	
EXCHANGE REVENUE															
Operational Revenue															
		(65)	(65)	(77)	(51)	(65)	0.00%	27.34%	(69)	(73)			(69)	(73)	
Sales of Goods and Rendering of Services															
		(3,898)	(3,898)	(2,367)	(2,248)	(4,025)	3.26%	79.08%	(4,263)	(4,510)			(4,263)	(4,510)	
SUB TOTAL: EXCHANGE REVENUE		(3,963)	(3,963)	(2,444)	(2,299)	(4,090)	3.21%	77.93%	(4,332)	(4,583)			(4,332)	(4,583)	
TOTAL INCOME		(196,245)	(196,843)	(157,089)	(195,179)	(147,260)	-25.19%	-24.55%	(155,812)	(156,063)			(155,812)	(156,063)	
EXPENDITURE															
Employee Related Costs															
Senior Management															
		4,335	4,335	913	3,251	2,164	-50.08%	-33.44%	2,313	2,471			2,313	2,471	
- SM - Salaries Allowances and Service Benefit															
		4,169	4,169	845	3,127	2,002	-51.99%	-35.98%	2,140	2,285			2,140	2,285	
- SM - Social Contributions															
		166	166	68	124	162	-2.14%	30.48%	174	185			174	185	
Municipal Staff															
		719,105	743,539	377,160	727,425	835,086	12.31%	14.80%	892,872	952,772			892,872	952,772	
- MS - Salaries Allowances and Service Benefit															
		590,381	614,815	308,086	604,057	676,459	10.03%	11.99%	723,300	771,669			723,300	771,669	
- MS - Social Contributions															
		128,724	128,724	69,074	123,369	158,627	23.23%	28.58%	169,572	181,103			169,572	181,103	
Contracted Services		13,282	12,239	3,290	12,363	10,473	-14.43%	-15.29%	11,243	12,066			11,243	12,066	
- Outsourcing Services															
		5,092	5,459	1,942	5,388	5,150	-5.66%	-4.42%	5,454	5,770			5,454	5,770	
- Consultants and Professional Services															
		5,094	3,453	62	3,618	1,620	-53.08%	-55.22%	1,716	1,816			1,716	1,816	
- Contractors															
		3,096	3,326	1,286	3,357	3,703	11.32%	10.30%	4,073	4,480			4,073	4,480	
Operational Cost		25,260	29,039	26,646	28,109	36,945	27.23%	31.43%	39,289	41,934			39,289	41,934	
Inventory		104,919	107,915	47,458	106,901	55,890	-48.21%	-47.72%	59,402	63,135			59,402	63,135	
Interest Dividends and Rent on Land		40,721	40,721	21,121	39,239	45,540	11.83%	16.06%	57,349	66,261			57,349	66,261	
Operating Leases		-	-	-	-	1,313	100.00%	100.00%	1,390	1,471			1,390	1,471	
Transfers and Subsidies		-	185	110	185	-	-100.00%	0.00%	-	-			-	-	
- Operational: Monetary															
		-	185	110	185	-	-100.00%	0.00%	-	-			-	-	
Depreciation and Amortisation															
		29,379	29,379	17,138	29,379	30,260	3.00%	3.00%	31,773	33,362			31,773	33,362	
TOTAL EXPENDITURE		937,001	967,350	493,835	946,852	1,017,671	5.20%	7.48%	1,095,631	1,173,471			1,095,631	1,173,471	
DEFICIT / (SURPLUS)		740,756	770,507	336,746	751,673	870,411	12.97%	15.80%	939,820	1,017,408			939,820	1,017,408	
DEFICIT / (SURPLUS) AFTER GAINS AND LOSSES		740,756	770,507	336,746	751,673	870,411			939,820	1,017,408			939,820	1,017,408	

2.10.17 HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT

The result statement of the department is contained in the IDP in Annexure A.

Key Strategic Projects of the Department

A key strategic project of the Department Human Resources Management and Development is the finalisation of the Institutional Review Process.

The HR strategy drives the actualisation of the following components:

- Strategies from a Human Capital perspective to support the GDS 2055.
- Ensure statutory and regulatory compliance.
- Develop a strategy driven and dynamic CITY OF EKURHULENI structure.
- Promote and preserve HR professionalism.
- Build and manage a performance culture.
- Build and maintain sound labour relations.
- Alignment and support all flagship projects.
- Approval of the costing model for roll-out of IR (i.e. staff appointments and inclusive of post-retirement benefits)

Operating Budget of the Human Resources Management and Development Department

The main cost driver of the department is personnel costs which comprises 70.10% of the total Operating Budget of the department.

The department is also responsible for the advertising and filling of positions, generic training programmes, addressing labour matters and facilitating employee wellbeing programmes, with subsequent cost and budgetary provision of the services.

Table 77 Operating Budget of the Human Resources Management and Development Department

EMM - OPERATING BUDGET		F00	F00	F00	F00	F00	F01	%	%	F02	F03
DESCRIPTION		R'000	R'000	R'000	R'000	R'000	R'000	B to B	P to B	R'000	R'000
		ORG BUDGET	ADJ BUDGET	YEAR TO	PROJECTED	2017/18	2018/19	2019/20	Of Total	2018/19	2019/20
		R	R	R	R	R	R	R	R	R	R
Human Resources											
INCOME											
NON - EXCHANGE REVENUE											
Transfers and Subsidies											
- Operational: Monetary											
		(23,821)	(23,821)	(867)	(23,821)	(25,132)	(25,132)	5.50%	5.50%	(25,132)	(25,132)
		(23,821)	(23,821)	(867)	(23,821)	(25,132)	(25,132)	5.50%	5.50%	(25,132)	(25,132)
		(23,821)	(23,821)	(867)	(23,821)	(25,132)	(25,132)	5.50%	5.50%	(25,132)	(25,132)
		(23,821)	(23,821)	(867)	(23,821)	(25,132)	(25,132)	5.50%	5.50%	(25,132)	(25,132)
TOTAL INCOME											
EXPENDITURE											
Employee Related Costs											
Senior Management											
		2,002	2,002	-	1,501	2,181	2,332	8.97%	45.29%	2,332	2,491
		1,947	1,947	-	1,460	2,180	2,330	11.95%	49.27%	2,330	2,488
		55	55	-	41	2	2	-96.60%	-95.47%	2	2
Municipal Staff											
		148,876	136,279	71,119	133,316	151,063	161,491	10.85%	13.31%	161,491	172,477
		124,877	112,280	58,912	110,315	124,229	132,805	10.64%	12.61%	132,805	141,840
		23,999	23,999	12,207	23,001	26,834	28,686	11.81%	16.67%	28,686	30,637
		5,770	4,407	1,978	4,367	5,197	5,549	17.91%	19.01%	5,549	5,922
Contracted Services											
		3,869	2,306	871	2,293	2,096	2,220	-9.11%	-8.59%	2,220	2,349
		915	915	333	903	1,982	2,099	116.66%	119.51%	2,099	2,221
		986	1,186	774	1,170	1,118	1,230	-5.72%	-4.48%	1,230	1,352
Operational Cost											
		35,501	34,501	4,974	33,397	27,503	29,130	-20.28%	-17.65%	29,130	30,827
		(20,286)	(17,923)	(7,044)	(17,923)	(6,461)	(6,830)	-63.95%	-63.49%	(6,830)	(7,212)
Operating Leases											
		4,439	4,439	2,320	4,261	5,010	5,306	12.88%	17.58%	5,306	5,614
		643	643	375	643	663	696	3.00%	3.00%	696	731
TOTAL EXPENDITURE											
		176,946	164,348	73,721	159,563	185,157	197,674	12.66%	16.04%	197,674	210,849
DEFICIT / (SURPLUS)											
		153,124	140,527	72,855	135,741	160,025	172,542	13.88%	17.89%	172,542	185,718
DEFICIT / (SURPLUS) AFTER GAINS AND LO:											
		153,124	140,527	72,855	135,741	160,025	172,542			172,542	185,718

2.10.18 HUMAN SETTLEMENTS

The result statements of the department is contained in the IDP in Annexure A.

Key Projects of the Department

1. CONSTRUCTION OF HOUSES PROGRAMME

Purpose: This programme entails the construction of houses on serviced stands for in-situ and Greenfield developments, where beneficiaries have been identified and approved. The programme constitutes the last phase and consolidates a housing project, apart from other socio-economic amenities and services that are required to achieve integrated and sustainable developments.

Progress: The projects that were initiated and/or implemented in 2014/15 include Alra Park Ext 3, Eden Park West & Ext 1, Etwatwa Ext 35.

The pace of delivery of Moleleki Ext 1 and 2 project, was seriously hampered by the project enrolment process by the NHBRC, as the area was classified with severe dolomite conditions, which required the approval of the council for Geo-Science before the NHBRC can consider the project enrolment.

The project was finally provisionally enrolled by NHBRC on the 7th January 2016, after the Department have complied with all the NHBRC requirements.

Magagula Heights Project was also seriously hampered by the severe dolomite conditions as the geologist advised that the Department must not continue with the construction of houses whilst there were only 60 houses constructed at the time.

The NHBRC project enrolment for Moleleki Ext 1 and 2, is projected to be complete by not later than end of February 2016, as we are in the process of compiling all the necessary information required by the NHBRC before the project will be finally enrolled.

The Department are in the process of re-evaluating the Magagula Heights as the geologist has advised that there is a need to re-consider continuing with the project after the enrolment of Moleleki Ext 1 and 2, as the dolomite conditions are more severe than Magagula Heights.

The following projects were identified for house construction as they are ready in terms of readiness

1. Palm Ridge Ext 9
2. Etwatwa Ext 19

They are going to funded through Special Gazette by the national and Provincial Departments of Human Settlements.

2. DEVELOPMENT OF SERVICED STANDS PROGRAMME

The department is further implementing the serviced stands programme aimed at delivering serviced erven for the purposes of upgrading informal settlements and/or allocation of beneficiaries from informal settlements and/or the waiting list / demand data base is currently taking place in an incremental and phased process and approach. The result of this is that beneficiaries are mostly settled to a property that has water and sanitation and a toilet structure.

The serviced stands provide the following services to the communities:

- Water and Sanitation- The stands are provided be serviced with the necessary Water and Sewer network systems.
- Roads and Stormwater - It is proposed that individual erven that are designed for a single residential dwelling with related outbuildings have access to fully surfaced/paved roads and Stormwater management systems.
- Electricity -The individual erven will be designed for a single residential dwelling with related outbuildings have access to Electrical Network Systems.
- Human Settlements Elements
- As the final phase of the programme the individual erven will be approved beneficiaries and future construction and urban management of the property:
- An approved house-plan for the property, selected by the beneficiary from a range of typical house-plans;
- A main foundation (minimum 40m² for a single storey or minimum 23m² for double story) for the house design selected by the beneficiary, on which the beneficiary can erect his temporary shelter and which in future the house designed can be constructed on.
- A secondary foundation (minimum 17m²) for Temporary Settlement and Future Backyard Rental or family Accommodation, ONLY when a double storey design is selected by a beneficiary.
- A bathroom or similar facility with a solar water heater/geyser, either to be erected on the foundation or on a suitable part of the erf/stand.

In line with the Mayoral pronouncement of delivering of 59000 serviced stands the department is planning to deliver a total of 59000 serviced stands in the next 5 years

3. UNDERTAKING DETAILED PLANNING TO ENABLE THE DEVELOPMENT OF STANDS FOR HUMAN SETTLEMENTS PROJECTS

Purpose: This programme entails the detailed planning process per land portion to enable the appropriate upgrading and formalisation of informal settlements to provide secured tenure to housing beneficiaries. The major component of the programme involves undertaking feasibility studies to assess the suitability of various land parcels for human settlements development, undertaking of preplanning studies including township establishments, environmental impact assessments and various specialist studies such as geotechnical investigations, traffic impact assessments, heritage studies and wetland delineation. All these activities are required to proclaim a township and allow ownership of property.

Progress: 3 service providers were appointed in 2012 to undertake various professional studies in line with the list of projects accredited to the Municipality by the Gauteng Department of Human Settlements (GDHS). Feasibility studies have been completed for most projects and they are now at different stages of pre-planning. Approvals have been obtained for most of these projects and the legal process to open the townships registers is now underway. On average it can takes one to two years to complete various studies, depending on requirements. The department has initiated the new professional service provider tender process as the current tender has reached its funding limit. To assist with capacity, DBSA has also been contracted to assist with projects to strengthen the project pipeline.

4. THE IMPLEMENTATION OF THE INFORMAL SETTLEMENT MANAGEMENT PLAN

Purpose: This plan will enable the municipality to coordinate and manage informal settlements in a more comprehensive and integrated manner and also create improved access of interim basic municipal services to people living in informal settlements.

Progress: There are scheduled monthly inter-departmental meetings that are held to discuss, plan, monitor and assess the provision of interim basic municipal services to all informal settlements. Various departments responsible for infrastructure and services provision are being encouraged to budget for services in the informal settlements. Service departments are submitting their monthly reports on services rendered in the informal settlements. There are scheduled dates for site visits to the various informal settlement areas.

In respect of informal settlements, upgrading plans over the short-, medium- and long-term the National Department of Human Settlements has been once more requested through the National Upgrading Support Programme (NUSP) to develop service delivery intervention plans (business plans) and to fast-track the development on 18 category B informal settlement plans.

Reblocking

Reblocking is an initiative focused on informal settlements, which is driven through collaboration community driven; public sector and non-governmental sector supported initiative aimed at improving the living conditions in non-formalized settlements through creating temporary township layouts designed to allow for construction of graded roads, installation of on-grid or off grid electrical, water and sanitation services, provision of socio-economic amenities as well as security of tenure where possible thus making informal settlements more habitable and dignified.

The Mayoral Lekgotla recommended that the six informal settlements mentioned below be reblocked by April 2016: Targeted Settlements are:

- Emandleni
- Ekuthuleni
- Nkanini
- Thusong
- Makause
- Winnie Mandela

5. LAND ACQUISITION

Purpose: To co-ordinate and manage the land acquisition processes for sustainable Human Settlements.

Progress: The Department acquired Balmoral Ptn 31 & 234 Driefontein 85IR during the financial year 2015/16 at the total cost of R17, 752, 219.88 (Seventeen Million Seven Hundred and Fifty-Two Thousand Two Hundred and Ninety and Eighty-Eight only) on a budget of R55 000 000.00.

The total number of housing units that this property will yield is 1400 and the property was registered to CITY OF EKURHULENI on the 12th January 2015. The Rose Acres Project Makause Informal Settlement (Ptn 169 Driefontein 87IR) -Rem/ Olifantsfontein 402JR (Tembisa Ext 25) -and Angelo Deep (Ptn 24 & 298 Driefontein 85IR) are targeted to be acquired in 2015/16 with the remainder of the budget.

As for Crystal Park Ext 59 & 60 (Rem Ptn 9 of 1000 Rietfontein 69-IR), Dalpark Ext 18 (Ptn 46 & 58 Witpoortjie 117- IR), and Klipoortjie (Rem Ptn 4 klipoortjie 112IR), the processes of acquisition have already commenced and the budget has been submitted for adjustment with possible registration of the property to CITY OF EKURHULENI on the 1st Quarter of 2016/17 financial year

Department’s planned activities for 2017/2018 include:

- To construct houses.
- To conduct feasibility and pre-planning studies for human settlements.
- To undertake repairs, maintenance, address the upgrading and refurbishment of targeted rental stock owned by Council within various CCAs.
- To continue with the coordination and monitoring role through monthly inter-departmental meetings; reporting and planned site visits to the informal settlement areas; to ensure that all service departments budget for services to be rendered in the informal settlements, and to establish the various local structures, that is, the ward-based, customer care area and metro-wide informal settlement structures.
- To implement the pilot on the informal settlement score card jointly with other departments.
- Coordinate and manage the land acquisition processes.
- Community outreach and beneficiary education within housing projects.
- Development of Social Housing Projects in Germiston as part of the Urban Renewal Programme.

Other Strategic Projects of the Human Settlements Department

PROJECT NAME	PROJECT DESCRIPTION
Leeuwoort mixed housing development	<ul style="list-style-type: none"> ○ The project is aimed at addressing the housing backlog and to provide various housing products targeting a mix of income groups, including, subsidised housing, bonded housing and Finance Linked Subsidy Programme (for beneficiaries who qualify for both subsidised and bank funding). ○ The first phase will focus on bulk infrastructure provision, detailed planning and design, and implementation of the northern portion. ○ The northern portion of the project is linked to the Joe Slovo informal settlement to be upgraded and formalised. ○ The project is planned to be implemented over the medium- to long-term (over a seven-year period). ○ All legal agreements have been amended and the official appointment of the developer has commenced. ○ The project aims to deliver over 18,000 housing units and is considered to be a mega-project ○ The Section 33 approval was secured in December 2015 thereby signalling the commencement of the implementation process
Development of the township revitalisation and renewal strategy and plans	<ul style="list-style-type: none"> ○ The City of Ekurhuleni (CITY OF EKURHULENI), aims to develop the urban settlement of Germiston into a sustainable human settlement and Administrative Capital (Metropolitan Headquarters) of the City of Ekurhuleni. The CITY OF EKURHULENI embarked upon a project to transform Germiston and previously completed an Implementation Plan for Urban Renewal. (GEAR 2030: Towards the Detailed Planning, Design Guidelines and Land Packaging Proposals).

PROJECT NAME	PROJECT DESCRIPTION
	<ul style="list-style-type: none"> ○ Following from GEAR, various projects were identified, some of which are currently at implementation stage as outlined below.
Delville Extension 9 Social Housing Project	<ul style="list-style-type: none"> ○ The project consists of 112 units to be constructed during the 2015/16 and 2016/17 financial years. The project will deliver units comprising of 2 bedrooms, 1 bedroom and bachelor flats with a living room, kitchen and bathroom. Provision has been made on the ground floor for units to cater for persons with disabilities. ○ The buildings comprise of 4 storeys (inclusive of the ground floor), with alternative green building technologies being incorporated as much as possible in the design of these buildings. The construction will be made up of the following blocks: ○ Blocks 1 (B), 2 (B), 3 (B), 4 (B), 5 (A), and 6 (A) which yield 112 units comprising of: 24 one bedrooms, 24 bachelors and 64 two bedrooms.
Germiston Fire Station (ERF 808) Social Housing Project	<ul style="list-style-type: none"> ○ The project consists of 353 units, with 144 units planned for construction during phase 1 and 209 units to be constructed during phase 2 of the project. The project will deliver units comprising of 2 bedrooms, 1 bedroom and bachelor flats with a living room, kitchen and bathroom. Provision has been made on the ground floor for units to cater for persons with disabilities. The plans also include the development of a crèche and hall. ○ The buildings comprise of 4 storeys (inclusive of the ground floor), with alternative green building technologies being incorporated as much as possible in the design of these buildings. ○ Phase 1 construction will be made up of the following blocks: ○ Blocks 1, 3, 4, 6, 7, and 8. The crèche and hall will be developed in subsequent phases. The project will comprise of 353 units in total with 54 one bedrooms, 89 bachelors, 192 two bedrooms and 18 retail space.
Germiston Public Space Upgrade Project	<ul style="list-style-type: none"> ○ The project will focus on the beautification of bridges and upgrading of streets in the Germiston inner city area. Projects have been identified and are at planning stage, some of which will be implemented before June 2016.
Tembisa Urban Renewal	<ul style="list-style-type: none"> ○ Construction of 3 km secondary NMT routes in the Civic Precinct ○ Complete designs for two pedestrian rail crossings in the Civic Precinct
Watville Urban Renewal	<ul style="list-style-type: none"> ○ Completion of feasibility study and geotechnical investigation on Erf 3110 Watville
Katorus Urban Renewal (2015/16)	<ul style="list-style-type: none"> ○ Completion of Dolomite phase 2 investigation for Erf 18383 Vosloorus X 9
Urban Renewal: Daveyton Etwatwa Public Space upgrade linked with NMT.	<ul style="list-style-type: none"> ○ Public Space Upgrade linked with NMT, Concept Definition /Prefeasibility and Designs& Procurement to be completed in 16/17.
Urban Renewal: Katorus: Erf 18383 Vosloorus X 9, Erf 6519 Vosloorus Ext 9, Erf 20846 Ext 30, Portion of RE Portion 192 Farm Vlakplats 138 IR	<ul style="list-style-type: none"> ○ RDP walk-ups & CRU: Concept Definition/Prefeasibility and concept designs completed in 15/16. Execution to be phased. Servicing 200 units & construct 200 RDP units 16/17

PROJECT NAME	PROJECT DESCRIPTION
Urban Renewal: KwaTsaduza Public Space upgrade linked with NMT.	<ul style="list-style-type: none"> ○ Public Space Upgrade linked with NMT, Concept Definition /Prefeasibility and Designs& Procurement to be completed in 17/18.
Urban Renewal: Tembisa Civic Node: Upgrading of all bulk engineering services as per land packaging requirements	<ul style="list-style-type: none"> ○ Project identified as part of the land packaging plan in 15/16; All bulk engineering services upgrading: Concept Definition/Prefeasibility and Designs to be completed in 17/18.
Urban Renewal: Tembisa Erf 189 Edayini	<ul style="list-style-type: none"> ○ RDP walk-ups: Concept Definition/Prefeasibility and Designs completed in 15/16. Procurement and execution in phases. Servicing & construction 30 units in 17/18, and onwards
Urban Renewal: Tembisa Leralla Node	<ul style="list-style-type: none"> ○ Tembisa Framework Plan completed 2012. Identified projects: Stage 1: Inception Report Stage 2: Concept Viability and Designs to be completed in 17/18
Urban Renewal: Tembisa Public space upgrade linked with NMT Ibazelo & Isithame	<ul style="list-style-type: none"> ○ Prefeasibility and designs to be completed in 15/16. Procurement and execution of rail crossings and NMT in 17/18.
Urban Renewal: Wattville Erf 3130 Watville	<ul style="list-style-type: none"> ○ RDP walk-ups: Concept Definition/Prefeasibility and designs for water & sanitation, paved areas, storm water and electrical services. Procurement and execution in phases Servicing & construction 670 units
Urban Renewal: Watville Erf 3110 Watville	<ul style="list-style-type: none"> ○ RDP walk-ups: Concept Definition/Prefeasibility and designs completed in 16/17.Procurement and execution in phases of 100 units /fy
Urban Renewal: Watville Public Space upgrade linked with NMT.	<ul style="list-style-type: none"> ○ Public Space Upgrade link NMT, Concept Definition /Prefeasibility and Feasibility to be completed in 16/17. Execution in 16/17 onwards.
Informal Settlements Formalisation and Upgrade Programme	<ul style="list-style-type: none"> ○ The Programme is aimed at the upgrading and formalisation of informal settlements. ○ It addresses the entire planning and tenure arrangements in informal settlements. ○ This entails the categorisation of informal settlements as requiring relocation, in-situ upgrading or part relocation and part in-situ upgrading. ○ The major aspect of the plan involves undertaking feasibility studies to assess the suitability of various land parcels for human settlements development. ○ Upon positive recommendations of the feasibility reports per informal settlement, detailed pre-planning studies are undertaken in particular Environmental Impact Assessment (EIA) Studies and Geo-Technical studies. On receipt of positive results thereof, land acquisition processes are embarked upon and where land is owned by the municipality, it must be reserved for a housing purpose and a full township establishment process will follow. ○ In case of private land, township establishment would only commence when land has been procured by the municipality. ○ In the 2015/16 financial year, work will be done to complete projects already at planning stage towards townships proclamation and new studies will be embarked for informal settlements without any plans.

6. OPERATIONAL BUDGET

Operating Income

The total Income Budget includes the following:

1. Rent from Facilities is income derived from the rental of Council Owned houses and complexes. The process of invoicing and collection is administered by the Finance Department.
2. Interest earned of investments represents interest earned in the Human Settlements ABSA bank account. Deposits from Gauteng Department of Human Settlements are transferred to and managed via this bank account.
3. The National Operating Grant relates to the new conditional grant for capacity development to municipalities.
4. USDG funding for professional fees
5. The remainder of the Income Budget relates to capital projects funded by grants. The allocation is based on the grants as gazetted in the final DoRA for 2017/2018 for capital funded projects.

Operating Expenditure

Other than providing budgets to fund regular operational costs, the total Operating Expenditure makes provision for the Human Settlements to achieve the following:

Repairs and Maintenance to rental stock

This is required to ensure that rental stock remains in a good state of repair to enable the Department to provide decent accommodation to tenants and to protect Council's assets.

The link to the SDBIP: Improved Asset and property management in respect of rental stock.

Grants and Subsidies paid to entities

The EDC is responsible for social housing and is regulated by the Social Housing Act.

Rental charges for social housing tenants are not market related and the maintenance cost associated with the social housing properties are at market value. Due to the limited number of rental units, cost will always exceed revenue. The entity has therefore requested a supplementary grant to cover emergency repairs and maintenance, planned maintenance, back log maintenance and to cover shortfalls between rentals charged by EDC which are below the market value.

The link to the SDBIP: Sustainable Human Settlement and infrastructure

Measurable Output: Increased provision of alternative tenure options.

General Expenses

This category makes provision for the following:

- Disaster Management

The budget will be utilised for rendering of humanitarian aid to communities by means of reconstruction of structures, supply food hampers and blankets to the affected families due to unforeseen circumstances like fire, floods, tornadoes, etc. It also includes emergency relocations and the repair of damaged houses of registered indigents due to factors beyond their control in terms of Council Policy.

The link to the SDBIP: Management of informal settlements.

Measurable Output: Sustainable environment

- Awareness Campaigns:
 - MMC Forum
 - Human Settlements Summit
 - Urban Renewal: Marketing
 - Densification Consumer Awareness Campaigns for new projects

Project	Motivation for Budget Request	Link to SDBIP	Measurable Output
Forum: MMC Forum – Northern Region	To bring together committees dealing with housing and human settlements under one roof and to deal with and resolve critical matters	Increase stakeholder engagements.	Number of Community Outreach Engagements.
Forum: MMC Forum - Eastern Region Management Forum	To bring together committees dealing with housing and human settlements under one roof and to deal with and resolve critical matters	Increase stakeholder engagements.	Number of Community Outreach Engagements.
Forum: MMC Forum - Southern Region Public meeting	To inform the public of resolutions as per Committee Forum Meetings	Increase stakeholder engagements.	Number of Community Outreach Engagements.
Human Settlements Summit	The purpose of the summit is to bring a wide range of stakeholders together to discuss pertinent strategic issues facing the Department's five-year delivery programme. The summit is part of a renewed commitment by the City to deepen participation in the housing process with beneficiaries. It is scheduled to be held every two years. The last summit was held during 2014/2015	Increase stakeholder engagements.	Number of Community Outreach Engagements.

Urban Renewal	<p>Urban renewal is a Mayoral flagship. The department has completed urban renewal plans for Germiston and township complexes and these need to be communicated to various stakeholders and potential investors.</p> <p>The strategy will :</p> <p>(1) guide the department in undertaking branding and marketing for the programme,</p> <p>(2) contribute to CITY OF EKURHULENI identity and the sub branding of the urban renewal areas</p> <p>(3) assist CITY OF EKURHULENI to communicate a positive message to key stakeholders about Germiston as the Municipal HQ and about investment potential of the township complexes</p> <p>(4) identify income generating opportunities that can be generated through sponsorship and advertising spaces .</p>	Flagship Project	Show casing of projects implemented through the Urban Renewal Programme
Densification Consumer Awareness Campaigns for new projects	To provide feedback to the community in terms of new projects	Increase stakeholder engagements.	Number of Community Outreach Engagements.

- Community Development
 - a. Informal Settlement Management Awareness - Feedback on upgrading on informal settlements
 - b. Informal Settlements Public Meeting

Project	Motivation for Budget Request	Link to SDBIP	Measurable Output
Informal Settlements: Public meeting Informal Settlements Public Meeting: Hire Tents, Chairs, Tables, Vehicle with public address system, Bottled water	In order to promote and improve community liaison and participation in relation to informal settlements management plan by the CITY OF EKURHULENI and those planned for upgrading. It is anticipated that this will be done through convening meeting(s) by the Department in consultation with the relevant ward	Management of Informal Settlements	Number of Community Outreach Engagements

	councillor and ward committee members.		
Informal Settlement: Management Awareness Informal Settlement Management Awareness - Feedback on upgrading on informal settlements	To provide feedback to the community in terms of new projects	Increase stakeholder engagements.	Number of Community Outreach Engagements.

- Special events:
 - c. Calendar events as per Petal
 - d. Title Deed issue
 - e. Project launches

Name of event	Motivation for Budget Request	Link to SDBIP	Measurable Output
Title Deeds Issuing: Title Deeds handover and beneficiary education	Title Deeds handover and beneficiary education	Increase stakeholder engagements.	Number of Community Outreach Engagements.
Project Launches: Official launch of housing construction project	Official launch of housing construction project	Increase stakeholder engagements.	Number of Community Outreach Engagements.

- Land invasion management:

Counter land invasion by means of patrols at different informal settlements areas. EMPD has taken over the function of dismantling of illegal structures and removing rubble thereof

The link to the SDBIP: Reduced incidents of eviction.

Measurable Output: Sustainable environment

- Land relocation

Relocation and allocation of qualifying beneficiaries onto serviced erven or completed top structures in respect of new housing projects.

The link to the SDBIP: Increase secure tenure.

Measurable Output: Relocating families as per completed projects for qualifying beneficiaries.

- Consultant fees

The Department anticipates to utilise the budget in the following manner:

Project Name	Motivation for Budget Request - provide detailed motivation including calculations and proof of calculations (quotes etc)	Link to SDBIP	Measurable Output
Precinct plans	Department plans to develop 3 Precinct plans to illustrate the smaller, more detailed scale of particular areas within the “whole” and to guide and control the infrastructure designs after the constraints of the wider context have been determined. The cost estimate is R700 000 X 3 plans.	Increased number of Urban redevelopment plans	3 Final precinct plans
Housing Programme & Project Status Quo Analysis/Evaluation.	Housing projects Status Quo Analysis/Evaluation will verify the status quo of top structures and 127 000 serviced sites estimated at R100.00 per serviced site	Intermediate Outcome: Increase integration and regularization of formal settlements across EMM	Evaluation of current Housing programme and project - status quo analyses.
Farrarmere Surveying and Township registration	The Human Settlements Department appointed a service provider to undertake the Surveying and Township registration of the affected area to enable the transfer to qualifying beneficiaries through the RETRO programme.	Intermediate Outcome: Increase integration and regularization of formal settlements across EMM	Approved Township Registration
Informal Settlement Technical Evaluation and Classification	The Department requires to conduct Technical Evaluation and Classification and feasibilities for all the settlements within the EMM estimated at R112 000,00 x 112 Informal Settlements. That it be noted that this is supplementary to the NUSP fund ,which will indicate which settlement will be upgraded in situ.	Intermediate Outcome: Increase integration and regularization of formal settlements across EMM	Informal Settlement feasibility studies and database and report
Integrated Rental and Institutional Housing Strategy	Review and develop an integrated and comprehensive rental and institutional Housing Strategy , with a Roll-Out Programme and Project Implementation Plan for EMM. The objectives is to: <ul style="list-style-type: none"> • Outline the case for rental and social housing in the EMM. • Outline and review the current status of rental and social housing within the Metro and the various processes and initiatives that are currently underway. • Consider strategic options, proposals and make recommendations for alignment, prioritising, and focusing the work towards an overall rental and social housing strategy. • Develop a high level strategy for rental and social housing development within the metro by outlining key strategic processes, an action plan and overall roll-out programme, a resource plan and budget required over a 3 year to 20 year cycle, performance indicators and risk management proposals. 	Improved Asset and property management in respect of rental stock - SDBIP reference number 4	Report on the development of an integrated and comprehensive rental and institutional Housing Strategy , with a Roll-Out Programme and Project Implementation Plan for EMM.

Operating Grants Expenditure

- **The National Operating Grant**

The grant relates to the conditional grant for capacity development to municipalities.

The achievement of the human settlements mandate is driven by the National Outcome 8 which is focussed on the creation of integrated sustainable human settlements and the improved quality of life. The accreditation of municipalities outcome by 2014/15, finds clear expression in Outcome 8. Furthermore, the Breaking New Ground strategy, being a blue print for achieving this outcome, also places the municipality at the centre of service delivery, due to its nature and the reality that, it is a sphere of government closer to community grassroots. The assignment of the CITY OF EKURHULENI is also included on the Council approved 2011/2012 IDP, Budget, & SDBIP under Item 1.2.2 accreditation of the municipality by the Gauteng Department of Local Government and Housing.

The rationale for accreditation is that, amongst others, there will be funding certainty for municipality executing the human settlements mandate, budget planning process will be enhanced to create sustainable settlements and service delivery will be accelerated. The intent is to improve efficiencies in the human settlements value chain.

Assignment will make human settlements delivery more efficient and effective, and that as a result of a concentration of funding at the local level, municipalities are better able to make productive decisions on the developmental progress in their areas of jurisdiction. Assignment involves a progressive transfer of responsibility in respect of national housing programmes and this is accompanied by the progressive transfer of accountability for such decision-making, and critically, the progressive transfer of real authority to perform in that role. The municipality has been awarded Accreditation levels one and two functions in March 2011.

Bigen Africa Services (Pty) Ltd – (“Bigen Africa”) was appointed through Contract Number PS-HS 81-2014: “The appointment of Professional Service Providers with a team of four specialist in the built environment to form part of the Human Settlements Departments Special Projects Team responsible for the planning, packaging, design and implementation of various urban renewal and special projects, in inner cities and townships within the City of Ekurhuleni (CITY OF EKURHULENI) on an as and when basis for a period of 18 months from the date of award.”

There are multiple projects at various stages of design and implementation identified in Urban Renewal Business Plans and the consultants are responsible for the facilitation, coordination and management of the plans and processes for these projects.

Ten contract workers have been brought in on one year contracts. This includes 6 Programme Manager, 3 Project Manager and 1 Finance Administration Officer. This will assist the department to expedite projects and ensure expenditure of the Capital Budget.

- **USDG Funding for professional fees**

This programme entails the detailed planning process per land portion to enable the appropriate upgrading and formalisation of informal settlements to allow the creation of title deeds to enable ownership. The major component of the programme involves undertaking feasibility studies to assess the suitability of various land parcels for human settlements development, undertaking of preplanning studies including township establishments, environmental impact assessments and various specialist studies such as geotechnical investigations, traffic impact assessments, heritage studies and wetland delineation. All these activities are required to proclaim a township and allow ownership of property.

- **HSDG funding for Top Structures**

This programme entails the construction of houses on serviced stands for in-situ and Greenfield developments, where beneficiaries have been identified. The programme constitutes the last phase and consolidates a housing project, apart from other socio-economic amenities and services that are required to achieve integrated and sustainable developments.

Table 78 Operating Budget of the Human Settlements Department

EMM - OPERATING BUDGET												
DESCRIPTION	F00	F00	F00	F00	F00	F01	%	%	F02	F03		
	R'000	R'000	R'000	R'000	R'000	R'000	B to B	P to B	R'000	R'000	R	R
ORG BUDGET	ADJ BUDGET	YEAR TO	PROJECTED	2017/18	%	%			2018/19	2019/20		
											R	R
Human Settlements												
INCOME												
NON - EXCHANGE REVENUE												
Transfers and Subsidies	(773,589)	(813,811)	(169,696)	(813,811)	(1,129,090)	(1,129,090)	38.74%	38.74%	(1,112,269)	(1,318,551)		
- Operational: Monetary	(224,472)	(215,006)	(43,890)	(215,006)	(186,579)	(186,579)	-13.22%	-13.22%	(112,000)	(112,000)		
- Capital: Monetary	(549,117)	(598,805)	(125,806)	(598,805)	(942,510)	(942,510)	57.40%	57.40%	(1,000,269)	(1,206,551)		
SUB TOTAL: NON - EXCHANGE REVENUE	(773,589)	(813,811)	(169,696)	(813,811)	(1,129,090)	(1,129,090)	38.74%	38.74%	(1,112,269)	(1,318,551)		
EXCHANGE REVENUE												
Interest, Dividends and Rent on Land	(4,000)	(4,000)	(1,701)	(3,936)	(4,176)	(4,176)	4.39%	6.10%	(4,422)	(4,679)		
Rental from Fixed Assets	(39,179)	(39,179)	(24,863)	(38,284)	(42,892)	(42,892)	9.48%	12.04%	(45,423)	(48,057)		
Sales of Goods and Rendering of Services	-	-	(8)	(16)	-	-	0.00%	0.00%	-	-		
SUB TOTAL: EXCHANGE REVENUE	(43,179)	(43,179)	(26,571)	(42,236)	(47,068)	(47,068)	9.01%	11.44%	(49,845)	(52,736)		
TOTAL INCOME	(816,768)	(856,990)	(196,268)	(856,047)	(1,176,158)	(1,176,158)	37.24%	37.39%	(1,162,113)	(1,371,286)		
EXPENDITURE												
Employee Related Costs												
Senior Management	2,002	2,002	814	1,501	1,902	1,902	-4.99%	26.68%	2,033	2,172		
- SM - Salaries Allowances and Service Benefit	1,947	1,947	766	1,460	1,806	1,806	-7.22%	23.71%	1,931	2,062		
- SM - Social Contributions	55	55	48	41	96	96	73.85%	131.81%	102	109		
Municipal Staff	91,185	77,395	46,795	75,476	102,467	102,467	32.39%	35.76%	109,550	117,013		
- MS - Salaries Allowances and Service Benefit	81,155	67,365	38,416	66,186	89,247	89,247	32.48%	34.84%	95,418	101,920		
- MS - Social Contributions	17,788	17,788	8,380	17,048	20,909	20,909	17.55%	22.65%	22,351	23,871		
- MS - Cost Capitalised to PPE	(7,757)	(7,757)	-	(7,757)	(7,689)	(7,689)	-0.88%	-0.88%	(8,220)	(8,779)		
Contracted Services	65,108	85,416	18,613	84,305	75,319	75,319	-11.82%	-10.66%	81,246	87,630		
- Outsource Services	10,780	9,565	82	9,440	27	27	100.00%	100.00%	28	30		
- Consultants and Professional Services	54,328	75,851	18,531	74,865	69,841	69,841	-7.92%	-6.71%	75,445	81,492		
- Contractors	95,411	102,781	56,708	99,492	124,841	124,841	21.46%	25.48%	134,603	145,121		
Operational Cost	795,864	829,803	174,442	829,801	1,147,911	1,147,911	38.34%	38.34%	1,132,620	1,340,555		
Inventory	124,114	124,114	64,375	119,597	138,803	138,803	11.83%	16.06%	174,794	201,958		
Interest Dividends and Rent on Land	2,661	3,063	1,440	2,941	3,508	3,508	14.51%	19.28%	3,715	3,930		
Operating Leases	2,743	2,743	1,600	2,743	2,574	2,574	-6.16%	-6.16%	2,754	2,946		
Contribution for Bad Debt	3,500	18,888	9,605	18,888	5,076	5,076	-73.13%	-73.13%	5,375	5,687		
Transfers and Subsidies	3,500	18,888	9,605	18,888	5,076	5,076	-73.13%	-73.13%	5,375	5,687		
- Operational: Monetary	50,786	50,786	29,625	50,786	52,310	52,310	3.00%	3.00%	54,926	57,672		
Depreciation and Amortisation	1,233,374	1,296,991	404,016	1,285,530	1,654,711	1,654,711	27.58%	28.72%	1,701,616	1,964,685		
TOTAL EXPENDITURE	416,606	440,001	207,748	429,484	478,554	478,554	8.76%	11.43%	539,502	593,398		
DEFICIT / (SURPLUS) AFTER GAINS AND LOSSES	416,606	440,001	207,748	429,484	478,554	478,554	8.76%	11.43%	539,502	593,398		

2.10.19 BUDGET OF EKURHULENI DEVELOPMENT COMPANY (EDC)

The Budget of the EDC is presented as a consolidated budget for the four entities:

- Ekurhuleni Development Company SOC Ltd (Management Company).
- Pharoe Park Housing Company SOC Ltd.
- Germiston Phase II Company SOC Ltd.
- Lethabong Housing Institute NPC.

1.1 This request for Operational Grant Funding is for the CITY OF EKURHULENI entities namely, Ekurhuleni Development Company, Germiston Phase II Housing Company, Pharoe Park Housing Company and Lethabong Housing Institution. (“EDC et al”)

1.2 EDC’s mandate is to deliver social housing and is regulated by the Social Housing Act. Rental charges for social housing tenants are not market related, while the maintenance cost associated with the social housing properties are at market value. Due to the current limited number of rental units, cost will always exceed revenue.

1.3 The entity is therefore requesting a supplementary grant to fund the maintenance of properties for EDC ET AL until such time the entity is the breakeven point and to cover additional repairs and maintenance of 87 units in a process of being transferred to EDC. When EDC takes over the 87 units from CITY OF EKURHULENI in January 2016, there will be maintenance costs associated with any backlog of repairs to the units. EDC does not have the internal budget for this and requests CITY OF EKURHULENI’s support on this. This works out to approximately R17,000 per unit per annum by management’s best estimate.

1.4 R35million is requested to cover the cost of the consolidation of the 4 entities into a single housing company. It relates mainly to amounts needed to cover the tax costs related to the amalgamation, as well as the buy-out of the GPF shares in Pharoe Park and Phase II. Pharoe Park has properties valued at market value in excess of R83,8million and LHI nearly R20million for which Transfer duties need to be paid. Transferring the businesses, staff and assets of EDC and Pharoe Park into Phase II will trigger further Capital Gains Taxes. This is due to the ineffective tax structure EDC “et al” is currently in. Other properties have been identified within the EDC complexes that were never finally transferred to EDC at inception of the group and need to be bought and/or transferred to EDC. Transferral of properties needs the assistance of legal professionals and these have been budgeted for. Intercompany loans need to be settled and also outstanding liabilities in the companies to be merged into Phase II. LHI has separate tax issues due to it being a non-profit company, and transferring the related assets into Phase II (which will result in the vacant land to be developed for middle income rental units), will result in Income tax payable according to SARS guidelines. Management has started to engage SARS in May 2015 and is in the process of negotiating with SARS to reduce the tax burden but based on current tax legislation and the recommendations made by the Grant Thornton report management has budgeted for a worst case scenario.

- 1.5 In settling all liabilities of the entities upon consolidation, the contingent liability with Ramanna and Associates needs to be settled. Legal advisors' estimates place the settlement figure at R2,3million, of which EDC sees this as part of the amalgamation costs.
- 1.6 Lastly, funding is requested to cover the additional costs of 4 new additional board members. At the time of compilation of the 2015/16 budget, EDC had not budgeted for these 4 additional board members who were subsequently appointed by the shareholder. Training and equipping the directors with knowledge of the business, as well as involvement with all the new projects EDC is engaging into requires EDC's operational budget to be supplemented to cover these increased costs.

The annual operating grant to the EDC has been is R3,5million

The EDC will as a matter of priority start working on the merging of the companies to ensure VAT efficiencies are achieved.

Assumptions underpinning the budget

The assumptions and guidelines used in compiling the final budget are as follows:

Income:

- 5.4% tariff increase was used as a basis for determining the income for the 2015/16 financial year.
- The Grant going forward has been increased based on the above to R5m per annum.
- Other operating income included agency fees charged within the group of entities. EDC recovers operational cost from Germiston Phase 2 and Pharoe Park Housing Companies.

Expenditure:

- Salaries (6.8%).
- Repairs and maintenance – an additional R1.5m from 2015/16 to 2017/2018 (addressing maintenance backlog).
- General Expenditure 5.8% increase.
- Collection costs: 0% increase.
- Contracted services: actual as per contracts.
- EDC's costs as the management company will be recovered from the other entities based on the services provided.
- No increase in the number of units has been factored into the budget. Any transfer of units from CITY OF EKURHULENI has not been included as this has not yet been finalised.
- The group still continues to be squeezed by cost increases which are above inflationary increases and are market-related whilst our income stream is regulated, as a result of the rental being subsidised, as the entities provide social housing units.
- The group still continues to be squeezed by cost increases which are above inflationary increases and are market-related whilst our income stream is regulated, as a result of the rental being subsidised, as the entities provide social housing units.

Table 79 Budget of Ekurhuleni Development Company

OPERATING BUDGET																
DESCRIPTION	F00 R'000 ORG BUDGET		F00 R'000 ADJ BUDGET		F00 R'000 YEAR TO DATE		F00 R'000 PROJECTED		F01 R'000 2017/18		% Of Total		F02 R'000 2018/19		F03 R'000 2019/20	
	R	R	R	R	R	R	R	R	R	R	P to B	B to B	R	R	R	
EDC																
INCOME																
NON - EXCHANGE REVENUE																
Transfers and Subsidies																
- Operational: Monetary	3,500	21,326	10,162	99,545	91,340	108,704	18,793									
- Capital: Allocations in Kind	3,500	11,326	1,750	11,326	16,726	17,730	18,793									
- Capital: Monetary		10,000	8,412	18,842	12,562	90,975	-									
SUB TOTAL: NON - EXCHANGE REVENUE	3,500	21,326	10,162	99,545	91,340	108,704	18,793									
EXCHANGE REVENUE																
Interest, Dividends and Rent on Land	1,822	1,822	785	1,571	1,476	1,564	1,658									
Operational Revenue	6,101	6,101	2,695	4,636	10,302	10,920	11,575									
Rental from Fixed Assets	34,899	34,899	16,129	27,660	38,321	40,620	43,058									
SUB TOTAL: EXCHANGE REVENUE	42,822	42,822	19,610	33,867	50,099	53,105	56,291									
TOTAL INCOME	46,322	64,148	29,771	133,411	141,439	161,809	75,084									
EXPENDITURE																
Employee Related Costs																
Senior Management	(15,185)	(15,185)	(8,479)	(16,854)	(20,537)	(21,769)	(23,075)									
- SM - Salaries Allowances & Service Benefits	(8,262)	(8,262)	(4,008)	(8,305)	(10,635)	(11,274)	(11,950)									
- SM - Social Contributions	(7,810)	(7,810)	(3,808)	(7,905)	(10,065)	(10,669)	(11,309)									
Municipal Staff	(452)	(452)	(200)	(399)	(571)	(605)	(641)									
- MS - Salaries Allowances & Service Benefits	(6,923)	(6,923)	(4,471)	(8,549)	(9,902)	(10,496)	(11,125)									
- MS - Social Contributions	(6,476)	(6,476)	(4,232)	(8,071)	(9,481)	(10,050)	(10,653)									
Contracted Services	(447)	(447)	(239)	(478)	(421)	(446)	(473)									
- Consultants and Professional Services	(7,604)	(7,604)	(3,653)	(7,306)	(14,664)	(15,544)	(16,477)									
- Contractors	(4,252)	(4,252)	(1,549)	(3,098)	(9,512)	(10,083)	(10,688)									
Operational Cost	(3,352)	(3,352)	(2,104)	(4,208)	(5,152)	(5,789)	(6,477)									
Interest Dividends and Rent on Land	(18,836)	(18,836)	(7,422)	(14,844)	(21,889)	(23,203)	(24,595)									
Contribution for Bad Debt	(1)	(1)	(66)	(133)	(27)	(28)	(30)									
Depreciation and Amortisation	(3,322)	(3,322)	(1,412)	(4,894)	(5,907)	(6,262)	(6,637)									
TOTAL EXPENDITURE	(46,201)	(46,201)	(21,659)	(45,284)	(66,818)	(70,827)	(75,076)									
DEFICIT / (SURPLUS)	121	17,947	8,112	88,127	74,621	90,982	8									
DEFICIT / (SURPLUS) AFTER GAINS AND LOSSES	121	17,947	8,112	88,127	74,621	90,982	8									

2.10.20 INFORMATION COMMUNICATION TECHNOLOGY (ICT)

The result statements of the department are contained in the IDP in Annexure A.

Flagship Project as pronounced by the Executive Mayor

Activity	Description
Digital City	
Brief Description	<p>Digital City is the innovative use of technology to create a smart City. The Digital City is divided into four streams of work which are: broadband infrastructure; setting up EM as an Internet service provider; Enterprise Operation Centre/Unified Command Centre (UCC) Digital City services and products. Implementation of Phase 1 of the project which includes setting up of the Digital City unit to provide effective broadband infrastructure that supports the business services, commercialisation of the fibre and connectivity to Ekurhuleni community.</p> <p>Project Components</p> <p>Stream 1: Broadband (fibre connectivity):</p> <ul style="list-style-type: none"> • Rollout fibre broadband throughout Ekurhuleni. All municipality buildings to be connected (estimated 686 buildings) over a period of 4 years. • Existing connectivity: 157, remainder: 530. • Create redundancy for 95% of fibre links for increased network stability • 602KM of fibre confirmed working 85KM fibre being purchased and plus 82km of fibre being built. <p>Stream 2: Broadband wireless connectivity:</p> <ul style="list-style-type: none"> • Provision of broadband wireless overlay (Wi-Fi-based) – 2 hotspots for internal use and between 2 and 4 hotspots for public Wi-Fi in each of the 686 buildings. • 29 buildings have Wi-Fi from internal hotspots currently and 235 Wi-Fi sites to the public exists. <p>Stream 3: Unified Command Centre:</p> <ul style="list-style-type: none"> • The Conceptual Phase of the UCC was completed, developing the UCC strategy and Operating Model, high level business processes as well as a costing model provided a projection of costs. • Two parallel processes to follow now are: <ul style="list-style-type: none"> (a) Building architecture drawings and construction of the building (b) Obtaining and implementing the UCC IT solutions <p>Stream 4: CITY OF EKURHULENI E-Citizen Services:</p> <ul style="list-style-type: none"> • City planning operations: Analysis and automation of current processes. In addition, defining a data and process architecture. • External: function of potential datasets which can be made available to outside world, as well as potential in -city Business Process Owner components which city has appetite to provide. <p>Alignment with the GDS 2055:</p> <p>Goal: increased broadband coverage.</p> <p>This strategy is supported by:</p> <ul style="list-style-type: none"> • Creating a fibre and wireless network throughout Ekurhuleni to create a connected city.

Activity	Description
	<ul style="list-style-type: none"> • Create internet zones to the public to encourage economic development, especially in historically disadvantaged areas. • Connect all the CITY OF EKURHULENI buildings and as such increase efficiency. • Install video conferencing in boardrooms and meeting rooms to increase efficiency and reduce travelling time. • Install application functionality to have an increased engagement with the citizens by means of easy-to-use and advanced technology. These include SMS, smart phone, website and other electronic communication.
<p>Current progress on project</p>	<p><u>Infrastructure:</u></p> <ul style="list-style-type: none"> • Fibre audit and verification completed. • Contracts established for fibre build, dark fibre purchase as well as structured cabling. • Tenders for network equipment in final stages of award. • 200 Wi-Fi units rolled out for internal use. • Rollout of public Wi-Fi in all libraries in progress and should be completed by the end of the 2015/16 FY. • VNX Infrastructure solution installed and systems, earmarked for deployed on the VNX, migrated. • Converged infrastructure installed and system migration in progress • Video Conferencing installed for 20 boardrooms, 12 still to be installed. <p><u>Business Process Mapping:</u> Business processes mapping for the 20 key departments targeted for the UCC is completed.</p> <p><u>Applications:</u></p> <ul style="list-style-type: none"> • City process model, BPM Framework, APM and RMP have been created. • Master systems plan in place and has been approved. <p><u>Unified Command Centre:</u></p> <ul style="list-style-type: none"> • DEMS strategic and tactical command centre establishment in Bedfordview in architect design stage. • Long-term UCC: <ul style="list-style-type: none"> • Conceptual Design Phase nearly completed. Strategy and value proposition was defined, high level processes were defined, and Business functionality as well as IT requirements and UCC costing model were defined. • Tender for architect consulting team for UCC buildings in progress
<p>Plans for the 2017/2018 financial year</p>	<p><u>Infrastructure:</u></p> <ul style="list-style-type: none"> • Complete fibre expansion in purchasing 85KM and building 82KM fibre network • Create redundancy for 225 sites by purchasing 130KM fibre • Install internal Wi-Fi in 235 buildings (2 units per building). • Install public Wi-Fi in 235 buildings (between 2 and 4 units per building) • Connect four CITY OF EKURHULENI Computer centres. • Continue with upgrade of security. <p><u>Applications:</u></p> <ul style="list-style-type: none"> • Initiated conceptual phase to illicit requirements for the relevant applications and solutions for the UCC. <p><u>Unified Command Centre:</u></p>

Activity	Description
	<ul style="list-style-type: none"> Establish contract for Architectural designs of the UCC building and commence with design. Completing the selection process of the UCC IT solutions.

Key Strategic Projects of the Information Communication Technology Department

Activity	Description
Unified Command Centre	
Brief Description	The project is creating a multi-discipline, multi-department command and control centre to provide integrated service delivery to the public. The Boksburg Fire station site was selected to construct a building for the UCC. The UCC will contain a centralised customer care centre for both life threatening and non-life threatening services as well as command and control centres for Energy, Water, CCTV Surveillance, Vehicle tracking and dispatch. It will also house the CRM head office as well as an ICT data centre. The UCC will use smart city technology for enhanced efficiency.
Current progress on project	<p>The Conceptual Design Phase was completed. This design phase already delivered the UCC strategy and value proposition, high level processes and operating model, Business requirements definition and defining the IT solutions required for the UCC. It also delivered a UCC costing model.</p> <p>The tender for contracting the architect consultants for the UCC building is in progress.</p>
Plans for the 2017/2018 financial year	<ul style="list-style-type: none"> Architectural designs and costing of the UCC building to be completed Completing the selection process of the UCC IT solutions. Confirm funding for the building construction
Business Process Management (BPM)	
Brief Description	The project objective is to optimise, redesign and automate the business processes with the aim to reduce silo operations and improve responses to the customers. BPM aims to improve the efficiency of the municipality business processes, doing things better with optimised processes and achieve better communication across the organisation; to integrate municipality business processes with partners in the value chain, and understanding which partner is responsible for what part of the process. This will also apply to the municipality's interaction with other spheres of government, business, NGOs, etc.
Current progress on project	<p>(1) Five processes (City Planning) from a combined total of eight have been completed. It is anticipated that the remaining processes will be completed by the end of quarter 4 in 2015/16.</p> <p>(2) Finalise the optimisation of the Energy revenue processes.</p> <p>(3) The e-Health solution has been developed and should be deployed and fully operational by March 2016.</p>
Plans for the 2017/2018 financial year	<p>In the new financial year, the department will focus on business processes engineering for the four departments (i.e. finance, HR, Water, and corporate legal).</p> <p>Additional modules will be developed for the e-Health platform to enable alignment with the National Government Health strategy requirements.</p>
Information and Knowledge Management	
Brief Description	The intent of the project is to create an information environment that provides the following: business-driven; knowledge-based; integrated; always available and reliable.

Activity	Description
Current progress on project	The base deployment of the SharePoint and Document management solution have been completed at the end of November 2015. The base deployment of the Case management (CRM department) solution is currently in progress and it is anticipated that this solution will go live by the end of February 2016
Plans for the 2016/17 financial year	<ul style="list-style-type: none"> ▪ Design and deployment of the advanced SharePoint and Document management capability. ▪ Implementation of the advanced Case management capability (CRM).
Enterprise Resource Planning	
Brief Description	<p>An Enterprise Resource Planning system (ERP) is a system that replaces many stand-alone systems of individual departments and offices – such as human resources management, payroll, finance, supply chain management, grant management and projects – and integrates the functions into a componentised automated system.</p> <p>ERP provides for policies and procedures to be built into the system and uploaded as necessary. This will greatly reduce our dependence on policy and procedure manuals for knowledge transfer and provide a much more efficient means to handle knowledge retention, especially as experienced staff retires. ERP systems also come with built-in audit and security controls that have been implemented.</p>
Current progress on project	<ul style="list-style-type: none"> ▪ Upgrade of the HR system is in progress. It is anticipated that this upgrade will be completed by end of March 2016. Additional HR modules (recruitment and Performance Management) to be implemented by the end of the 2015/16 FY. ▪ The Project Management online tool is being deployed and should be operational before the end of the 2015/16 FY. ▪ Identity and Access management – The deployment of the base configuration for this projects are currently underway. The solution will go live by the end of May 2016.
Plans for the 2016/17 financial year	<ul style="list-style-type: none"> ▪ Upgrade of the financial system to Solar. ▪ Deployment of the advanced Project Management tool capabilities. ▪ Dashboard and reports development for the Finance and EPMO departments. ▪ Deployment of advanced Identity and Access management capability

Table 80 Operating Budget of the Information Communication Technology Department

EMM - OPERATING BUDGET										
DESCRIPTION	F00	F00	F00	F00	F00	F01	F02	F03		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
ORG BUDGET	ADJ BUDGET	YEAR TO	PROJECTED	2017/18	B to B	P to B	% Of Total	2018/19	2019/20	
					%	%				
ICT										
INCOME										
NON - EXCHANGE REVENUE										
Transfers and Subsidies										
- Capital: Monetary		(1,849)		(1,849)	-100.00%	0.00%	0.00%			
SUB TOTAL: NON - EXCHANGE REVENUE		(1,849)		(1,849)	-100.00%	0.00%	0.00%			
EXCHANGE REVENUE										
Sales of Goods and Rendering of Services			(12)	(25)	0.00%	0.00%	0.00%			
SUB TOTAL: EXCHANGE REVENUE			(12)	(25)	0.00%	0.00%	0.00%			
TOTAL INCOME			(12)	(1,874)	-100.00%	0.00%	0.00%			
EXPENDITURE										
Employee Related Costs	103,885	92,329	55,536	89,067	15.49%	19.72%	24.78%	113,988	121,741	
Senior Management	5,229	5,229	1,284	3,922	-58.28%	-44.38%	0.51%	2,332	2,491	
- SM - Salaries Allowances and Service Benef	5,117	5,117	1,266	3,838	-57.41%	-43.21%	0.51%	2,330	2,488	
- SM - Social Contributions	112	112	19	84	-98.33%	-97.78%	0.00%	2	2	
Municipal Staff	98,655	87,099	54,252	85,145	19.92%	22.67%	24.27%	111,656	119,250	
- MS - Salaries Allowances and Service Benef	80,812	69,257	45,290	68,045	23.62%	25.82%	19.89%	91,522	97,747	
- MS - Social Contributions	17,843	17,843	8,962	17,100	5.56%	10.14%	4.38%	20,134	21,503	
Contracted Services	102,044	102,044	40,927	100,718	31.05%	32.78%	31.07%	147,102	161,812	
- Outsourcing Services	1,934	1,934	-	1,909	-100.00%	0.00%	0.00%	-	-	
- Contractors	100,110	100,110	40,927	98,809	33.58%	35.34%	31.07%	147,102	161,812	
Operational Cost	116,049	115,549	17,775	111,851	14.00%	17.77%	30.61%	139,485	147,563	
Inventory	(13,997)	(11,648)	6,287	(11,648)	26.46%	26.46%	-3.42%	(15,241)	(15,722)	
Depreciation and Amortisation	70,892	70,892	41,353	70,892	3.00%	3.00%	16.97%	76,669	80,503	
TOTAL EXPENDITURE	378,872	369,165	161,879	360,880	16.58%	19.26%	100.00%	462,004	495,897	
DEFICIT / (SURPLUS)	378,872	367,316	161,866	359,006	17.17%	19.88%		462,004	495,897	
DEFICIT / (SURPLUS) AFTER GAINS AND LOSSES	378,872	367,316	161,866	359,006				462,004	495,897	

2.10.21 INTERNAL AUDIT

Key Strategic Projects of INTERNAL AUDIT

The result statements of the department are contained in the IDP in Annexure A.

Internal Audit is an appraisal function established within the organization in compliance with the requirements of the MFMA and MSA and independently examines and evaluates the activities of the organization as a service to the Council in particular and to management in general.

Internal Audit helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The objectives of internal auditing are to assist senior managers of the organization in the effective discharge of their responsibilities by furnishing them with analyses, appraisals, recommendations, counsel, and information concerning the activities reviewed and by promoting effective control at reasonable cost. Furthermore, to evaluate and report on compliance with the Municipal Finance Management Act, Municipal Systems Act and related Treasury Regulations.

Operating Budget of the INTERNAL AUDIT

The Operating Budget of the Internal Audit Department is as follows:

2.10.22 LEGISLATURE

This department was established with the purpose of strengthening the capacity of the CITY OF EKURHULENI through modernisation and technological advancements. It includes the following budgets:

- Office of the Speaker.
- Office of the Chief Whip.
- Oversight committees.
- Administration of Ward Committees.
- Part-time councillors.
- Budget for chairpersons of Oversight Committees.

It is important to note that cost centre 4418, which contains the budget for part-time councillors, has also been allocated to the Legislature. This implies that all the councillor allowances are now budgeted as part of the Legislature - based on the principle that part-time councillors will mostly form part of the oversight committees. The mentioned cost centre also provides for the travelling and accommodation of part-time councillors to conferences and seminars and overseas business activities.

Operating Budget of the Legislature Department

The Operating Budget of the Legislature is as follows:

Table 82 Operating Budget of the Legislature Department

EMM - OPERATING BUDGET										
DESCRIPTION	F00	F00	F00	F00	F00	F01	%	%	F02	F03
	R'000	R'000	R'000	R'000	R'000	R'000	B to B	P to B	R'000	R'000
ORG BUDGET	ADJ BUDGET	YEAR TO	PROJECTED	2017/18	%	%			2018/19	2019/20
R	R	R	R	R	R	R	R	R	R	R
Legislature										
EXPENDITURE										
Employee Related Costs	92,478	92,705	37,435	90,830	126,689	36.66%	39.48%	40.91%	135,431	144,640
Senior Management	-	-	512	-	-	0.00%	0.00%	0.00%	-	-
- SM - Salaries Allowances and Service Benefit	-	-	511	-	-	0.00%	0.00%	0.00%	-	-
- SM - Social Contributions	-	-	1	-	-	0.00%	0.00%	0.00%	-	-
Municipal Staff	92,478	92,705	36,923	90,830	126,689	36.66%	39.48%	40.91%	135,431	144,640
- MS - Salaries Allowances and Service Benefit	81,969	82,197	31,877	80,758	102,815	25.08%	27.31%	33.20%	109,909	117,383
- MS - Social Contributions	10,508	10,508	5,046	10,071	23,875	127.20%	137.06%	7.71%	25,522	27,258
Remuneration of Councillors	115,407	115,407	60,286	106,372	117,239	1.59%	10.22%	37.86%	125,328	133,851
- ROC - Allowances & Service Related Benefits	103,681	103,681	57,519	101,384	112,063	8.08%	10.53%	36.19%	119,795	127,941
- ROC - Social Contributions	11,726	11,726	2,767	4,989	5,176	-55.86%	3.76%	1.67%	5,533	5,910
Contracted Services	3,027	3,346	542	3,303	5,446	62.75%	64.90%	1.76%	5,767	6,102
- Outsource Services	1,156	1,156	272	1,141	2,041	76.61%	78.94%	0.66%	2,161	2,287
- Consultants and Professional Services	1,871	2,191	270	2,162	3,377	54.13%	56.16%	1.09%	3,576	3,783
- Contractors	-	-	-	-	29	100.00%	100.00%	0.01%	30	32
Operational Cost Inventory	28,701	29,292	3,397	28,354	31,611	7.92%	11.49%	10.21%	32,065	32,540
Operating Leases	23,187	27,999	9,587	27,998	28,297	1.06%	1.07%	9.14%	29,970	31,713
TOTAL EXPENDITURE	262,996	268,946	111,273	257,046	309,645	84.12%	91.80%	100.00%	328,946	349,251
DEFICIT / (SURPLUS)	262,996	268,946	111,273	257,046	309,645	15.13%	20.46%	0.12%	328,946	349,251
DEFICIT / (SURPLUS) AFTER GAINS AND LOSSES	262,996	268,946	111,273	257,046	309,645	15.13%	20.46%		328,946	349,251

2.10.23 REAL ESTATE

The following divisions in the Real Estate Department were approved:

- Strategy and planning.
- Governance and compliance.
- Support services.
- Portfolio advisory services.
- Property development.
- Property management.
- Facilities management.
- Parks and cemeteries.

Progress with the revenue enhancement drive in CITY OF EKURHULENI with respect to the role the Real Estate Department should play

The potential exists to maximise the rental from the commercial lease portfolio by ensuring that all new leases and renewals are done at proven market-related rentals and escalations. The current back-log needs to be addressed with the additional resource and man-power required which will be brought about with the institutional review process, the amalgamation of property transactions and improved systems, delegation and procedure.

Every effort must be made to facilitate shorter approval processes by the correct interpretation of the MFMA, asset transfer regulations and SCM regulations. The property portfolio needs to be segmented in order to identify specific sites with high rental value potential. The aim is to increase the real revenue with 5% annually.

Many of Council's existing real estate assets (buildings) are in a state of neglect. An amount of R15m has been allocated to enhance revenue potential of some of these facilities. This is part of the prestige building programme where components of the building will be repaired to increase the revenue potential of the facility. Examples are Springs Market, Alberton civic community facilities etc.

Flagship Projects as pronounced by the Executive Mayor

The Real Estate Department is involved, as a secondary partner, with the two flagship projects:

NAME OF THE PROJECT	BRIEF DESCRIPTION
Establishment of a functional Real Estate management unit	<ul style="list-style-type: none"> • Setting up of Real Estate Department and strategy conceptualisation. • Completion of the strategy and organisational structure.

The result statement of the department is contained in the IDP in Annexure A.

Operating Budget

The 2017/18 Real Estate Department Operational Expenditure Budget comprises mainly staff remuneration which constitutes approximately 20% of the budget. Repair and Maintenance is the biggest cost driver which is approximately 70% of the budget.

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Table 83 Operating Budget of the Real Estate Department

EMM - OPERATING BUDGET		F00	F00	F00	F00	F00	F01	%	%	F02	F03
DESCRIPTION		R'000	R'000	R'000	R'000	R'000	R'000	B to B	P to B	R'000	R'000
		ORG BUDGET	ADJ BUDGET	YEAR TO	PROJECTED	2017/18				2018/19	2019/20
		R	R	R	R	R	R	R	R	R	R
		%	%	%	%	%	%	%	%	%	%
		Of Total	Of Total	Of Total	Of Total	Of Total	Of Total	Of Total	Of Total	Of Total	Of Total
Real Estate											
INCOME											
EXCHANGE REVENUE											
Rental from Fixed Assets	(16,862)	(16,862)	(8,603)	(16,588)	(20,829)	(20,829)	23.53%	25.57%	45.47%	(22,058)	(23,338)
Sales of Goods and Rendering of Services	(11,361)	(11,361)	(5,481)	(10,590)	(24,984)	(24,984)	119.91%	135.92%	54.53%	(26,458)	(27,993)
SUB TOTAL : EXCHANGE REVENUE	(28,224)	(28,224)	(14,083)	(27,178)	(45,813)	(45,813)	62.32%	68.57%	100.00%	(48,516)	(51,330)
TOTAL INCOME	(28,224)	(28,224)	(14,083)	(27,178)	(45,813)	(45,813)	62.32%	68.57%	100.00%	(48,516)	(51,330)
EXPENDITURE											
Employee Related Costs											
Senior Management	2,233	2,233	797	1,675	1,593	1,593	-100.00%	0.00%	0.00%	242,222	258,742
- SM - Salaries Allowances and Service Benef	2,123	2,123	752	1,593	82	82	-100.00%	0.00%	0.00%	—	—
- SM - Social Contributions	110	110	46	46	—	—	-100.00%	0.00%	0.00%	—	—
Municipal Staff	219,629	195,151	93,525	190,801	226,547	226,547	16.09%	18.73%	45.19%	242,222	258,742
- MS - Salaries Allowances and Service Benef	182,074	157,596	74,606	154,838	182,378	182,378	15.72%	17.79%	36.38%	195,005	208,314
- MS - Social Contributions	38,264	38,264	18,919	36,672	44,871	44,871	17.27%	22.36%	8.95%	47,968	51,229
- MS - Cost Capitalised to PPE	(709)	(709)	—	(709)	(702)	(702)	-0.88%	-0.88%	-0.14%	(751)	(802)
Contracted Services	15,816	14,841	4,314	14,648	37,556	37,556	153.06%	156.39%	7.49%	39,833	42,212
- Outsource Services	5,395	5,245	2,587	5,177	1,112	1,112	-78.80%	-78.52%	0.22%	1,177	1,246
- Consultants and Professional Services	8,235	8,235	1,298	8,128	32,943	32,943	300.03%	305.30%	6.57%	34,886	36,910
- Contractors	2,186	1,361	429	1,343	3,502	3,502	157.29%	160.68%	0.70%	3,769	4,057
Operational Cost	85,555	85,724	94,802	83,010	104,926	104,926	22.40%	26.40%	20.93%	113,806	123,449
Inventory	98,867	98,494	30,590	98,462	124,557	124,557	26.46%	26.50%	24.85%	136,915	150,500
Operating Leases	736	5,572	218	5,349	7,684	7,684	37.91%	43.65%	1.53%	8,137	8,609
TOTAL EXPENDITURE	422,836	402,015	224,246	393,945	501,270	501,270	24.69%	27.24%	100.00%	540,912	583,512
DEFICIT / (SURPLUS)	394,613	373,791	210,163	366,766	455,457	455,457	21.85%	24.18%		492,396	532,182
DEFICIT / (SURPLUS) AFTER GAINS AND LO	394,613	373,791	210,163	366,766	455,457	455,457				492,396	532,182

2.10.24 RISK MANAGEMENT

Key Strategic Projects of RISK MANAGEMENT

Compliance Management Programme

The department is responsible for ensuring compliance with laws and regulations by implementing the compliance process and monitoring non-compliance throughout the metro and aims to improve the level of compliance maturity over the MTREF period. The projects will focus on monitoring all compliance risks and assisting departments to put into place compliance risk management plans to mitigate high risks. This programme will further include training and certification of officials in the area of compliance to improve the capacity of the municipality in managing compliance risks. The department will focus on developing a system to ensure that CITY OF EKURHULENI will be aware of new and amended laws and regulations. The implementation of a GRC IT tool to manage governance risk and compliance and for reporting of non-compliance risks within CITY OF EKURHULENI, will be prioritised.

Ethics and Fraud Programme

The Department will ensure the establishment of an ethics function to ensure the institutionalisation of ethics within CITY OF EKURHULENI, in order to promote the values that CITY OF EKURHULENI strives to achieve and to mitigate fraud risks within CITY OF EKURHULENI. Training and awareness programmes will be rolled out throughout CITY OF EKURHULENI to ensure that a culture of ethics is embedded within the organisation at every level.

Review of risk financing mechanisms

The importance of enforcing an effective risk transfer method is essential for an organisation as large as the metro. Therefore, the department has identified risk financing and risk transfer as an essential component within its operations. The department will institute a project over the next three years to review the employees risk financing mechanisms as well as introduce methods that are economical, efficient and effective.

Business Continuity Programme

The department initiated the implementation of the Business Continuity Management in the previous year. The programme is aimed at ensuring operational resilience against disruption of critical business processes. Although the development of business continuity plans was concluded in the 2014/15 year, the capacity of the municipality to effectively sustain and maintain the programme remains its biggest challenge. In addition to the recruiting a specialist coordinator to oversee and facilitate the processes of the programme, the department intends to source the services of an external service provider to assist in enhancing the capacity constraints within all departments.

Funding will also be required to invest in the training and awareness programmes which will be introduced to embed the programme.

Occupational Health and Safety

Efforts around implementing the occupational health and safety system will be intensified with the conducting of hazard identification and risk assessments for those departments whose core business operations involve a high degree of inherent health and safety risk for their employees. These assessments involve specialist skills and additional capacity to

perform. The process will also include an element of skills transfer which will take place to capacitate the GRC practitioners within the departments.

Specialised hygiene surveys will be conducted where necessitated out of the risk assessments performed.

Project Risk Management

The municipality is expanding its capital expenditure programme with the implementation of high profile projects such as the IRTPN. The Risk Management Department will over the next three-year period prioritise the institution of a framework for risk profiling of projects as well as well putting in place mitigation plans for management of project risks especially municipal flagship projects.

Operating Budget

The department will use about 70% of its total operating budget to cover its employee related costs. This will cover the expansion of the department as appointments are made in the key roles such as business continuity, project risk management and ethics risk management. Due to the nature of the work of the department which is largely advisory services, most of the financial resources are dedicated to employee pay and specialized contract projects (included under General Expenses). The budget requests were made on the needs known at the time of compilation of the budget. The Department, from time to time, receives special and urgent assignments that may require additional funds. Therefore, the Department may require additional funds over the next two financial years to deal with ad-hoc assignments.

The general expenses include planned acquisitions of management information systems to support the reporting on enterprise risks as well as vetting and disclosure of interest by employees and suppliers.

Table 84 Operating Budget of the Risk Management Department

EMM - OPERATING BUDGET		F00	F00	F00	F00	F00	F01	%	%	F02	F03
DESCRIPTION		R'000	R'000	R'000	R'000	R'000	R'000	B to B	P to B	R'000	R'000
ORG BUDGET		R	R	R	R	R	R	R	R	R	R
ADJ BUDGET		R	R	R	R	R	R	R	R	R	R
PROJECTED		R	R	R	R	R	R	R	R	R	R
YEAR TO		R	R	R	R	R	R	R	R	R	R
F00		R	R	R	R	R	R	R	R	R	R
Risk Management		R	R	R	R	R	R	R	R	R	R
EXPENDITURE		R	R	R	R	R	R	R	R	R	R
Employee Related Costs		18,642	18,761	6,053	17,949	14,823	-20.99%	-17.42%		15,846	16,923
Senior Management		2,002	2,002	814	1,501	1,910	-4.57%	27.24%		2,042	2,181
- SM - Salaries Allowances and Service Benef		1,947	1,947	813	1,460	1,909	-1.97%	30.70%		2,040	2,179
- SM - Social Contributions		55	55	1	41	2	-96.60%	-95.47%		2	2
Municipal Staff		16,640	16,759	5,239	16,447	12,913	-22.95%	-21.49%		13,804	14,742
- MS - Salaries Allowances and Service Benef		15,890	16,009	4,712	15,729	10,778	-32.67%	-31.47%		11,522	12,306
- MS - Social Contributions		750	750	526	719	2,134	184.62%	196.97%		2,281	2,437
Contracted Services		1,592	2,012	986	1,985	1,999	-0.63%	0.68%		2,117	2,240
- Consultants and Professional Services		1,592	2,012	986	1,985	1,994	-0.88%	0.43%		2,112	2,234
- Contractors		-	-	-	-	5	100.00%	100.00%		5	6
Operational Cost		612	1,504	286	1,456	685	-54.48%	-52.98%		707	730
Inventory		104	112	8	112	303	171.71%	171.71%		321	340
TOTAL EXPENDITURE		20,949	22,388	7,333	21,502	17,810	-20.45%	-17.17%		18,990	20,232
DEFICIT / (SURPLUS)		20,949	22,388	7,333	21,502	17,810	-20.45%	-17.17%		18,990	20,232
DEFICIT / (SURPLUS) AFTER GAINS AND LO		20,949	22,388	7,333	21,502	17,810				18,990	20,232

2.10.25 ROADS AND STORM WATER

The result statements of the department is contained in the IDP in Annexure A.

Key Strategic Projects of the Roads and Storm Water Department:

NAME OF THE PROJECT	BRIEF DESCRIPTION
Fak'imali Uzobona	The upgrading and construction of storm water infrastructure on an as and when required basis. This includes construction of new roads and storm water services as well as upgrading of existing roads and storm water services.
Hlase! ama Potholes	Patching of potholes and repairs to failed sections of paved roads (rehabilitation and resurfacing). This includes the reconstruction of failed layers of existing roads, patching and repairs of surface layers, road markings, traffic calming measures etc.

Fak'imali Uzobona

This project addresses the construction of new roads and storm water drainage services as well as the upgrading of existing roads and storm water services predominantly in the areas where the backlog is the greatest. These areas are Duduza, Tsakane, KwaThema, Daveyton/Etwatwa, Wattville, Vosloorus, Katlehong, Tokoza and Tembisa, commercial and industrial areas.

Areas where township development (housing as well as industrial and commercial) is taking place, is also catered for under this programme, which is a multi-year project (spanning over more than one financial year). Consultants and contractors are in place (also appointed on a multi-year basis). The appointment of consultants and contractors, over multi-financial years, will facilitate a "seamless" continuation/implementation of new budgets without the time consuming process of advertising and appointment every financial year. The estimated implementation amount is R340m per annum

Hlase! ama Potholes

This project addresses the rehabilitation, patching and repair of tar roads through the appointment of SMMEs (small contractors), as well as the as and when contractors, which have been appointed in all areas of CITY OF EKURHULENI. The methods of repairs are based on labour intensive methods thus contributing to job creation. These SMMEs will also be appointed on a multi-year basis. The budget for the external costs for roads repairs and maintenance amounts to R387m.

Table 85 Operating Budget of the Roads and Storm Water Department

EMM - OPERATING BUDGET												
DESCRIPTION	F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000	
	ORG BUDGET	ADJ BUDGET	YEAR TO	PROJECTED	2017/18	% B to B	% P to B	% Of Total	2018/19	2019/20	R	R
Roads & Stormwater												
INCOME												
NON - EXCHANGE REVENUE												
Transfers and Subsidies												
- Operational: Monetary	(172,850)	(159,030)	(57,822)	(159,030)	(137,090)	-13.80%	-13.80%	83.15%	(137,100)	(102,500)		
- Capital: Monetary	(20,000)	(20,000)	(120)	(20,000)	(21,000)	5.00%	5.00%	12.74%	(21,000)	(21,000)		
	(152,850)	(139,030)	(57,701)	(139,030)	(116,090)	-16.50%	-16.50%	70.41%	(116,100)	(81,500)		
SUB TOTAL: NON - EXCHANGE REVENUE	(172,850)	(159,030)	(57,822)	(159,030)	(137,090)	-13.80%	-13.80%	83.15%	(137,100)	(102,500)		
EXCHANGE REVENUE												
Rental from Fixed Assets	(2,003)	(2,003)	(465)	(1,935)	(2,038)	1.71%	5.30%	0.00%	(2,158)	(2,283)		
Sales of Goods and Rendering of Services	(24,520)	(24,520)	(7,784)	(10,001)	(25,739)	4.97%	157.36%	15.61%	(27,258)	(28,838)		
SUB TOTAL: EXCHANGE REVENUE	(26,523)	(26,523)	(8,249)	(11,936)	(27,777)	4.73%	132.71%	16.85%	(29,415)	(31,121)		
TOTAL INCOME	(199,373)	(185,553)	(66,070)	(170,966)	(164,867)	-11.15%	-3.57%	100.00%	(166,515)	(133,621)		
EXPENDITURE												
Employee Related Costs												
Senior Management	2,366	2,366	1,027	1,775	2,385	0.77%	34.36%	0.13%	2,549	2,723		
- SM - Salaries Allowances and Service Benef	2,364	2,364	1,015	1,773	2,383	0.77%	34.37%	0.13%	2,547	2,720		
- SM - Social Contributions	2	2	11	1	2	-6.55%	24.62%	0.00%	2	2		
Municipal Staff	221,145	208,332	131,387	202,991	246,379	18.26%	21.37%	13.65%	263,529	281,620		
- MS - Salaries Allowances and Service Benef	208,500	195,687	107,761	192,262	225,679	15.33%	17.38%	12.51%	241,401	257,987		
- MS - Social Contributions	46,055	46,055	23,627	44,139	53,815	16.85%	21.92%	2.98%	57,529	61,441		
- MS - Cost Capitalised to PPE	(33,410)	(33,410)	-	(33,410)	(33,116)	-0.88%	-0.88%	-1.84%	(35,401)	(37,808)		
Contracted Services	37,543	37,751	8,225	37,260	44,664	18.31%	19.87%	2.48%	48,755	53,223		
- Outsourcing Services	89	189	48	186	187	-0.88%	0.43%	0.01%	198	210		
- Consultants and Professional Services	9,150	9,148	459	9,029	8,970	-1.94%	-0.65%	0.50%	9,500	10,051		
- Contractors	28,304	28,414	7,718	28,044	35,506	24.96%	26.61%	1.97%	39,057	42,963		
Operational Cost	20,468	21,278	12,592	20,553	23,492	10.40%	14.30%	1.30%	25,041	26,680		
Inventory	573,244	611,682	291,200	612,127	636,503	4.06%	3.98%	35.27%	686,277	706,401		
Interest Dividends and Rent on Land	-	950	458	917	-	-100.00%	0.00%	0.00%	-	-		
Depreciation and Amortisation	826,378	826,378	482,054	826,378	851,170	3.00%	3.00%	47.17%	893,728	938,414		
TOTAL EXPENDITURE	1,681,145	1,708,737	926,943	1,702,001	1,804,592	5.61%	6.03%	100.00%	1,919,879	2,009,061		
DEFICIT / (SURPLUS)	1,481,772	1,523,184	860,873	1,531,034	1,639,725	7.65%	7.10%		1,753,363	1,875,440		
DEFICIT / (SURPLUS) AFTER GAINS AND LO	1,481,772	1,523,184	860,873	1,531,034	1,639,725				1,753,363	1,875,440		

2.10.26 SPORT, RECREATION, ARTS AND CULTURE (SRAC)

The SRAC department consists of the following functions:

- Sport and Recreation.
- Arts, Culture and Heritage.
- Library and Information Services.
- Projects.
- Support.
- Strategy and Planning.
- Operations.
- Governance and Compliance.

The result statements of the department is contained in the IDP in Annexure A.

Key projects of the Sport, Recreation, Arts and Culture Department

NAME OF THE PROJECT	BRIEF DESCRIPTION
Masakane Games	This programme has a two-pronged approach; one being schools sport and the other a community-wide sport development programme. The school sport programme targets all schools in Ekurhuleni on two priority sporting codes - soccer and netball. The community-wide sporting programme has four sporting codes - soccer, netball, athletics and volleyball. These two programmes are aimed at identifying new talent that can represent the municipality in competitive sport codes.
Kiddies Olympics	An annual multi-coded sport festival for children from five to eight-years-old. The children are exposed to recreational programmes including indigenous games. This is an introduction to sport and recreation targeted at five to six-year-olds that involves day care centres and crèches throughout Ekurhuleni where children are exposed to different forms of recreation and sport with the hope that for future development they will be nurtured in their chosen sporting code/s.
September Cultural Month	September month will be a culmination of a year-long cultural competition of various art forms to be celebrated over three days in the metro. This programme would start at ward/area competitions to the six Ekurhuleni regions into a metro-wide cultural celebration at the end of September annually. Part of the programme would encourage the use of our community halls and public spaces to display art, crafts, drama and the like.
Kempton Park Cultural Precinct	As a first step towards realising an integrated spatial framework and land use for the Aerotropolis, we propose the development of Kempton Park as the cultural capital due to the fact that it serves as a compulsory conduit in and out of South Africa. Furthermore, it would allow the CITY OF EKURHULENI to leverage the capital infrastructure and rich political heritage and history of the location. Amongst others, Kempton Park served as the seat for negotiations for the new political dispensation i.e. the CODESA deliberations that became the foundation for the new democracy. This provides for the possibility of the development of political tourism and exporting the South African story.
Elites arts and sports events	To bid and host annually two major sporting and cultural events in the municipality.

NAME OF THE PROJECT	BRIEF DESCRIPTION
Holiday Programmes Greater participation of children in library programmes and services at all libraries	The programmes offer information and recreation activities to children and the youth at libraries during school holidays. The activities include, amongst others, career guidance, drafting of a CV, puppet shows, creating emails, video shows, storytelling, colouring, painting, and making Christmas cards, computer games and book bash literature festivals.

Operating Budget of the Sport, Recreation, Arts and Culture Department

The department has been tasked to do the following:

- Improve the condition of the facilities by working with the Real Estate Department to prioritise maintenance works.
- Analyse trends and transactions to identify the reasons for the decline in revenue.

The Operating Budget per category is attached hereto.

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Table 86 Operating Budget of the Sport, Recreation, Arts and Culture Department

EMM - OPERATING BUDGET												
DESCRIPTION	F00	F00	F00	F00	F00	F00	F01	%	%	F02	F03	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	B to B	P to B	R'000	R'000	
ORG BUDGET	ADJ BUDGET	YEAR TO	PROJECTED	2017/18	%	%	2018/19	Of Total	2018/19	2019/20		
R	R	R	R	R	R	R	R	R	R	R		
Sports, Recreation, Arts & Culture (SRAC)												
INCOME												
NON - EXCHANGE REVENUE												
Fines, Penalties and Forfeits	(326)	(326)	(146)	(326)	(413)	26.86%	(438)	1.78%	(438)	(463)		
Transfers and Subsidies	(21,700)	(24,435)	(9,056)	(24,435)	(14,000)	-42.70%	(14,000)	60.35%	(14,000)	(14,000)		
- Operational: Monetary	(5,500)	(7,035)	(1,273)	(7,035)	(6,000)	-14.71%	(6,000)	25.87%	(6,000)	(6,000)		
- Capital: Monetary	(16,200)	(17,400)	(7,783)	(17,400)	(8,000)	-54.02%	(8,000)	34.49%	(8,000)	(8,000)		
SUB TOTAL: NON - EXCHANGE REVENUE	(22,026)	(24,761)	(9,202)	(24,761)	(14,413)	-41.79%	(14,438)	62.14%	(14,438)	(14,463)		
EXCHANGE REVENUE												
Rental from Fixed Assets	(6,611)	(6,731)	(2,929)	(6,162)	(7,672)	13.98%	(8,125)	33.07%	(8,125)	(8,596)		
Sales of Goods and Rendering of Services	(1,108)	(1,108)	(233)	(343)	(1,111)	0.30%	(1,177)	4.79%	(1,177)	(1,245)		
SUB TOTAL: EXCHANGE REVENUE	(7,719)	(7,839)	(3,162)	(6,504)	(8,783)	12.04%	(9,301)	37.86%	(9,301)	(9,841)		
TOTAL INCOME	(29,745)	(32,600)	(12,364)	(31,265)	(23,196)	-28.85%	(23,739)	100.00%	(23,739)	(24,304)		
EXPENDITURE												
Employee Related Costs												
Senior Management	2,010	2,010	865	1,507	2,181	8.54%	2,332	0.31%	2,332	2,491		
- SM - Salaries Allowances and Service Benef	2,008	2,008	849	1,506	2,180	8.55%	2,330	0.31%	2,330	2,488		
- SM - Social Contributions	2	2	16	1	2	-6.55%	2	0.00%	2	2		
Municipal Staff	396,023	368,306	225,045	359,779	438,694	19.11%	469,027	63.32%	469,027	500,993		
- MS - Salaries Allowances and Service Benef	320,065	292,349	182,425	287,232	356,342	21.89%	380,992	51.44%	380,992	406,972		
- MS - Social Contributions	81,971	81,971	42,620	78,561	88,313	7.74%	94,407	12.75%	94,407	100,827		
- MS - Cost Capitalised to PPE	(6,014)	(6,014)	-	(6,014)	(5,961)	-0.88%	(6,372)	-0.86%	(6,372)	(6,806)		
Contracted Services	20,936	20,508	7,435	20,276	20,883	1.82%	23,965	3.01%	23,965	25,919		
- Outsource Services	443	1,522	377	1,502	1,041	-31.60%	1,102	0.15%	1,102	1,166		
- Consultants and Professional Services	6,415	6,373	1,189	6,290	6,542	2.65%	8,278	0.94%	8,278	8,758		
- Contractors	14,079	12,614	5,870	12,484	13,300	5.49%	14,585	1.92%	14,585	15,994		
Operational Cost	36,015	37,026	49,358	35,841	39,711	7.25%	42,755	5.73%	42,755	46,024		
Inventory	80,370	91,578	36,360	91,467	81,524	-10.98%	86,535	11.77%	86,535	91,899		
Operating Leases	247	367	147	352	342	-6.82%	362	0.05%	362	383		
Depreciation and Amortisation	106,270	106,270	61,991	106,270	109,458	3.00%	114,931	15.80%	114,931	120,677		
TOTAL EXPENDITURE	641,871	626,064	381,201	615,493	692,793	10.66%	739,907	100.00%	739,907	788,386		
DEFICIT / (SURPLUS)	612,127	593,465	368,837	584,228	669,597	12.83%	716,168	14.61%	716,168	764,082		
DEFICIT / (SURPLUS)/AFTER GAINS AND LO	612,127	593,465	368,837	584,228	669,597		716,168		716,168	764,082		

2.10.27 STRATEGY & CORPORATE PLANNING

The result statements of the department is contained in the IDP in Annexure A

Mandate of the Strategy and Corporate Planning Department

The mandate of the Strategy and Corporate Planning Department (SCP) is to provide strategic direction and ensure effective and uniform strategic planning, monitoring and evaluation and research systems for City of Ekurhuleni. The department's core area of delivery includes strategic planning and support to all the departments of the Municipality; monitoring and evaluation and reporting for the entire Metro. Moreover, the department focuses on some of the research matters of the Metro, making available and intelligence to enhance decision making and planning across the Metro. The Strategy and Corporate Planning Department has been organised into functional areas that best allow it to meet its core business requirements. Its role is critical in ensuring that the integrated development plan is in line with the 2055 vision of GDS.

Table 87 Operating Budget of the Strategy & Corporate Planning Department

DESCRIPTION	F00	F00	F00	F00	F00	F00	F01	%	%	F02	F03
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	B to B	P to B	R'000	R'000
ORG BUDGET	ADJ BUDGET	YEAR TO	PROJECTED	2017/18	%	%					
EMM - OPERATING BUDGET											
Strategy & Corporate Planning											
EXPENDITURE											
Employee Related Costs	28,073	25,636	12,503	24,641	26,949	72.07%	9.37%	5.12%	28,812	30,775	
- Senior Management	2,002	2,002	157	1,501	2,181	8.97%	45.29%	5.83%	2,332	2,491	
- SM - Salaries Allowances and Service Benefits	1,947	1,947	139	1,460	2,180	11.95%	49.27%	5.83%	2,330	2,488	
- SM - Social Contributions	55	55	18	41	2	-96.60%	-95.47%	0.00%	2	2	
Municipal Staff	26,071	23,634	12,346	23,139	24,767	4.80%	7.04%	66.23%	26,480	28,284	
- MS - Salaries Allowances and Service Benefits	22,713	20,276	10,473	19,921	20,317	0.20%	1.99%	54.33%	21,722	23,203	
- MS - Social Contributions	3,358	3,358	1,873	3,218	4,451	32.55%	38.30%	11.90%	4,758	5,081	
Contracted Services	6,154	6,154	2,337	6,074	6,374	3.58%	4.94%	17.05%	6,802	7,251	
- Outsource Services	4,877	4,957	2,310	4,892	5,223	5.37%	6.76%	13.97%	5,582	5,961	
- Consultants and Professional Services	1,277	1,197	27	1,182	1,150	-3.92%	-2.65%	3.08%	1,218	1,289	
- Contractors	-	-	-	-	1	100.00%	100.00%	0.00%	1	1	
Operational Cost	1,406	1,406	213	1,361	1,200	-14.71%	-11.89%	3.21%	1,249	1,300	
Inventory	1,344	1,349	578	1,349	1,348	-0.09%	-0.09%	3.60%	1,431	1,519	
Operating Leases	903	903	505	866	942	4.33%	8.68%	2.52%	997	1,055	
Depreciation and Amortisation	565	565	330	524	582	3.00%	11.05%	1.56%	612	642	
TOTAL EXPENDITURE	38,445	36,013	16,465	34,816	37,394	3.84%	7.41%	100.00%	39,902	42,541	
DEFICIT / (SURPLUS)	38,445	36,013	16,465	34,816	37,394	3.84%	7.41%		39,902	42,541	
DEFICIT / (SURPLUS) AFTER GAINS AND LOSSES	38,445	36,013	16,465	34,816	37,394				39,902	42,541	

2.10.28 TRANSPORT PLANNING AND PROVISION

The result statements of the department is contained in the IDP in Annexure A.

Flagship Projects as pronounced by the Executive Mayor**Integrated Rapid Public Transport Network (IRPTN)**

The Department of Transport Planning and Provision is responsible for the Integrated Rapid Transit Network (IRPTN). This project emanated from the Public Transport Action Strategy and Action Plan which was adopted by the National Cabinet in 2007. The strategy is aimed at accelerated modal upgrading and Integrated Public Transport Networks.

Ekurhuleni is one of the 12 metros in the country identified to implement an IRPTN. The department has been allocated a budget of R1,477 billion over the 2016/17 MTREF from the Public Transport Network Grant (PTNG) as well as R1,070 billion over the 2016/17 MTREF from the Urban Settlement Development Grant (USDG).

Progress to date on the IRPTN can be summarised as follows:

- I. IRPTN Operational Plan: This plan was approved by the National Department of Transport in December 2012 and as such the business plan that has been developed is based on the approved Business Plan.
- II. IRPTN Business Plan: The Business Plan is aimed at outlining the capital and operational costs of the IRPTN from planning to implementation and operations. The Business plan was concluded and approved by the Mayoral Committee on the 26th November 2014.
- III. The IRPTN construction has also commenced with two contractors appointed for the construction of the complementary and trunk routes. A total of 5kms of the trunk route is targeted for completion by June 2015.
- IV. To date 14 km of Non-Motorised Transport Infrastructure have been constructed in Tembisa, Rondebult Road and Kempton Park.
- V. 13 Lay-bys for loading and off-loading passengers have also been constructed.

Key Strategic projects of the Transport Department

PROJECT NAME	PROJECT DESCRIPTION
Planning and implementation of Integrated Rapid Public Transport Network.	The project entails the introduction of a Bus Rapid Transit System that will be integrated with other Public Transport Modes in Ekurhuleni from Tembisa to Vosloorus. The system will be a combination of dedicated bus lanes and complementary/feeder routes with dedicated median stations and as well as a dedicated Transport Command Centre.
Katlehong Licensing Hub	This is the first fully-fledged licensing hub that will be constructed in a township. Amongst some of the most important services that will be offered are: motor vehicle registration, driver licensing and testing and also vehicle testing. This project is aimed at extending the licensing services to previously disadvantaged areas.
Construction new public transport facilities viz. New Vosloorus and Palm Ridge public transport facilities.	The department envisages to have 4 newly constructed public transport facilities in Palm Ridge, New Vosloorus, Bluegumview and Phutaditshaba. Currently in these areas there are no ranking facilities. Two of these facilities will be constructed by end June 2015 viz. (New

PROJECT NAME	PROJECT DESCRIPTION
	Vosloorus and Palm Ridge and Bluegumview and Phutaditshaba will be concluded in the 2015/16 financial year.
Provision of bus shelters in Ekurhuleni	The department is looking at erecting bus/taxi shelters across Ekurhuleni. This is in line with the provision of public transport infrastructure across CITY OF EKURHULENI.

Operating Budget of the Transport Department

The Transport Department is responsible for the transport planning, public transport and licensing function. The department has completed the draft Comprehensive Integrated Public Transport Plan (CITP) that will guide the development of transportation and spatial planning in the metro.

The Operating Budget per category is attached hereto.

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Table 88 Operating Budget of the Transport Department

EIMM - OPERATING BUDGET												
DESCRIPTION	F00	F00	F00	F00	F00	F01	%	%	F02	F03		
	R	R	R	R	R	R	B to B	P to B	R	R	R	R
ORG BUDGET	R'000	R'000	R'000	R'000	R'000	R'000	2017/18	2018/19	2019/20			
ADJ BUDGET	R	R	R	R	R	R						
PROJECTED	R	R	R	R	R	R						
YEAR TO	R	R	R	R	R	R						
OF TOTAL	R	R	R	R	R	R						
Transport												
INCOME												
NON - EXCHANGE REVENUE												
Licenses and Permits	(304,932)	(304,932)	(162,021)	(242,259)	(319,873)	(319,873)	4.90%	32.04%	(338,746)	(358,393)		
Transfers and Subsidies	(527,259)	(481,259)	(211,701)	(481,259)	(700,718)	(700,718)	45.60%	64.74%	(671,906)	(710,650)		
- Operational: Monetary	(40,000)	(40,000)	(124)	(40,000)	(40,000)	(40,000)	0.00%	0.00%	(40,000)	(40,000)		
- Capital: Monetary	(487,259)	(441,259)	(211,577)	(441,259)	(660,718)	(660,718)	49.73%	61.05%	(631,906)	(670,650)		
SUB TOTAL: NON - EXCHANGE REVENUE	(832,191)	(786,191)	(373,722)	(723,518)	(1,020,591)	(1,020,591)	29.81%	41.06%	(1,010,652)	(1,069,043)		
EXCHANGE REVENUE												
Operational Revenue	(89)	(89)	(95)	(70)	(94)	(94)	4.90%	33.58%	(99)	(105)		
Sales of Goods and Rendering of Services	(78,764)	(48,764)	(10,841)	(18,278)	(61,618)	(61,618)	26.36%	237.12%	(65,253)	(69,038)		
SUB TOTAL: EXCHANGE REVENUE	(78,854)	(48,854)	(10,936)	(18,348)	(61,711)	(61,711)	26.32%	236.34%	(65,352)	(69,143)		
TOTAL INCOME	(911,044)	(835,044)	(384,658)	(741,866)	(1,082,303)	(1,082,303)	29.61%	45.89%	(1,076,004)	(1,138,186)		
EXPENDITURE												
Employee Related Costs	314,828	310,334	144,274	302,957	343,436	343,436	10.67%	13.36%	367,298	392,461		
Senior Management	2,341	2,341	0	1,755	2,181	2,181	-6.79%	24.27%	2,332	2,491		
- SM - Salaries Allowances and Service Benefit	2,339	2,339	-	1,754	2,180	2,180	-6.79%	24.27%	2,330	2,488		
- SM - Social Contributions	2	2	0	1	2	2	-6.55%	24.62%	2	2		
Municipal Staff	312,488	307,994	144,274	301,202	341,255	341,255	10.80%	13.30%	364,966	389,970		
- MS - Salaries Allowances and Service Benefit	270,940	266,446	116,033	261,783	280,023	280,023	5.10%	6.97%	299,509	320,062		
- MS - Social Contributions	51,172	51,172	28,241	49,043	70,771	70,771	38.30%	44.30%	75,655	80,799		
- MS - Cost Capitalised to PPE	(9,624)	(9,624)	-	(9,624)	(9,540)	(9,540)	-0.88%	-0.88%	(10,198)	(10,891)		
Contracted Services	178,604	139,183	35,066	111,030	166,222	166,222	19.43%	49.71%	180,596	189,330		
- Outsourcing Services	12,588	20,688	6,448	20,419	27,382	27,382	32.36%	34.10%	28,997	30,679		
- Consultants and Professional Services	1,147	13,527	345	13,351	11,528	11,528	-14.78%	-13.66%	12,305	12,467		
- Contractors	164,869	104,969	28,273	77,261	127,312	127,312	21.29%	64.78%	139,294	146,184		
Operational Cost	35,724	44,267	13,958	42,850	47,428	47,428	7.14%	10.68%	43,740	46,165		
Inventory	570,385	474,274	231,444	472,129	706,700	706,700	49.01%	49.68%	681,799	724,953		
Operating Leases	-	365	-	350	365	365	0.00%	4.17%	480	480		
TOTAL EXPENDITURE	1,099,541	968,424	424,742	929,317	1,264,151	1,264,151	30.54%	36.03%	1,273,913	1,353,389		
DEFICIT / (SURPLUS)	188,497	133,380	40,083	187,451	181,848	181,848	36.34%	-2.99%	197,909	215,203		
DEFICIT / (SURPLUS) AFTER GAINS AND LOSSES	188,497	133,380	40,083	187,451	181,848	181,848			197,909	215,203		

2.10.29 BUDGET OF THE BRAKPAN BUS COMPANY (BBC)**CHALLENGES**

The current pilferage rate has prompted the company to see the need to drive for pre paying customers, so as to improve the collection of revenue and minimise the time and money spent on disciplinary matters.

The company concedes that buses have been underutilised during off peak hours and the vigorous marketing of the busses, by the employed Sales and Marketing Officer is embarked upon and thus maximise their use, for example, on special hire trips and contracting with corporate. The company has also seen the need to embark on advertising and branding on the buses to generate extra revenue. The survey on customer satisfaction is under way, this will assist to improve on the company's customer service, by identifying gaps given the survey results.

Internally on the employee's side, implementation of the South African Road Passenger Bargaining Council (SARPBAC) agreement comprehensively will assist in improving the morale by offering basic benefits, for example, implement the housing and medical aid subsidy. Also by encouraging and incentivising driver's good conduct especially to commuters.

KEY PRIORITIES

In order to improve on the competitiveness of the company, and improve on income generated, the company will be embarking on the following priority projects:

- Increasing the number of pre-paying customers (compared to cash paying customers);
- Conducting customer satisfaction surveys, to identify areas requiring improvement;
- Improve on governance and risk management systems and controls, in order to optimise effectiveness and efficiencies;
- Marketing of Brakpan Bus Company services, and maximise the use of buses on special hire trips;
- Service Level Agreement (SLA) with the workshop to be renegotiated to improve the turn-around time;
- A tender to be issued for diesel supply to ensure agility when diesel is unavailable from CITY OF EKURHULENI sources;
- Improving staff morale

Table 89 Budget of the Brakpan Bus Company

OPERATING BUDGET

DESCRIPTION	F00 R'000 ORG BUDGET		F00 R'000 ADJ BUDGET		F00 R'000 YEAR TO DATE		F00 R'000 PROJECTED		F01 R'000 2017/18		% B to B		% P to B		% Of Total		F02 R'000 2018/19		F03 R'000 2019/20		
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	
BBC																					
INCOME																					
EXCHANGE REVENUE																					
Interest, Dividends and Rent on Land	(20)		(20)		(363)		(400)		(50)		150,00%	-87,50%	0,11%		(53)		(56)				
Sales of Goods and Rendering of Services	(39,894)		(33,893)		(12,305)		(33,513)		(42,502)		0	0	0		(44,035)		(46,137)				
SUB TOTAL: EXCHANGE REVENUE	(39,914)		(33,913)		(12,668)		(33,913)		(42,552)		25,47%	25,47%	89,49%		(44,088)		(46,193)				
Contra Accounts	(5,000)		(5,000)		(2,500)		(5,000)		(5,000)		-	-	0		(5,000)		(5,000)				
- Cost of Free Basic Services	(5,000)		(5,000)		(2,500)		(5,000)		(5,000)		-	-	0		(5,000)		(5,000)				
TOTAL INCOME	(44,914)		(38,913)		(15,168)		(38,913)		(47,552)		22,20%	22,20%	100,00%		(49,088)		(51,193)				
EXPENDITURE																					
Employee Related Costs	16,902		16,902		7,882		16,902		18,205		7,71%	7,71%	39,65%		19,298		20,456				
Senior Management	3,387		4,748		2,280		4,748		5,453		14,85%	14,85%	11,88%		5,780		6,127				
- SM - Salaries Allowances & Service Benefits	3,387		4,748		2,280		4,748		5,453		14,85%	14,85%	11,88%		5,780		6,127				
Municipal Staff	13,516		12,154		5,602		12,154		12,752		4,92%	4,92%	27,77%		13,518		14,329				
- MS - Salaries Allowances & Service Benefits	13,516		12,154		5,602		12,154		12,752		4,92%	4,92%	27,77%		13,518		14,329				
Remuneration of Councilors	3,053		3,053		1,177		3,053		3,336		9,29%	9,29%	7,27%		3,336		3,536				
- ROC - Allowances & Service Related Benefits	3,053		3,053		1,177		3,053		3,336		9,29%	9,29%	7,27%		3,336		3,536				
Operational Cost	16,107		16,316		6,989		16,316		21,975		34,69%	34,69%	47,86%		23,767		24,687				
Interest Dividends and Rent on Land	1,200		-		882		1,935		2,401		0,00%	0,00%	0,00%		2,401		2,401				
Depreciation and Amortisation	3,329		1,935		882		1,935		2,401		24,06%	24,06%	5,23%		2,401		2,401				
TOTAL EXPENDITURE	40,591		38,205		16,930		38,205		45,917		20,18%	20,18%	100,00%		48,802		51,080				
DEFICIT / (SURPLUS)	(4,323)		(708)		1,762		(708)		(1,635)		130,95%	131,10%			(286)		(113)				
DEFICIT / (SURPLUS) AFTER GAINS AND LOS	(4,323)		(708)		1,762		(708)		(1,635)						(286)		(113)				

2.10.30 WASTE MANAGEMENT DEPARTMENT

The result statements of the department is contained in the IDP in Annexure A.

Key Strategic Projects of the Waste Management Department

NAME OF THE PROJECT	BRIEF DESCRIPTION
Improvement of Cleanliness of CBD' Areas.	WMS is embarking on a program to improve cleanliness of the Central Business Districts by: <ul style="list-style-type: none"> • Introducing Nightshifts. • Procuring Street sweepers which will assist in CBD's during the nightshifts.
Development and Upgrading the Public Offloading Facilities.	WMS is embarking in the Development and Upgrading of public offloading facilities program by: <ul style="list-style-type: none"> • Development of Public Offloading Facilities in areas where there are none. • Upgrading of existing public offloading facilities into recycling and buyback facilities. • Permitting of existing public off loading facilities.
Identification of the Landfill Site in the Northern Areas.	WMS is using privately owned Waste Disposal Facilities in the Northern Service Delivery Areas. WMS is embarking on a process to develop a Waste Treatment Facility in the Northern Service Delivery Areas.
Procurement, Delivery and Distribution of 240 Litre Waste Mobile Containers.	WMS is embarking on a programme to convert waste receptacles from Refuse Plastic Liners to 240 Litre Waste Mobile Containers as they are: <ol style="list-style-type: none"> 1. Safer technology. 2. Cleaner Technology. 3. Increase waste storage capacity.

Operating Budget of the Waste Management Department

Waste Management Services Department services more than one million households in CITY OF EKURHULENI. The services rendered include residential waste collection (formal and informal settlements), business waste collection, street sweeping, litter picking, clearing illegal dumping, waste transfer and disposal services as well as provision of public off-loading facilities. Waste Management Services Department is labour intensive with a staff compliment over 1600 while some of the services have been outsourced to serve the communities better. The department contributes to the Growth and Development Strategy through ensuring that environmental resources are protected from harm by ensuring that no waste is disposed of in non-designated areas. The departmental strategic focus for the year is outlined as follows:

- i. Construction of waste minimisation facilities.
- ii. Increase the operational compliance of all landfill sites in Ekurhuleni.
- iii. Increased compliance to the national and provincial waste management norms and standards – through distribution of 240l bins and provision of equitable waste collection and disposal services.
- iv. Increased provision of waste management services to informal settlements.
- v. Increase implementation of the greenhouse gas emissions policy.
- vi. Increased waste minimisation.
- vii. Increase support to primary and secondary education.

-
- viii. Increase citizen responsibility for municipal services.
 - ix. Increased provision of landfill airspace.

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Table 90 Operating Budget of the Waste Management Department

EMM - OPERATING BUDGET																						
DESCRIPTION	F00 R'000 ORG BUDGET		F00 R'000 ADJ BUDGET		F00 R'000 YEAR TO		F00 R'000 PROJECTED		F01 R'000 2017/18		% B to B		% P to B		% Of Total		F02 R'000 2018/19		F03 R'000 2019/20			
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R		
Waste Management																						
INCOME																						
NON - EXCHANGE REVENUE																						
Transfers and Subsidies																						
- Operational: Monetary	(521,059)	(521,059)	(521,059)	(521,059)	(377,814)	(377,814)	(521,059)	(521,059)	(512,697)	(512,697)	(585,243)	(585,243)	(585,243)	(585,243)	(585,243)	(585,243)	(585,243)	(585,243)	(585,243)	(585,243)	(639,349)	(639,349)
- Capital: Monetary	(521,059)	(521,059)	(521,059)	(521,059)	(377,814)	(377,814)	(521,059)	(521,059)	(512,697)	(512,697)	(585,243)	(585,243)	(585,243)	(585,243)	(585,243)	(585,243)	(585,243)	(585,243)	(585,243)	(585,243)	(639,349)	(639,349)
SUB TOTAL: NON - EXCHANGE REVENUE																						
EXCHANGE REVENUE																						
Service Charges	(1,373,993)	(1,373,993)	(1,373,993)	(1,373,993)	(744,832)	(744,832)	(1,339,843)	(1,339,843)	(1,477,042)	(1,477,042)	(1,587,820)	(1,587,820)	(1,587,820)	(1,587,820)	(1,587,820)	(1,587,820)	(1,587,820)	(1,587,820)	(1,587,820)	(1,706,907)	(1,706,907)	
Interest, Dividends and Rent on Land	(62,080)	(62,080)	(62,080)	(62,080)	(29,468)	(29,468)	(61,081)	(61,081)	(65,805)	(65,805)	(69,687)	(69,687)	(69,687)	(69,687)	(69,687)	(69,687)	(69,687)	(69,687)	(69,687)	(69,687)	(73,729)	(73,729)
Sales of Goods and Rendering of Services	(1,436,073)	(1,436,073)	(1,436,073)	(1,436,073)	(774,547)	(774,547)	(1,401,118)	(1,401,118)	(1,542,850)	(1,542,850)	(1,657,511)	(1,657,511)	(1,657,511)	(1,657,511)	(1,657,511)	(1,657,511)	(1,657,511)	(1,657,511)	(1,657,511)	(1,780,639)	(1,780,639)	
SUB TOTAL: EXCHANGE REVENUE	(1,436,073)	(1,436,073)	(1,436,073)	(1,436,073)	(774,547)	(774,547)	(1,401,118)	(1,401,118)	(1,542,850)	(1,542,850)	(1,657,511)	(1,657,511)	(1,657,511)	(1,657,511)	(1,657,511)	(1,657,511)	(1,657,511)	(1,657,511)	(1,657,511)	(1,657,511)	(1,780,639)	(1,780,639)
Contra Accounts	(112,716)	(112,716)	(112,716)	(112,716)	(87,107)	(87,107)	(112,716)	(112,716)	(127,369)	(127,369)	(136,922)	(136,922)	(136,922)	(136,922)	(136,922)	(136,922)	(136,922)	(136,922)	(136,922)	(136,922)	(147,191)	(147,191)
- Revenue Cost of Free Basic Services	(112,716)	(112,716)	(112,716)	(112,716)	(87,107)	(87,107)	(112,716)	(112,716)	(127,369)	(127,369)	(136,922)	(136,922)	(136,922)	(136,922)	(136,922)	(136,922)	(136,922)	(136,922)	(136,922)	(136,922)	(147,191)	(147,191)
TOTAL INCOME	(2,069,847)	(2,069,847)	(2,069,847)	(2,069,847)	(1,239,467)	(1,239,467)	(2,034,893)	(2,034,893)	(2,182,916)	(2,182,916)	(2,379,675)	(2,379,675)	(2,379,675)	(2,379,675)	(2,379,675)	(2,379,675)	(2,379,675)	(2,379,675)	(2,379,675)	(2,379,675)	(2,567,179)	(2,567,179)

EIMM - OPERATING BUDGET														
DESCRIPTION	F00 R'000		F00 R'000		F00 R'000		F00 R'000		F01 R'000		F02 R'000		F03 R'000	
	ORG BUDGET	ADJ BUDGET	YEAR TO	PROJECTED	2017/18	B to B	P to B	% Of Total	2017/18	B to B	P to B	% Of Total	2018/19	2019/20
	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Waste Management														
EXPENDITURE														
Employee Related Costs	368,761	360,469	254,662	351,866	405,597	12.52%	15.27%	23.25%	405,597	433,779	463,498	23.25%	433,779	463,498
Senior Management	2,002	2,002	853	1,501	2,181	8.97%	45.29%	0.13%	2,181	2,332	2,491	0.13%	2,332	2,491
- SM - Salaries Allowances and Service Benef	1,947	1,947	825	1,460	2,180	11.95%	49.27%	0.12%	2,180	2,330	2,488	0.12%	2,330	2,488
- SM - Social Contributions	55	55	27	41	2	-96.60%	-95.47%	0.00%	2	2	2	0.00%	2	2
Municipal Staff	366,759	358,467	253,809	350,365	403,416	12.54%	15.14%	23.12%	403,416	431,447	461,007	23.12%	431,447	461,007
- MS - Salaries Allowances and Service Benef	319,306	311,014	218,028	305,572	344,479	10.76%	12.73%	19.74%	344,479	368,443	393,720	19.74%	368,443	393,720
- MS - Social Contributions	63,923	63,923	35,781	61,264	75,263	17.74%	22.85%	4.31%	75,263	80,456	85,927	4.31%	80,456	85,927
- MS - Cost Capitalised to PPE	(16,471)	(16,471)	-	(16,471)	(16,326)	-0.88%	-0.88%	-0.94%	(16,326)	(17,452)	(18,639)	-0.94%	(17,452)	(18,639)
Contracted Services	360,891	347,091	182,736	342,579	376,885	8.58%	10.01%	21.60%	376,885	400,174	424,520	21.60%	400,174	424,520
- Outsource Services	349,184	325,384	176,966	321,154	352,178	8.23%	9.66%	20.19%	352,178	373,804	396,390	20.19%	373,804	396,390
- Consultants and Professional Services	9,889	19,889	5,308	19,630	19,714	-0.88%	0.43%	1.13%	19,714	20,877	22,088	1.13%	20,877	22,088
- Contractors	1,819	1,819	462	1,795	4,994	174.58%	178.20%	0.29%	4,994	5,493	6,042	0.29%	5,493	6,042
Operational Cost	205,971	345,491	220,310	338,695	366,290	6.02%	8.15%	20.99%	366,290	390,707	416,571	20.99%	390,707	416,571
Inventory	356,719	233,958	114,308	234,327	223,893	-4.30%	-4.45%	12.83%	223,893	236,999	247,253	12.83%	236,999	247,253
Interest Dividends and Rent on Land	66,183	66,183	27,585	64,247	91,477	38.22%	42.38%	5.24%	91,477	124,899	137,539	5.24%	124,899	137,539
Operating Leases	3,428	3,428	134	3,291	3,975	15.97%	20.80%	0.23%	3,975	4,210	4,454	0.23%	4,210	4,454
Contribution for Bad Debt	86,166	86,166	50,263	86,166	90,416	4.93%	4.93%	5.18%	90,416	96,745	103,517	5.18%	96,745	103,517
Depreciation and Amortisation	42,555	42,555	24,824	42,555	43,832	3.00%	3.00%	2.51%	43,832	46,023	48,324	2.51%	46,023	48,324
Contra Accounts Revenue	127,716	127,716	92,704	127,716	142,369	11.47%	11.47%	8.16%	142,369	152,807	163,997	8.16%	152,807	163,997
- Cost of Free Basic Services Delivered	115,000	15,000	5,348	15,000	15,000	0.00%	0.00%	0.86%	15,000	15,885	16,806	0.86%	15,885	16,806
- Revenue Cost of Free Basic Services	12,716	112,716	87,355	112,716	127,369	13.00%	13.00%	7.30%	127,369	136,922	147,191	7.30%	136,922	147,191
TOTAL EXPENDITURE	1,618,389	1,613,056	967,526	1,591,441	1,744,734	8.16%	9.63%	100.00%	1,744,734	1,886,342	2,009,674	100.00%	1,886,342	2,009,674
DEFICIT / (SURPLUS)	(451,458)	(456,792)	(271,941)	(443,453)	(438,181)	-4.07%	-1.19%		(438,181)	(493,333)	(557,505)		(493,333)	(557,505)
DEFICIT / (SURPLUS) AFTER GAINS AND LO	(451,458)	(456,792)	(271,941)	(443,453)	(438,181)				(438,181)	(493,333)	(557,505)		(493,333)	(557,505)

2.10.31 WATER AND SANITATION

The result statements of the department is contained in the IDP in Annexure A.

Key Strategic Projects of the Water and Sanitation Department

PROJECT NAME	PROJECT DESCRIPTION
Rainwater harvesting network	The project aims to investigate options that can be implemented with a view to collecting rainwater for use in order to reduce potable water usage.
Water Loss Eradication Programme.	There are various projects within this programme, some of which are listed below: 1) Pipe replacement programme. 2) Metering of unmetered properties. 3) Domestic leak repairs and meter replacement in the Tsakane area. 4) Bulk metering audit and consolidation for top consumers. 5) Replacement of aged water meters
Enhance water management information and revenue system	This project is aimed at sourcing a management system that can be utilised to manage the distribution system with a view to manage revenue, identify losses and maintain infrastructure. The projects include: 1) Telemetry system. 2) Maintenance system. 3) Infrastructure Management Query Station (IMQS)
Project Xixima	Implementation of sustainable sanitation solution in prioritised informal settlements.
Installation of services for low cost housing developments.	Installation of water services infrastructure in Palm Ridge, Masetjaba, Langeville extension 10 and Etwatwa extension 35.

Operating Budget of the Water and Sanitation Department

Bulk purchase of water comprises 45.31% (R2.9 billion) of the water services expenditure.

The waste water treatment services by Erwat comprise 9.85% of the total expenditure budget of water services. The amount provided on the 2016/17 budget for this service amounts to R626m. Erwat's motivation for this increase is the growth in flow and the need to extend and improve the various Waste Water Treatment Works.

To address critically required maintenance and the refurbishment of water and sewer infrastructure, a 3% maintenance levy, calculated as a percentage of total income was approved for the 2016/17 financial year.

The greatest challenge facing the department is the non-revenue water. Non-revenue water is currently at 33.19% and the department aims to reduce this through the implementation of additional repairs and maintenance works, the renewal of infrastructure as well as the installation of water meters in areas previously unmetered. Special provision is made on the 2016/17 Capital Budget for a water loss eradication project in order to reduce the water losses.

The Operating Budget per category is attached hereto.

Table 91 Operating Budget of the Water and Sanitation Department

EMM - OPERATING BUDGET	F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		
	ORG BUDGET	ADJ BUDGET	YEAR TO	PROJECTED	2017/18	2018/19	2019/20	% B to B	% P to B	% Of Total	R	R	R	R	R	R	R	R	R	R	R	R	
Water & Sanitation																							
INCOME																							
NON - EXCHANGE REVENUE																							
Fines, Penalties and Forfeits	(973)	(973)	(442)	(973)	(1,022)	(1,082)	(1,145)	5.00%	5.00%	0.01%													
Transfers and Subsidies	(1,613,795)	(1,604,900)	(902,157)	(1,604,900)	(1,625,821)	(1,895,674)	(2,060,466)	1.30%	1.30%	19.30%													
- Operational: Monetary	(1,414,395)	(1,432,900)	(839,559)	(1,432,900)	(1,508,321)	(1,718,174)	(1,900,466)	5.26%	5.26%	17.90%													
- Capital: Monetary	(199,400)	(172,000)	(62,598)	(172,000)	(117,500)	(177,500)	(160,000)	-31.69%	-31.69%	1.39%													
SUB TOTAL: NON - EXCHANGE REVENUE	(1,614,769)	(1,605,873)	(902,599)	(1,605,873)	(1,626,843)	(1,896,757)	(2,061,611)	1.31%	1.31%	19.31%													
EXCHANGE REVENUE																							
Service Charges	(4,979,682)	(4,979,682)	(2,987,474)	(4,973,329)	(5,465,050)	(5,979,245)	(6,542,274)	9.75%	9.89%	64.87%													
Interest, Dividends and Rent on Land	(194,160)	(194,160)	(119,657)	(191,034)	(293,868)	(311,206)	(329,256)	51.35%	53.83%	3.49%													
Sales of Goods and Rendering of Services	(14,622)	(14,622)	(8,652)	2,759	(15,353)	(16,259)	(17,202)	5.00%	-656.46%	0.18%													
SUB TOTAL: EXCHANGE REVENUE	(5,188,464)	(5,188,464)	(3,115,782)	(5,161,604)	(5,774,271)	(6,306,710)	(6,888,732)	11.29%	11.87%	68.54%													
Contra Accounts	(926,673)	(926,673)	(519,870)	(926,673)	(1,023,007)	(1,104,847)	(1,193,235)	10.40%	10.40%	-2.74%													
- Cost of Free Basic Services	(844,362)	(844,362)	(482,214)	(844,362)	(936,580)	(1,011,507)	(1,092,427)	10.92%	10.92%	11.12%													
- Revenue Cost of Free Basic Services	(82,311)	(82,311)	(37,656)	(82,311)	(86,426)	(93,340)	(100,808)	5.00%	5.00%	1.03%													
TOTAL INCOME	(7,729,905)	(7,721,010)	(4,538,252)	(7,694,150)	(8,424,120)	(9,308,314)	(10,143,578)	9.11%	9.49%	100.00%													

EMM - OPERATING BUDGET												
DESCRIPTION	F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000	
	ORG BUDGET	ADJ BUDGET	YEAR TO	PROJECTED	2017/18	B to B	P to B	% Of Total	2018/19	2019/20		
	R	R	R	R	R	R	R	R	R	R	R	R
Water & Sanitation EXPENDITURE												
Employee Related Costs	343,147	331,585	206,486	323,412	396,638	19.62%	22.64%	5.71%	424,092	453,027		
Senior Management	2,770	2,770	157	2,078	2,181	-21.26%	4.99%	0.03%	2,332	2,491		
- SM - Salaries Allowances and Service Benef	2,578	2,578	144	1,933	2,180	-15.44%	12.74%	0.03%	2,330	2,488		
- SM - Social Contributions	193	193	13	145	2	-99.03%	-98.71%	0.00%	2	2		
Municipal Staff	340,377	328,815	206,329	321,334	394,457	19.96%	22.76%	5.68%	421,760	450,537		
- MS - Salaries Allowances and Service Benef	302,139	290,577	174,979	285,492	338,055	16.34%	18.41%	4.87%	361,466	386,143		
- MS - Social Contributions	57,528	57,528	31,350	55,133	75,523	31.28%	36.98%	1.09%	80,734	86,224		
- MS - Cost Capitalised to PPE	(19,291)	(19,291)	-	(19,291)	(19,121)	-0.88%	-0.88%	-0.28%	(20,440)	(21,830)		
Contracted Services	688,718	692,360	326,766	683,359	736,401	6.36%	7.76%	10.61%	794,079	856,236		
- Outsource Services	657,740	657,668	322,088	649,118	707,016	7.50%	8.92%	10.18%	762,941	823,272		
- Consultants and Professional Services	28,650	32,073	3,944	31,656	26,929	-16.04%	-14.93%	0.39%	28,517	30,172		
- Contractors	2,328	2,619	735	2,585	2,457	-6.20%	-4.97%	0.04%	2,620	2,793		
Operational Cost	23,968	48,583	27,846	47,800	52,909	8.90%	10.69%	0.76%	56,211	59,674		
Inventory	3,990,200	986,127	241,490	986,085	945,751	-4.05%	-4.09%	13.62%	1,065,963	1,113,203		
Bulk Purchases	583	2,778,539	1,537,313	2,640,266	3,000,816	8.00%	13.66%	43.22%	3,240,881	3,500,152		
Interest Dividends and Rent on Land	51,861	51,861	26,899	49,973	57,999	11.83%	16.06%	0.84%	73,038	84,388		
Contribution for Bad Debt	188,319	188,319	109,853	188,319	209,035	11.00%	11.00%	3.01%	223,667	239,324		
Transfers and Subsidies	170,677	359,182	91,279	359,182	368,882	2.70%	2.70%	5.31%	387,833	419,067		
- Operational: Monetary	170,677	359,182	91,279	359,182	368,882	2.70%	2.70%	5.31%	387,833	419,067		
Depreciation and Amortisation	147,725	147,725	86,173	146,003	130,245	-11.83%	-10.79%	1.88%	136,757	143,595		
Contra Accounts Revenue	946,728	946,728	842,691	946,728	1,043,879	10.26%	10.26%	15.04%	1,126,951	1,216,621		
- Cost of Free Basic Services Delivered	864,417	864,417	805,035	864,417	957,453	10.76%	10.76%	13.79%	1,033,611	1,115,813		
- Revenue Cost of Free Basic Services	82,311	82,311	37,656	82,311	86,426	5.00%	5.00%	1.24%	93,340	100,808		
TOTAL EXPENDITURE	6,551,928	6,531,010	3,496,796	6,371,128	6,942,554	6.30%	8.97%	100.00%	7,529,472	8,085,287		
DEFICIT / (SURPLUS)	(1,177,978)	(1,190,000)	(1,041,456)	(1,323,022)	(1,481,566)	24.50%	11.98%		(1,778,842)	(2,058,291)		
DEFICIT / (SURPLUS) AFTER GAINS AND LO	(1,177,978)	(1,190,000)	(1,041,456)	(1,323,022)	(1,481,566)				(1,778,842)	(2,058,291)		

2.10.32 BUDGET OF ERWAT

Key Strategic Projects of ERWAT

The Erwat Board approved a strategy at its strategic planning session and the following key strategic projects were identified:

The above was reduced to two clear strategic objectives namely:

- 19 Green Drop Awards.
- R200 m revenue from other activities.

19 GREEN DROP AWARDS

In order to achieve the strategic objective of 19 Green Drop Awards the Erwat Capital Budget has been reassessed and prioritised to be able to achieve this objective. It is however clear that the timeframe for achieving this objective is quite long and the current target is 10 Green Drop Awards by 2018.

Table 92 Budget of Erwat

OPERATING BUDGET														
DESCRIPTION	F00 R'000 ORG BUDGET		F00 R'000 ADJ BUDGET		F00 R'000 YEAR TO DATE		F00 R'000 PROJECTED		F01 R'000 2017/18		F02 R'000 2018/19		F03 R'000 2019/20	
	R	%	R	%	R	%	R	%	R	%	R	%	R	%
ERWAT														
INCOME														
NON - EXCHANGE REVENUE														
Transfers and Subsidies	50,354		50,354		15,406		51,333		50,378		0		50,428	
- Operational: Monetary	354		354		1,333		1,333		378		0		428	
- Capital: Monetary	50,000		50,000		14,074		50,000		50,000		-		50,000	
SUB TOTAL: NON - EXCHANGE REVENUE	50,354		50,354		15,406		51,333		50,378		0		50,428	
EXCHANGE REVENUE														
Service Charges	646,216		646,216		322,608		645,216		794,084		23,07%		923,920	
Interest, Dividends and Rent on Land	2,040		2,040		6,885		13,770		2,154		-84.36%		2,770	
Operational Revenue	123,454		123,454		55,536		123,454		131,535		6.55%		155,726	
SUB TOTAL: EXCHANGE REVENUE	770,710		770,710		385,029		782,440		927,773		18.57%		1,082,415	
TOTAL INCOME	821,064		821,064		400,436		833,772		978,150		19.13%		1,132,844	
EXPENDITURE														
Employee Related Costs	(281,358)		(281,358)		(127,607)		(282,763)		(280,793)		-0.20%		(298,375)	
Senior Management	(1,817)		(1,817)		(1,611)		(3,222)		(3,072)		69.10%		(3,072)	
- SM - Salaries Allowances & Service Benefits	(1,817)		(1,817)		(1,611)		(3,222)		(3,072)		69.10%		(3,072)	
Municipal Staff	(279,541)		(279,541)		(125,996)		(279,541)		(277,721)		-0.65%		(295,303)	
- MS - Salaries Allowances & Service Benefits	(279,541)		(279,541)		(125,996)		(279,541)		(277,721)		-0.65%		(295,303)	
Operational Cost	(202,792)		(202,792)		(70,242)		(202,792)		(346,110)		70.67%		(462,799)	
Bulk Purchases	(195,937)		(195,937)		(77,078)		(195,937)		(185,304)		-5.43%		(196,730)	
Interest Dividends and Rent on Land	(51,055)		(51,055)		(31,985)		(51,055)		(63,125)		23.64%		(63,125)	
Contribution for Bad Debt	(1,107)		(1,107)		-		(1,107)		(1,500)		35.54%		(1,500)	
Depreciation and Amortisation	(38,816)		(38,816)		(19,778)		(38,816)		(51,319)		32.21%		(60,315)	
TOTAL EXPENDITURE	(771,064)		(771,064)		(326,690)		(772,469)		(928,150)		20.37%		(1,082,844)	
DEFICIT / (SURPLUS)	50,000		50,000		73,745		61,303		50,000		0.00%		50,000	
DEFICIT / (SURPLUS) AFTER GAINS AND LOSSES	50,000		50,000		73,745		61,303		50,000		-18.44%		50,000	

2.11 Contracts having future budgetary implications

In terms of the metro's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation or Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.12 Capital expenditure details

The following three tables present details of the metro's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

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Table 93 MBRR SA34a - capital expenditure on new assets by asset class

EKU Ekurhuleni Metro - Supporting Table SA34a Capital expenditure on new assets by asset class									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	1,228,886	1,508,785	1,548,453	2,021,808	1,882,455	1,788,333	1,413,182	1,489,919	1,395,426
Roads Infrastructure	551,047	696,276	788,867	1,069,579	1,069,579	1,016,100	371,150	387,000	282,900
Roads	551,047	696,276	788,867	1,069,579	1,069,579	1,016,100	371,150	387,000	282,900
Storm water Infrastructure	-	-	-	-	-	-	127,450	90,900	59,750
Drainage Collection	-	-	-	-	-	-	127,450	90,900	59,750
Electrical Infrastructure	239,441	386,399	390,713	503,429	473,429	449,758	550,500	588,500	635,451
Power Plants	-	-	-	-	-	-	-	-	-
HV Substations	-	-	-	-	-	-	202,000	220,000	205,451
HV Switching Station	-	-	-	-	-	-	-	-	-
HV Transmission Conductors	239,441	386,399	390,713	503,429	473,429	449,758	348,500	368,500	430,000
Water Supply Infrastructure	219,756	324,960	204,276	170,000	151,347	143,780	207,950	269,350	360,000
Distribution	219,756	324,960	204,276	170,000	151,347	143,780	207,950	269,350	360,000
Sanitation Infrastructure	70,591	58,120	126,126	73,300	69,100	65,645	59,500	52,000	19,000
Pump Station	-	-	-	-	-	-	-	-	-
Reticulation	70,591	58,120	126,126	73,300	69,100	65,645	59,500	52,000	19,000
Waste Water Treatment Works	-	-	-	-	-	-	-	-	-
Outfall Sewers	-	-	-	-	-	-	-	-	-
Toilet Facilities	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	36,980	-	-	-	-	-	-	-	-
Landfill Sites	36,980	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	111,071	43,030	38,472	205,500	119,000	113,050	96,632	102,169	38,325
Data Centres	-	-	-	-	-	-	-	-	-
Core Layers	-	-	-	-	-	-	96,632	102,169	38,325
Distribution Layers	-	-	-	-	-	-	-	-	-
Capital Spares	111,071	43,030	38,472	205,500	119,000	113,050	-	-	-
Community Assets	114,328	77,090	118,662	47,800	42,937	40,790	312,700	397,100	387,100
Community Facilities	99,370	73,628	102,594	28,800	23,937	22,740	312,700	397,100	387,100
Halls	-	-	-	-	-	-	127,000	108,000	90,000
Centres	-	-	-	-	-	-	-	-	-
Crèches	-	-	-	-	-	-	-	-	-
Clinics/Care Centres	43,990	36,838	72,181	17,500	11,981	11,381	11,100	63,100	92,100
Fire/Ambulance Stations	-	-	-	-	-	-	52,000	70,000	37,000
Testing Stations	-	-	-	-	-	-	-	-	-
Museums	15,402	19,913	-	-	-	-	-	-	-
Galleries	-	-	-	-	-	-	-	-	-
Theatres	-	-	-	-	-	-	-	-	-
Libraries	2,235	7,237	26,893	4,000	4,000	3,800	-	-	-
Cemeteries/Crematoria	20,871	9,640	3,520	7,300	7,957	7,559	-	-	-
Police	-	-	-	-	-	-	6,000	16,000	20,000
Purls	-	-	-	-	-	-	-	-	-
Public Open Space	-	-	-	-	-	-	112,000	112,000	112,000
Nature Reserves	-	-	-	-	-	-	1,600	18,000	31,000
Public Ablution Facilities	-	-	-	-	-	-	-	-	-
Markets	16,872	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	3,000	10,000	5,000
Capital Spares	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	14,957	3,462	16,068	19,000	19,000	18,050	-	-	-
Indoor Facilities	-	-	-	-	-	-	-	-	-
Outdoor Facilities	-	2,165	16,068	19,000	19,000	18,050	-	-	-
Capital Spares	14,957	1,297	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	15,174	138,256	281,214	519,117	521,849	495,756	1,217,010	1,414,070	1,746,331
Revenue Generating	15,174	138,256	281,214	519,117	521,849	495,756	1,217,010	1,414,070	1,746,331
Improved Property	15,174	138,256	281,214	519,117	521,849	495,756	851,510	954,070	1,228,331
Other assets	39,593	59,205	197,747	472,540	550,144	522,636	32,400	54,000	30,000
Operational Buildings	39,593	59,205	197,747	472,540	550,144	522,636	32,400	54,000	30,000
Municipal Offices	39,593	57,865	197,747	472,540	550,144	522,636	18,900	25,000	25,000
Depots	-	-	-	-	-	-	13,500	29,000	5,000
Capital Spares	-	1,340	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	15,000	-	-
Machinery and Equipment	-	-	-	-	-	-	15,000	-	-
Transport Assets	30,333	22,399	18,938	25,000	25,000	23,750	-	-	-
Transport Assets	30,333	22,399	18,938	25,000	25,000	23,750	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	1,428,313	1,805,734	2,165,014	3,086,265	3,022,385	2,871,265	2,990,292	3,355,089	3,558,857

Table 94 MBRR SA34b - capital expenditure on the renewal of existing assets by asset class

Eku Kurhuleni Metro - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class										
R thousand	Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		500,615	515,024	1,031,098	1,082,431	1,042,778	990,639	819,317	769,568	958,570
Roads Infrastructure		221,913	105,148	404,944	349,770	326,748	310,411	43,750	73,050	257,550
Roads		221,913	105,148	404,944	349,770	326,748	310,411	43,750	73,050	257,550
Storm water Infrastructure		-	-	-	-	-	-	4,000	5,800	46,200
Drainage Collection		-	-	-	-	-	-	4,000	5,800	46,200
Electrical Infrastructure		117,248	105,012	79,839	122,700	122,700	116,565	129,500	155,000	161,000
HV Transmission Conductors		117,248	105,012	79,839	122,700	122,700	116,565	42,000	57,000	47,000
MV Networks		-	-	-	-	-	-	87,500	98,000	114,000
Water Supply Infrastructure		36,688	11,904	74,076	121,000	54,008	51,308	166,900	133,000	97,000
Distribution		36,688	11,904	74,076	121,000	54,008	51,308	166,900	133,000	97,000
Sanitation Infrastructure		45,809	22,719	47,100	96,000	54,900	52,155	106,800	115,700	116,000
Pump Station		-	-	-	-	-	-	-	-	-
Reticulation		45,809	22,719	47,100	96,000	54,900	52,155	106,800	115,700	116,000
Solid Waste Infrastructure		17,390	29,563	91,263	86,250	82,711	78,575	95,950	79,000	52,000
Landfill Sites		17,390	29,563	91,263	86,250	82,711	78,575	95,950	79,000	52,000
Information and Communication Infrastructure		61,567	240,679	333,876	306,711	401,711	381,626	272,417	208,018	228,820
Data Centres		-	-	-	-	-	-	-	-	-
Core Layers		-	-	-	-	-	-	-	-	-
Distribution Layers		-	-	-	-	-	-	-	-	-
Capital Spares		61,567	240,679	333,876	306,711	401,711	381,626	272,417	208,018	228,820
Community Assets		177,013	146,922	210,346	123,810	133,424	126,753	328,700	271,500	266,400
Community Facilities		93,845	126,206	169,036	93,750	100,651	95,619	296,870	245,900	215,200
Halls		-	-	50,000	-	-	-	170	100	1,500
Centres		-	-	-	-	-	-	-	-	-
Crèches		-	-	-	-	-	-	-	-	-
Clinics/Care Centres		27,775	32,931	19,483	20,000	22,200	21,090	19,200	13,200	13,200
Fire/Ambulance Stations		-	-	-	-	-	-	50,400	32,600	20,000
Testing Stations		-	-	-	-	-	-	133,000	53,000	65,000
Museums		2,626	17,831	31,936	22,700	22,700	21,565	-	-	-
Galleries		-	-	-	-	-	-	-	-	-
Theatres		-	-	-	-	-	-	-	-	-
Libraries		14,712	1,305	4,365	25,000	26,000	24,700	18,000	22,000	2,000
Cemeteries/Crematoria		-	-	-	-	-	-	-	-	-
Police		4,923	9,168	2,795	2,700	2,700	2,565	61,500	40,000	20,500
Purvs		-	-	-	-	-	-	-	-	-
Public Open Space		21,223	45,741	60,456	23,350	27,051	25,699	-	14,000	28,000
Nature Reserves		-	-	-	-	-	-	1,600	31,000	34,000
Public Ablution Facilities		-	-	-	-	-	-	-	-	-
Markets		-	12,969	-	-	-	-	-	-	-
Stalls		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Airports		-	-	-	-	-	-	-	-	-
Taxi Ranks/Bus Terminals		4,832	-	-	-	-	-	13,000	40,000	31,000
Capital Spares		17,754	6,261	-	-	-	-	-	-	-
Sport and Recreation Facilities		83,167	20,716	41,311	30,060	32,773	31,135	31,830	25,600	51,200
Indoor Facilities		38,408	20,716	34,863	29,890	32,603	30,973	25,660	21,370	33,900
Outdoor Facilities		44,759	-	6,448	170	170	162	6,170	4,230	17,300
Capital Spares		-	-	-	-	-	-	-	-	-
Investment properties		37,456	176	52,264	30,000	30,000	28,500	-	-	-
Revenue Generating		37,456	176	52,264	30,000	30,000	28,500	-	-	-
Improved Property		37,456	176	52,264	30,000	30,000	28,500	-	-	-
Other assets		193,118	162,064	255,905	335,653	372,804	354,163	434,480	350,116	404,378
Operational Buildings		193,118	162,064	255,905	335,653	372,804	354,163	434,480	350,116	404,378
Municipal Offices		157,819	159,296	255,905	335,653	372,804	354,163	280,480	207,866	272,178
Depots		-	-	-	-	-	-	154,000	142,250	132,200
Capital Spares		35,299	2,768	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	998	800	800
Servitudes		-	-	-	-	-	-	998	800	800
Licences and Rights		-	-	-	-	-	-	998	800	800
Computer Software and Applications		-	-	-	-	-	-	998	800	800
Computer Equipment		-	-	-	-	-	-	43,929	39,957	42,820
Computer Equipment		-	-	-	-	-	-	43,929	39,957	42,820
Furniture and Office Equipment		51,807	94,683	59,685	91,600	80,991	76,942	61,020	43,180	46,677
Furniture and Office Equipment		51,807	94,683	59,685	91,600	80,991	76,942	61,020	43,180	46,677
Machinery and Equipment		33,803	37,777	33,300	80,670	75,783	71,994	115,620	127,462	103,195
Machinery and Equipment		33,803	37,777	33,300	80,670	75,783	71,994	115,620	127,462	103,195
Transport Assets		190,176	306,783	286,254	300,532	345,275	328,011	861,524	815,028	841,897
Transport Assets		190,176	306,783	286,254	300,532	345,275	328,011	861,524	815,028	841,897
Total Capital Expenditure on renewal of existing		1,183,988	1,263,430	1,928,851	2,044,696	2,081,055	1,977,002	2,665,587	2,417,611	2,664,738

Table 95 MBRR SA34c - repairs and maintenance expenditure by asset class

EKU Ekurhuleni Metro - Supporting Table SA34c Repairs and maintenance expenditure by asset class										
Description	R thousand	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		972,855	905,805	1,167,721	2,162,937	2,187,990	2,175,209	2,387,904	2,626,694	2,889,364
Roads Infrastructure		248,973	160,263	306,633	593,533	646,628	643,142	706,788	777,467	855,214
<i>Roads</i>		240,419	139,083	262,839	537,707	589,702	586,706	646,257	710,883	781,971
<i>Road Structures</i>		8,554	21,181	43,794	55,826	56,926	56,436	60,532	66,585	73,243
Electrical Infrastructure		465,127	526,489	584,083	948,415	918,480	913,432	1,025,661	1,128,227	1,241,050
<i>Power Plants</i>		448,503	511,542	529,860	889,878	859,943	855,609	961,306	1,057,437	1,163,181
<i>HV Substations</i>		16,624	14,947	54,222	58,536	58,536	57,824	64,355	70,790	77,869
Water Supply Infrastructure		113,380	85,078	116,998	398,543	401,087	397,772	431,515	474,666	522,133
<i>Distribution</i>		113,380	85,078	116,998	398,543	401,087	397,772	431,515	474,666	522,133
Sanitation Infrastructure		89,576	78,273	107,918	161,305	160,654	159,721	168,905	185,795	204,374
<i>Pump Station</i>										
<i>Reticulation</i>		89,576	78,273	107,918	161,305	160,654	159,721	168,905	185,795	204,374
Solid Waste Infrastructure		55,799	55,702	52,090	61,142	61,142	61,142	55,035	60,539	66,593
<i>Landfill Sites</i>		55,799	55,702	52,090	61,142	61,142	61,142	55,035	60,539	66,593
Community Assets		50,070	59,823	93,593	111,609	97,892	97,274	135,813	149,395	164,334
Community Facilities		46,444	56,582	87,924	108,038	94,241	93,671	132,317	145,549	160,104
<i>Halls</i>		4,983	5,212	5,110	6,457	5,994	5,942	6,144	6,758	7,434
<i>Centres</i>		461	286	1,604	1,569	1,266	1,272	1,412	1,554	1,709
<i>Clinics/Care Centres</i>		337	566	1,058	1,152	1,465	1,451	1,463	1,609	1,770
<i>Fire/Ambulance Stations</i>		13,517	15,683	16,871	18,462	13,584	13,407	19,029	20,932	23,025
<i>Testing Stations</i>										
<i>Museums</i>		109	237	832	946	921	916	751	826	908
<i>Galleries</i>										
<i>Theatres</i>										
<i>Libraries</i>		734	619	962	1,227	1,107	1,218	3,862	4,248	4,673
<i>Cemeteries/Crematoria</i>				10,905	12,558	12,833	12,809	14,211	15,632	17,195
<i>Police</i>		318	–	–	343	343	339	–	–	–
<i>Purls</i>										
<i>Public Open Space</i>		14,490	18,461	29,508	29,535	34,348	34,019	49,100	54,010	59,411
<i>Taxi Ranks/Bus Terminals</i>		11,496	15,519	21,077	35,789	22,379	22,298	36,346	39,981	43,979
<i>Capital Spares</i>										
Sport and Recreation Facilities		3,626	3,241	5,669	3,571	3,652	3,604	3,496	3,846	4,230
<i>Indoor Facilities</i>		430	514	740	819	893	881	909	1,000	1,100
<i>Outdoor Facilities</i>		3,088	2,607	4,836	2,642	2,648	2,614	2,479	2,727	3,000
<i>Capital Spares</i>		108	120	93	110	110	109	108	118	130
<i>1</i>		1	1	1	1	1	1	1	1	1
Heritage assets		109,921	154,177	132,252	252,238	283,115	281,632	385,850	347,772	382,000
Other Heritage		109,921	154,177	132,252	252,238	283,115	281,632	385,850	347,772	382,000
Investment properties		26,772	21,730	21,593	31,942	31,942	31,942	34,178	37,596	41,355
Non-revenue Generating		26,772	21,730	21,593	31,942	31,942	31,942	34,178	37,596	41,355
<i>Improved Property</i>										
<i>Unimproved Property</i>		26,772	21,730	21,593	31,942	31,942	31,942	34,178	37,596	41,355
Other assets		15,655	18,111	25,375	25,374	30,357	30,151	59,110	63,461	67,807
Housing		15,655	18,111	25,375	25,374	30,357	30,151	59,110	63,461	67,807
<i>Staff Housing</i>										
<i>Social Housing</i>		15,655	18,111	25,375	25,374	30,357	30,151	59,110	63,461	67,807
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		48,763	57,338	89,085	108,200	108,200	106,900	142,229	156,452	172,097
Computer Equipment		48,763	57,338	89,085	108,200	108,200	106,900	142,229	156,452	172,097
Furniture and Office Equipment		18,749	16,997	21,368	27,263	28,780	28,871	30,201	33,182	36,493
Furniture and Office Equipment		18,749	16,997	21,368	27,263	28,780	28,871	30,201	33,182	36,493
Transport Assets		93,497	94,400	109,864	214,602	207,364	206,034	216,286	237,506	260,812
Transport Assets		93,497	94,400	109,864	214,602	207,364	206,034	216,286	237,506	260,812
Total Repairs and Maintenance Expen	1	1,336,283	1,328,381	1,660,851	2,934,165	2,975,641	2,958,013	3,391,572	3,652,058	4,014,262
R&M as a % of PPE		3.1%	3.0%	3.6%	6.2%	6.1%	6.1%	7.0%	7.0%	7.2%
R&M as % Operating Expenditure		5.8%	5.2%	6.0%	9.1%	9.2%	9.3%	10.6%	10.4%	10.5%

Table 96 MBRR SA35 - future financial implications of the Capital Budget

EKU Ekurhuleni Metro - Supporting Table SA35 Future financial implications of the capital budget							
Vote Description R thousand	2017/18 Medium Term Revenue &			Forecasts			Present value
	Budget	Budget	Budget	Forecast	Forecast	Forecast	
	Year 2017/18	Year +1 2018/19	Year +2 2019/20	2020/21	2021/22	2022/23	
Capital expenditure							
Vote 1 - Executive and Council	14,594	11,190	12,503	13,128	13,784	14,474	
Vote 2 - Finance and Corporate Services	1,250,218	1,203,834	1,257,071	1,319,924	1,385,921	1,455,217	
Vote 3 - Energy	717,700	717,200	745,151	782,409	821,529	862,605	
Vote 4 - Water and Sanitation	744,950	849,850	870,500	914,025	959,726	1,007,713	
Vote 5 - Waste Management	166,450	168,500	167,500	175,875	184,669	193,902	
Vote 6 - Human Settlements	952,880	1,020,370	1,286,770	1,351,108	1,418,663	1,489,597	
Vote 7 - City Planning	51,546	51,621	54,321	57,037	59,889	62,883	
Vote 8 - Economic Development	145,100	180,800	175,300	184,065	193,268	202,932	
Vote 9 - Disaster and Emergency Management	211,770	192,500	142,000	149,100	156,555	164,383	
Vote 10 - Sports, Recreation, Arts & Culture	131,900	123,150	158,700	166,635	174,967	183,715	
Vote 11 - Health and Social Development	109,150	111,700	144,700	151,935	159,532	167,508	
Vote 12 - Environmental Resource Management	156,200	275,400	333,600	350,280	367,794	386,184	
Vote 13 - Ekurhuleni Metropolitan Police Department	119,000	114,500	95,000	99,750	104,738	109,974	
Vote 14 - Transport Planning & Provisioning	836,018	850,756	893,250	937,913	984,808	1,034,049	
Vote 15 - Roads and Stormwater	663,800	662,450	712,050	747,653	785,035	824,287	
<i>List entity summary if applicable</i>							
Total Capital Expenditure	6,271,276	6,533,821	7,048,415	7,400,836	7,770,878	8,159,422	-
Total future revenue	-	-	-	-	-	-	-
Net Financial Implications	6,271,276	6,533,821	7,048,415	7,400,836	7,770,878	8,159,422	-

Table 97 MBRR SA36 - Detailed Capital Budget per municipal vote-

Detail expenditure per municipal vote has been attached as Annexure F as part of the MTRE budget document.

Table 98 MBRR SA37 - Projects delayed from previous financial year

Municipal Vote/Capital project	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to Year	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure			
							Original Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
R thousand												
Parent municipality:												
Energy	Esterpark substation	2278643642	Infrastructure	HV Substations	-26.09785728.1987	2016/17	20,000,000	15,000,000	5,000,000	-	-	
Health & Social Development	Extension & Upgrade Esangweni Clinic	3050641002	Community	Clinic	-26.02241228.2007	2016/17	13,000,000	12,000,000	1,000,000	-	-	
Health & Social Development	New TSIETSI Clinic-Phomolong SC	3050641002	Community	Clinic	-26.40844128.1648	2016/17	5,000,000	3,400,000	1,500,000	-	-	
Real Estate	Upgrade and renewal of Saabou	4854641002	Other Assets	Municipal Offices	-26.008651092328.1648	2016/17	7,000,000	4,800,000	4,000,000	20,000,000	25,000,000	
Roads and Stormwater	Reconstruct Roads North Thami M	5030645202	Infrastructure	Roads	-26.38690228.4019	2016/17	680,000	180,000	2,000,000	-	-	
Roads and Stormwater	Roads: Low Cost Housing: East: M	4930645202	Infrastructure	Roads	-26.068927075628.1996	2016/17	3,000,000	2,250,000	4,000,000	4,000,000	4,000,000	
Roads and Stormwater	Roads: Low Cost Housing: East: W	4930645202	Infrastructure	Roads	-26.32436928.1996	2016/17	3,000,000	1,800,000	4,000,000	4,000,000	4,000,000	
Roads and Stormwater	SW Minor (N) Ossewa Subsurface	4930645202	Infrastructure	Drainage Collection	-26.068927075628.1996	2016/17	1,000,000	500,000	1,000,000	-	-	
Roads and Stormwater	SW Upgrades (S) - SW in Mapletot	5078645202	Infrastructure	Drainage Collection	-26.32436928.1996	2016/17	1,700,000	1,100,000	3,000,000	5,000,000	3,000,000	
Roads and Stormwater	Tertiary Rds: (N) Tswelopele - Th	5030645202	Infrastructure	Drainage Collection	-26.32436928.1996	2016/17	800,000	300,000	800,000	-	-	
SRAC	Upgrade Olympia Park swimming	6194641002	Community	Recreational Facilities	-26.15282728.4164	2016/17	3,000,000	900,000	5,000,000	10,000,000	-	
Transport	Construction of public transport f	6382642002	Community	Taxi Ranks/Bus Terminals	-26.15282728.4164	2016/17	25,000,000	2,000,000	5,000,000	10,000,000	10,000,000	
Water & Sanitation	Springs Depot	6858641002	Other Assets	Depots	-26.25820928.4310	2016/17	5,000,000	2,000,000	1,500,000	-	-	
Water & Sanitation	Tembisa Depot	6858641002	Other Assets	Depots	-26.01851328.2175	2016/17	5,000,000	2,000,000	5,000,000	8,000,000	-	
Water & Sanitation	Russel Rd Bulk Water	6858649002	Infrastructure	Sanitation Reticulation	-26.24315928.1636	2016/17	5,000,000	1,500,000	5,000,000	-	-	

2.13 Legislation compliance status

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

2.13.1 In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the metro's website.

2.13.2 Internship programme

The metro has been participating since 2008 actively in the Municipal Financial Management Internship Programme. The programme started with five interns undergoing training in various divisions of the Financial Services Department.

Ten interns were appointed in October 2014 for a period of 24 months ending September 2016. These interns are funded by National Treasury (NT) with a R100 000.00 per intern per annum. The Finance Department is currently paying the interns R14700.00 (accountant level) per month, which according to NT is incorrect and should be corrected. The national stipend for interns is +/-R5100pm. Training of the interns should be included in the R100 000.00 allocated for each intern. This will be rectified in the future. The training of the interns will now be funded internally.

Finance Department also appointed 10 experiential trainees (Youth) from September 2014 for a period of 12 months. The trainees are placed in all sections within the department to gain relevant experience. The trainees are currently on Municipal Finance and Administration (MFA) training for 10 months which is funded by LG Seta.

2.13.3 Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

2.13.4 Audit Committee

An Audit Committee has been established and is fully functional.

2.13.5 Service Delivery and Implementation Plan

Council compiled a detailed SDBIP document in 2014/15 MTREF. It has now been updated after the 2016/17MTREF was compiled. The detailed SDBIP is reflected in MBRR Schedule SA7 of the report.

2.13.6 Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

2.13.7 MFMA Training

The MFMA training module in electronic format is presented at the metro's internal centre and training is ongoing.

2.13.8 Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the regulations have been complied with.

2.14 Other supporting documents

Table 99 MBRR Table SA1 - Supporting detail to budgeted financial performance

EKU Ekurhuleni Metro - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
REVENUE ITEMS:										
Property rates										
Total Property Rates	4,043,486	4,366,439	4,685,093	5,298,765	5,298,765	5,275,450	5,275,450	5,980,943	6,399,609	6,847,581
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>	615,776	673,053	738,434	637,481	637,481	637,481	637,481	738,914	790,638	845,982
Net Property Rates	3,427,709	3,693,387	3,946,659	4,661,284	4,661,284	4,637,970	4,637,970	5,242,029	5,608,971	6,001,599
Service charges - electricity revenue										
Total Service charges - electricity revenue	10,394,177	11,255,135	13,136,623	15,107,844	14,995,756	14,852,483	13,315,364	16,139,514	17,717,789	19,448,737
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>			254,226	317,081	317,081	317,081		330,862	358,460	389,905
<i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>	35,508	39,501	1,058,228	1,332,126	1,220,038	1,220,038		1,424,305	1,539,775	1,660,825
Net Service charges - electricity revenue	10,358,669	11,215,634	11,824,170	13,458,637	13,458,637	13,315,364	13,315,364	14,384,348	15,819,554	17,398,007
Service charges - water revenue										
Total Service charges - water revenue	3,235,293	3,686,669	4,035,331	5,245,936	5,116,689	5,068,105	4,212,303	5,554,365	6,081,661	6,592,150
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>	349,416	353,275	418,454	418,806	409,924	409,924		459,876	500,498	484,364
<i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>	309,505	362,728	399,710	566,241	445,878	445,878		465,587	504,958	540,794
Net Service charges - water revenue	2,576,373	2,970,665	3,217,167	4,260,889	4,260,888	4,212,303	4,212,303	4,628,903	5,076,206	5,566,992
Service charges - sanitation revenue										
Total Service charges - sanitation revenue	1,284,674	1,427,248	1,592,236	2,165,737	2,237,228	2,279,461	1,688,507	2,504,402	2,708,965	2,881,859
<i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>	259,066	267,046	303,013	298,857	298,857	298,857		339,709	370,102	359,289
<i>less Cost of Free Basis Services (free sanitation service to indigent households)</i>	130,152	155,058	234,555	220,607	292,097	292,097		304,690	330,079	353,102
Net Service charges - sanitation revenue	895,456	1,005,144	1,054,668	1,646,274	1,646,274	1,688,507	1,688,507	1,860,003	2,008,785	2,169,468
Service charges - refuse revenue										
Total refuse removal revenue	1,005,652	1,083,979	1,175,509	1,743,276	1,740,052	1,705,702	1,452,359	1,873,988	2,014,089	2,159,937
<i>less Cost of Free Basis Services (removed once a week to indigent households)</i>	43,000	43,000	214,061	256,567	253,343	253,343		269,577	289,347	305,840
Net Service charges - refuse revenue	962,652	1,040,979	961,447	1,486,709	1,486,709	1,452,359	1,452,359	1,604,411	1,724,742	1,854,098
Other Revenue by source										
Fuel Levy	-	-	-	1,625,872	1,625,872	1,625,872	1,625,872	1,694,256	1,776,579	1,859,230
Other Revenue	97,021	193,547	160,717	90,812	90,812	39,959	39,959	89,354	94,626	100,114
Total 'Other' Revenue	97,021	193,547	160,717	1,716,684	1,716,684	1,665,831	1,665,831	1,783,610	1,871,205	1,959,344

EKURHULENI METROPOLITAN MUNICIPALITY – DRAFT BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
EXPENDITURE ITEMS:										
<u>Employee related costs</u>										
Basic Salaries and Wages	3,743,561	4,069,358	3,997,824	4,479,252	4,196,827	4,111,476	4,111,476	4,669,833	4,919,067	5,222,760
Pension and UIF Contributions	669,968	720,311	718,555	837,887	929,535	891,797	891,797	1,035,011	1,106,427	1,181,664
Medical Aid Contributions	520,717	427,026	668,413	453,114	372,599	357,085	357,085	421,557	450,645	481,289
Overtime	471,338	512,118	638,657	409,439	410,096	402,919	402,919	430,186	459,869	491,140
Performance Bonus	–	–	–	7,556	7,556	5,667	5,667	4,723	5,049	5,392
Motor Vehicle Allowance	–	–	208,394	223,056	223,056	218,494	218,494	253,483	270,974	289,400
Cellphone Allowance	13,589	16,833	17,384	17,128	17,158	16,620	16,620	18,396	19,665	21,002
Housing Allowances	–	–	57,074	59,145	59,145	58,070	58,070	73,310	78,369	83,698
Other benefits and allowances	–	–	–	–	–	–	–	–	–	–
Payments in lieu of leave	–	–	105,370	185,896	185,896	182,091	182,091	228,891	244,685	261,323
Long service awards	46,364	(89,109)	(5,541)	19,671	19,671	19,327	19,327	20,668	22,094	23,596
<i>sub-total</i>	5,465,538	5,656,536	6,406,130	6,692,144	6,421,538	6,263,546	6,263,546	7,156,058	7,576,842	8,061,263
Less: Employees costs capitalised to PPE	33,402	69,186	67,709	176,696	176,696	176,696	176,696	175,141	187,226	199,957
Total Employee related costs	5,432,135	5,587,350	6,338,421	6,515,448	6,244,842	6,086,850	6,086,850	6,980,917	7,389,616	7,861,306
<u>Depreciation & asset impairment</u>										
Depreciation of Property, Plant & Equipm	1,910,672	1,869,308	1,944,959	1,795,168	1,795,168	1,793,405	1,793,405	2,077,796	2,404,446	2,754,668
Lease amortisation	13,175	9,989	275	10,178	10,178	10,178	10,178	10,483	11,007	11,557
Capital asset impairment	55,075	178,083	–	–	–	–	–	–	–	–
Depreciation resulting from revaluation o	–	–	–	–	–	–	–	–	–	–
Total Depreciation & asset impairment	1,978,922	2,057,381	1,945,234	1,805,346	1,805,346	1,803,583	1,803,583	2,088,279	2,415,453	2,766,226
<u>Bulk purchases</u>										
Electricity Bulk Purchases	7,039,344	7,505,403	8,560,732	9,084,096	9,084,096	9,084,096	9,084,096	9,630,215	10,593,237	11,652,560
Water Bulk Purchases	2,446,366	2,713,105	3,101,424	3,404,927	3,404,855	3,258,439	3,258,439	3,677,570	3,971,776	4,289,518
Total bulk purchases	9,485,711	10,218,508	11,662,156	12,489,022	12,488,950	12,342,535	12,342,535	13,307,785	14,565,012	15,942,078
<u>Transfers and grants</u>										
Cash transfers and grants	606,086	557,437	568,811	735,737	913,563	908,552	908,552	896,067	961,436	1,031,423
Non-cash transfers and grants	454,358	610,122	527,666	1,205,581	1,212,172	1,212,172	1,212,172	1,320,622	1,423,467	1,534,304
Total transfers and grants	1,060,444	1,167,559	1,096,477	1,941,318	2,125,735	2,120,724	2,120,724	2,216,689	2,384,903	2,565,728
<u>Contracted services</u>										
List services provided by contract	685,925	714,568	856,564	1,074,371	1,132,380	1,090,869	1,090,869	1,349,885	1,422,754	1,503,534
<i>sub-total</i>	685,925	714,568	856,564	1,074,371	1,132,380	1,090,869	1,090,869	1,349,885	1,422,754	1,503,534
Allocations to organs of state:										
Electricity										
Water										
Sanitation										
Other										
Total contracted services	685,925	714,568	856,564	1,074,371	1,132,380	1,090,869	1,090,869	1,349,885	1,422,754	1,503,534
<u>Other Expenditure By Type</u>										
Collection costs	153,335	148,107	116,163	173,961	173,661	170,415	170,415	175,242	185,581	196,345
Contributions to 'other' provisions	–	–	–	–	–	–	–	–	–	–
Consultant fees	136,591	125,011	131,949	193,578	224,181	217,793	217,793	139,515	148,198	156,590
Audit fees	18,921	19,529	20,932	23,000	23,000	22,264	22,264	23,937	25,350	26,820
General expenses	239,277	371,139	313,722	413,652	468,293	459,704	459,704	480,462	504,565	529,923
Rental of Equipment	365	217	255	288	318	305	305	457	484	512
Vehicle - Fuel	147,640	135,524	136,138	160,379	159,694	154,584	154,584	168,226	178,151	188,484
Service Connections	53,064	62,888	57,722	77,494	76,494	75,500	75,500	81,807	86,633	91,658
Special Events	110,910	89,173	106,662	121,447	139,053	139,613	139,613	135,594	143,594	151,922
Telephone	44,219	46,262	58,331	45,198	45,198	43,752	43,752	47,399	50,195	53,107
License Software	37,428	38,673	44,926	113,248	111,315	107,753	107,753	129,930	137,596	145,577
Printing & Stationery	37,882	43,599	51,391	40,331	43,621	43,787	43,787	45,652	48,382	51,231
Insurance Premium	20,390	26,335	24,321	34,716	34,716	33,605	33,605	37,666	39,888	42,201
Training Claimable	22,212	17,212	11,417	39,529	37,869	37,867	37,867	60,915	64,509	68,251
Refuse Bins Bags & Containers	26,148	44,325	61,353	54,231	54,216	54,216	54,216	56,193	59,509	62,960
Land Invasion Relocation	8,329	3,515	4,781	16,000	22,750	22,022	22,022	35,879	37,996	40,200
Community Development Projects	5,340	20,385	23,818	37,189	110,678	109,913	109,913	33,192	33,657	35,235
Uniforms & Protective Clothing	33,969	34,571	56,698	62,610	68,466	66,275	66,275	70,789	74,966	79,314
Hire of Vehicles	285	11,558	22,812	3,849	3,739	3,397	3,397	3,975	4,210	4,454
Postage	21,620	22,056	24,870	33,409	31,759	30,743	30,743	24,938	26,409	27,941
Rental of Buildings & Facilities	15,540	15,989	16,509	21,828	30,487	29,137	29,137	39,573	42,001	44,409
Community Based Programmes	30,229	93,291	84,625	120,458	87,958	87,958	87,958	10,668	11,297	11,952
General Consumables	28,703	32,597	34,374	20,301	24,072	24,230	24,230	22,391	23,712	25,087
Software Development	738	3,256	8,602	12,909	10,909	10,560	10,560	18,384	19,469	20,598
Membership Fees	12,029	11,955	15,081	14,480	14,482	14,018	14,018	15,149	16,043	16,973
Network Extensions	12,191	11,366	8,938	19,183	94,649	94,539	94,539	66,254	67,543	68,899
Operational Grants and Internal Charges	–	–	93,526	1,492,453	1,234,946	1,213,487	1,213,487	1,295,624	1,391,255	1,485,674
Total 'Other' Expenditure	1,217,356	1,428,532	1,529,914	3,345,719	3,326,524	3,267,437	3,267,437	3,219,811	3,421,195	3,626,320

Table 100 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

EKU Ekurhuleni Metro - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)																
R thousand	Vote 1 - Executive	Vote 2 - Finance and	Vote 3 - Energy	Vote 4 - Water and	Vote 5 - Waste	Vote 6 - Human	Vote 7 - City Planning	Vote 8 - Economic	Vote 9 - Disaster and	Vote 10 - Sports,	Vote 11 - Health and	Vote 12 - Environment	Vote 13 - Ekurhuleni	Vote 14 - Transport	Vote 15 - Roads and	Total
Revenue By Source																
Property rates	-	5,242,029	-	-	-	-	-	-	-	-	-	-	-	-	-	5,242,029
Service charges - electricity revenue	-	-	14,384,348	-	-	-	-	-	-	-	-	-	-	-	-	14,384,348
Service charges - water revenue	-	-	-	6,488,905	-	-	-	-	-	-	-	-	-	-	-	6,488,905
Service charges - sanitation revenue	-	-	-	-	1,604,411	-	-	-	-	-	-	-	-	-	-	1,604,411
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	-	20,829	-	-	-	42,882	-	21,067	15,548	118	-	31,719	-	52,049	1,980	122,479
Interest earned - external investments	-	390,700	-	-	-	4,176	-	2,176	0	7,672	-	794	-	-	58	74,361
Interest earned - outstanding debtors	-	28,414	80,000	293,868	65,805	-	-	27	-	-	-	-	-	-	-	394,902
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	468,086
Fines, penalties and forfeits	-	239,222	7,562	173	-	-	-	-	-	376	-	-	155,260	-	-	402,952
Licences and permits	-	29,437	-	-	-	-	38,550	-	6,052	-	443	-	-	0	-	74,483
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	319,873	-	319,873
Other revenue	-	1,704,141	17,088	15,353	3	-	3,575	3	983	1,031	3,647	1,307	1,077	9,663	25,739	1,783,610
Transfers and subsidies	-	564,714	492,442	1,508,321	506,697	186,579	-	44,718	158,155	6,000	143,170	-	-	40,000	21,000	3,671,795
Gains on disposal of PPE	-	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	5,000
Total Revenue (excluding capital transfers)	-	8,224,487	14,981,439	8,306,620	2,176,916	233,647	42,124	67,991	180,738	15,196	147,260	33,760	156,337	421,585	48,777	35,036,876
Expenditure By Type																
Employee related costs	258,901	1,555,226	94,829	145,642	490,251	105,812	197,491	103,547	734,309	445,836	849,093	514,370	1,085,088	343,650	58,872	6,980,917
Remuneration of councillors	129,169	-	-	-	-	-	-	-	-	-	-	-	-	-	-	129,169
Debt impairment	-	434,622	847,199	209,095	90,416	2,574	-	-	-	-	-	-	-	-	-	1,583,845
Depreciation & asset impairment	1,168	325,527	490,387	130,245	43,832	52,310	1,036	4,444	22,635	109,458	30,260	25,808	-	-	851,170	2,088,279
Finance charges	-	246,689	173,152	57,999	91,477	138,803	-	-	-	-	45,540	-	-	-	-	753,661
Bulk purchases	-	-	-	3,677,570	-	-	-	-	-	-	-	-	-	-	-	3,677,570
Other materials	1,104	374,086	1,124,480	604,060	107,978	141,003	37,320	4,970	39,054	39,287	12,015	107,787	29,222	44,254	724,952	3,391,572
Contracted services	2,070	239,248	155,492	42,323	273,524	5,480	69,607	-	508	8,683	4,210	80,353	303,990	164,210	187	1,349,885
Transfers and subsidies	29,736	554,585	365,212	1,046,065	142,369	5,076	-	69,394	-	-	4,262	-	-	-	-	2,216,689
Other expenditure	106,177	(528,809)	1,384,266	912,117	498,888	261,142	13,301	91,388	76,584	81,579	72,290	62,225	84,071	51,319	53,322	3,219,811
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	528,324	3,199,174	14,415,233	6,825,054	1,738,734	712,201	318,755	273,734	873,091	684,793	1,017,671	790,342	1,502,371	603,433	1,688,502	35,021,613
Surplus/(Deficit)	(528,324)	5,025,313	716,206	1,481,566	438,181	(478,554)	(276,631)	(205,743)	(692,353)	(669,597)	(870,411)	(756,783)	(1,346,035)	(181,848)	(1,639,725)	15,263
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	200,000	274,000	117,500	6,000	942,510	48,646	-	-	8,000	-	-	-	660,718	116,090	2,373,464
Surplus/(Deficit) after capital transfers & contributions	(528,324)	5,225,313	990,206	1,599,066	444,181	463,957	(227,985)	(205,743)	(692,353)	(661,597)	(870,411)	(756,783)	(1,346,035)	478,870	(1,523,635)	2,388,727

Table 101 MBRR Table SA3 – Supporting detail to Statement of Financial Position

EKU Ekurhuleni Metro - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
ASSETS										
Call investment deposits										
Call deposits										
Other current investments	143,070	115,978	147,021	143,070	143,070	143,070	143,070	143,070	143,070	143,070
Total Call investment deposits	143,070	115,978	147,021	143,070	143,070	143,070	143,070	143,070	143,070	143,070
Consumer debtors										
Consumer debtors	12,831,564	13,531,146	13,222,638	14,456,573	14,456,573	14,456,573	14,456,573	15,842,558	15,770,625	15,725,419
<i>Less: Provision for debt impairment</i>	<i>(8,371,490)</i>	<i>(9,144,329)</i>	<i>(7,966,251)</i>	<i>(10,000,887)</i>	<i>(10,000,887)</i>	<i>(10,000,887)</i>	<i>(10,000,887)</i>	<i>(11,584,733)</i>	<i>(11,695,602)</i>	<i>(11,814,232)</i>
Total Consumer debtors	4,460,073	4,386,818	5,256,387	4,455,686	4,455,686	4,455,686	4,455,686	4,257,825	4,075,024	3,911,187
Debt impairment provision										
Balance at the beginning of the year	7,042,114	8,371,490	9,144,329	8,465,950	8,465,950	8,465,950	8,465,950	10,000,887	10,000,887	10,000,887
Contributions to the provision	1,335,385	2,164,385	1,447,472	1,534,937	1,534,937	1,534,937	1,534,937	1,583,845	1,694,714	1,813,344
Bad debts written off	(6,009)	(1,391,547)	(2,625,549)							
Balance at end of year	8,371,490	9,144,329	7,966,251	10,000,887	10,000,887	10,000,887	10,000,887	11,584,733	11,695,602	11,814,232
Property, plant and equipment (PPE)										
PPE at cost/valuation (excl. finance leases)	55,791,159	57,975,634	61,455,348	61,365,581	62,125,894	62,125,894	62,125,894	68,082,846	74,289,976	80,985,970
Leases recognised as PPE										
<i>Less: Accumulated depreciation</i>	<i>13,105,875</i>	<i>13,703,049</i>	<i>15,364,378</i>	<i>13,719,011</i>	<i>13,719,011</i>	<i>13,719,011</i>	<i>13,719,011</i>	<i>15,807,291</i>	<i>18,222,743</i>	<i>20,988,969</i>
Total Property, plant and equipment (PPE)	42,685,284	44,272,586	46,090,970	47,646,570	48,406,883	48,406,883	48,406,883	52,275,556	56,067,232	59,997,001
LIABILITIES										
Current liabilities - Borrowing										
Short term loans (other than bank overdraft)										
Current portion of long-term liabilities	267,666	368,432	384,807	381,507	381,507	381,507	381,507	316,839	240,032	1,862,577
Total Current liabilities - Borrowing	267,666	368,432	384,807	381,507	381,507	381,507	381,507	316,839	240,032	1,862,577
Trade and other payables										
Trade and other creditors	4,982,055	5,345,409	6,627,731	4,853,108	6,853,108	6,853,108	6,853,108	7,479,039	8,017,163	8,639,412
Unspent conditional transfers	370,603	553,046	433,286							
VAT										
Total Trade and other payables	5,352,657	5,898,455	7,061,017	4,853,108	6,853,108	6,853,108	6,853,108	7,479,039	8,017,163	8,639,412
Non current liabilities - Borrowing										
Borrowing	5,021,111	5,411,930	5,050,855	5,760,444	5,770,257	5,770,257	5,770,257	8,352,878	11,080,046	12,515,474
Finance leases (including PPP asset element)										
Total Non current liabilities - Borrowing	5,021,111	5,411,930	5,050,855	5,760,444	5,770,257	5,770,257	5,770,257	8,352,878	11,080,046	12,515,474
Provisions - non-current										
Retirement benefits	1,967,932	2,049,899	2,527,235	2,105,480	2,105,480	2,105,480	2,105,480	2,462,663	2,660,985	2,889,875
<i>List other major provision items</i>										
Refuse landfill site rehabilitation	224,539	302,574	362,686	924,856	924,856	924,856	924,856	924,856	924,856	924,856
Other	637,476	546,729	584,025							
Total Provisions - non-current	2,829,947	2,899,201	3,473,946	3,030,336	3,030,336	3,030,336	3,030,336	3,387,519	3,585,841	3,814,731
CHANGES IN NET ASSETS										
Accumulated Surplus/(Deficit)										
Accumulated Surplus/(Deficit) - opening	38,650,165	41,512,875	43,482,911	46,640,793	44,430,278	44,373,250	44,373,250	47,531,536	49,837,321	52,346,527
GRAP adjustments										
Restated balance	38,650,165	41,512,875	43,482,911	46,640,793	44,430,278	44,373,250	44,373,250	47,531,536	49,837,321	52,346,527
Surplus/(Deficit)	1,856,415	2,057,822	2,170,248	1,877,528	1,814,458	1,871,487	1,871,487	2,388,727	2,609,306	2,823,912
Accumulated Surplus/(Deficit)	40,506,580	43,570,696	45,653,160	48,518,321	46,244,737	46,244,737	46,244,737	49,920,263	52,446,627	55,170,438
Reserves										
Total Reserves	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	40,506,580	43,570,696	45,653,160	48,518,321	46,244,737	46,244,737	46,244,737	49,920,263	52,446,627	55,170,438

Table 102 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Basis of calculation	2001 Census	2007 Survey	2011 Census	2013/14		2014/15		2015/16		2017/18 Medium Term Revenue & Expenditure Framework	
					Outcome	Assumption	Outcome	Assumption	Outcome	Assumption	Original Budget	Outcome
Demographics												
Population	Source Of data Census 2011 interactive data in super cross	2,480	2,724	3,178	3,379	3,485	3,603	3,712	3,823	3,938	4,056	
Females aged 5 - 14	3.14% growth rate	200	220	225	240	247	255	263	271	279	287	
Males aged 5 - 14		196	213	230	230	252	261	268	276	285	293	
Females aged 15 - 34		489	502	640	680	702	726	748	770	793	817	
Males aged 15 - 34		532	536	711	756	780	807	831	856	881	908	
Unemployment		332	434	456	485	500	517	532	548	565	582	
Monthly household income (no. of households)												
No income	Source Of data Census 2011 interactive data in super cross	1,266	1,304	1,343	1,429	1,474	1,524	1,570	1,617	1,665	1,715	
R1 - R1 600	3.14% growth rate	615	633	652	694	715	739	761	784	808	832	
R1 601 - R3 200		242	250	257	273	282	292	301	310	319	329	
R3 201 - R6 400		204	210	216	230	238	246	253	261	269	277	
R6 401 - R12 800		163	168	173	185	190	196	202	208	214	221	
R12 801 - R25 600		123	127	131	140	144	149	153	158	163	168	
R25 601 - R51 200		52	53	55	59	607	628	647	666	686	707	
R52 201 - R102 400		15	16	16	32	33	34	35	36	37	38	
R102 401 - R204 800		5	5	5	5	6	6	6	6	7	7	
R204 801 - R409 600		4	4	4	4	4	4	4	4	4	5	
R409 601 - R819 200		-	-	-	-	-	-	-	-	-	-	
> R819 200		-	-	-	-	-	-	-	-	-	-	
Poverty profiles (no. of households)												
< R2 060 per household per month		502	517	533	584.00	603.00	623.00	641.00	661.00	681.00	701.43	
Insert description												
Household/demographics (000)												
Number of people in municipal area		2,996	3,085	3,178	3,380	3,486	3,605	3,713	3,713	3,939	4,057	
Number of poor people in municipal area		957	985	1,015	1,080	1,114	1,152	1,186	1,186	1,259	1,296	
Number of households in municipal area		502	517	533	584	603	623	642	642	681	701	
Number of poor households in municipal area		<=R2300 P/M	<=R2300 P/M	<=R2300 P/M	<=2448 P/M	<=2524 P/M	<=2840P/M	<=3124P/M	<=3436P/M	<=3779P/M	<=4157P/M	
Definition of poor household (R per month)												
Housing statistics												
Formal		731	754	777	827	853	882	908	936	964	993	
Informal		224	231	238	253	261	270	278	286	295	304	
Total number of households		955	985	1,015	1,080	1,114	1,152	1,186	1,222	1,259	1,296	
Dwellings provided by municipality												
Dwellings provided by province/s												
Dwellings provided by private sector												
Total new housing dwellings												

EKU Ekurhuleni Metro - Supporting Table SA9 Social, economic and demographic statistics and assumptions Detail on the provision of municipal services for A10												
Total municipal services	2013/14			2014/15		2015/16		Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year-2017/18	Budget Year-1 2018/19	Budget Year-2 2019/20			
Household service targets (000)												
Water:												
Piped water inside dwelling	504,196	507,258	508,458	509,658	509,658	509,658	510,858	512,058	513,258	513,258	513,258	513,258
Piped water inside yard (but not in dwe	176,357	381,762	381,762	381,762	381,762	381,762	381,762	381,762	381,762	381,762	381,762	381,762
Using public tap (at least min.service le	143,716	119,217	119,217	119,217	119,217	119,217	119,417	119,417	119,417	119,417	119,417	119,417
Other water supply (at least min.servic	2,211	2,211	2,211	2,211	2,211	2,211	-	-	-	-	-	-
Minimum Service Level and Above sub-total	826,481	1,010,448	1,011,648	1,010,687	1,010,737	1,010,837	1,012,037	1,013,237	1,014,437	1,014,437	1,014,437	1,014,437
Using public tap (< min.service level)	22,110	-	-	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level	-	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311
No water supply	-	-	-	-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total	22,110	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311
Total number of households	848,591	1,021,759	1,022,959	1,021,998	1,022,048	1,022,148	1,023,348	1,024,548	1,025,748	1,025,748	1,025,748	1,025,748
Sanitation/sewerage:												
Flush toilet (connected to sewerage)	703,692	508,458	509,658	510,858	510,858	510,858	512,058	513,258	514,458	514,458	514,458	514,458
Flush toilet (with septic tank)	3,429	3,429	3,429	3,429	3,429	3,429	3,429	3,429	3,429	3,429	3,429	3,429
Chemical toilet	102,879	217,245	217,245	217,245	217,245	217,245	217,245	217,245	217,245	217,245	217,245	217,245
Pit toilet (ventilated)	68,586	80,613	80,613	80,613	80,613	80,613	80,613	80,613	80,613	80,613	80,613	80,613
Other toilet provisions (> min.service le	-	179,824	179,824	179,824	179,824	179,824	179,824	179,824	179,824	179,824	179,824	179,824
Minimum Service Level and Above sub-total	878,586	989,569	990,769	991,969	992,469	993,169	993,169	994,369	995,569	995,569	995,569	995,569
Bucket toilet	-	-	-	-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service le	-	23,594	23,594	23,594	23,594	23,594	23,594	23,594	23,594	23,594	23,594	23,594
No toilet provisions	-	11,806	11,806	11,806	11,806	11,806	11,806	11,806	11,806	11,806	11,806	11,806
Below Minimum Service Level sub-total	-	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400
Total number of households	878,586	1,024,969	1,026,169	1,027,369	1,027,869	1,027,969	1,028,569	1,029,169	1,029,769	1,029,769	1,029,769	1,029,769
Energy:												
Electricity (at least min.service level)	145,000	150,000	150,000	150,000	113,901	113,901	108,206	102,796	97,666	97,666	97,666	97,666
Electricity - prepaid (min.service level)	405,000	394,101	394,101	398,402	442,337	442,337	454,007	465,995	478,311	478,311	478,311	478,311
Minimum Service Level and Above sub-total	550,000	544,101	544,101	548,402	556,238	556,238	562,213	568,791	575,966	575,966	575,966	575,966
Electricity (< min.service level)	-	-	-	-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min.service level	-	-	-	-	-	-	-	-	-	-	-	-
Other energy sources	27,000	27,000	27,000	27,000	15,000	15,000	10,000	10,000	10,000	10,000	10,000	10,000
Below Minimum Service Level sub-total	27,000	27,000	27,000	27,000	15,000	15,000	10,000	10,000	10,000	10,000	10,000	10,000
Total number of households	577,000	571,101	571,101	575,042	571,238	571,238	572,213	578,791	585,966	585,966	585,966	585,966
Refuse:												
Removed at least once a week	768,544	652,498	652,498	668,158	674,385	674,385	681,000	687,000	694,000	694,000	694,000	694,000
Minimum Service Level and Above sub-total	768,544	652,498	652,498	668,158	674,385	674,385	681,000	687,000	694,000	694,000	694,000	694,000
Removed less frequently than once a w	-	-	-	-	-	-	-	-	-	-	-	-
Using communal refuse dump	187,468	164,699	164,699	164,699	164,399	164,399	164,399	164,399	164,399	164,399	164,399	164,399
Using own refuse dump	-	-	-	-	-	-	-	-	-	-	-	-
Other rubbish disposal	-	-	-	-	-	-	-	-	-	-	-	-
No rubbish disposal	-	-	-	-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total	187,468	164,699	164,699	164,699	164,399	164,399	164,399	164,399	164,399	164,399	164,399	164,399
Total number of households	956,012	817,197	817,197	832,857	838,784	838,784	845,399	851,399	858,399	858,399	858,399	858,399

EKURHULENI METROPOLITAN MUNICIPALITY – DRAFT BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro - Supporting Table SA9 Social, economic and demographic statistics and assumptions										
Municipal in-house services		2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets (000)										
Water:										
Piped water inside dwelling		504,196	507,258	508,458	509,658	509,658	509,658	510,858	512,058	513,258
Piped water inside yard (but not in dwe)		176,357	381,762	381,762	381,762	381,762	381,762	381,762	381,762	381,762
Using public tap (at least min.service lev		143,716	119,217	119,217	119,217	119,217	119,417	119,417	119,417	119,417
Other water supply (at least min.service		2,211	2,211	2,211	2,211	2,211				
Minimum Service Level and Above sub-total		826,481	1,010,448	1,011,648	1,010,637	1,010,737	1,010,837	1,012,037	1,013,237	1,014,437
Using public tap (< min.service level)		22,110	–	–	–	–	–	–	–	–
Other water supply (< min.service level)		–	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311
No water supply		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		22,110	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311
Total number of households		848,591	1,021,759	1,022,959	1,021,948	1,022,048	1,022,148	1,023,348	1,024,548	1,025,748
Sanitation/Sewerage:										
Flush toilet (connected to sewerage)		703,692	508,458	509,658	510,858	510,858	510,858	512,058	513,258	514,458
Flush toilet (with septic tank)		3,429	3,429	3,429	3,429	3,429	3,429	3,429	3,429	3,429
Chemical toilet		102,879	217,245	217,245	217,245	217,245	217,245	217,245	217,245	217,245
Pit toilet (ventilated)		68,586	80,613	80,613	80,613	80,613	80,613	80,613	80,613	80,613
Other toilet provisions (> min.service l		–	179,824	179,824	179,824	179,824	179,824	179,824	179,824	179,824
Minimum Service Level and Above sub-total		878,586	989,569	990,769	991,969	992,469	993,169	993,169	994,369	995,569
Bucket toilet		–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service l		–	23,594	23,594	23,594	23,594	23,594	23,594	23,594	23,594
No toilet provisions		–	11,806	11,806	11,806	11,806	11,806	11,806	11,806	11,806
Below Minimum Service Level sub-total		–	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400
Total number of households		878,586	1,024,969	1,026,169	1,027,369	1,027,869	1,027,569	1,028,569	1,029,769	1,030,969
Energy:										
Electricity (at least min.service level)		145,000	150,000	150,000	150,000	113,901	113,901	108,206	102,796	97,656
Electricity - prepaid (min.service level)		405,000	394,101	394,101	398,042	442,337	442,337	454,007	465,995	478,311
Minimum Service Level and Above sub-total		550,000	544,101	544,101	548,042	556,238	556,238	562,213	568,791	575,966
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		27,000	27,000	27,000	27,000	15,000	15,000	10,000	10,000	10,000
Below Minimum Service Level sub-total		27,000	27,000	27,000	27,000	15,000	15,000	10,000	10,000	10,000
Total number of households		577,000	571,101	571,101	575,042	571,238	571,238	572,213	578,791	585,966
Refuse:										
Removed at least once a week		768,544	652,498	652,498	668,158	674,385	674,385	681,000	687,000	694,000
Removed less frequently than once a w		–	–	–	–	–	–	–	–	–
Using communal refuse dump		187,468	164,699	164,699	164,699	164,399	164,399	164,399	164,399	164,399
Using own refuse dump		–	–	–	–	–	–	–	–	–
Other rubbish disposal		–	–	–	–	–	–	–	–	–
No rubbish disposal		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		187,468	164,699	164,699	164,699	164,399	164,399	164,399	164,399	164,399
Total number of households		956,012	817,197	817,197	832,857	838,784	838,784	845,399	851,399	858,399
Detail of Free Basic Services (FBS) provided										
		2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Electricity	Location of households for each type of FBS									
	Formal settlements - (50 kwh per indigent household per month R'000)	35,508,000	39,501,000	1,058,227,717	1,332,125,945	1,220,038,128	1,220,038,128	1,424,304,621	1,539,775,291	1,660,824,669
	Number of HH receiving this type of FBS	310,000	264,184	336,100	368,288	368,288	368,288	371,971	375,691	394,476
	Informal settlements (R'000)									
	Number of HH receiving this type of FBS									
	Informal settlements targeted for upgrading (R'000)									
	Number of HH receiving this type of FBS									
	Living in informal backyard rental agreement (R'000)									
	Number of HH receiving this type of FBS									
	Other (R'000)									
Number of HH receiving this type of FBS										
Total cost of FBS - Electricity for informal										
Water	Location of households for each type of FBS									
	Formal settlements - (6 kilolitre per indigent household per month R'000)	309,504,750	362,728,388	399,709,667	566,240,780	445,877,524	445,877,527	465,586,655	504,957,924	540,793,593
	Number of HH receiving this type of FBS	645,666	655,307	461,311	465,924	465,924	465,924	472,913	482,371	506,490
	Informal settlements (R'000)			28,638,624	28,638,624	28,638,624	28,638,624	31,502,486	34,652,735	38,118,009
	Number of HH receiving this type of FBS			119,217	119,217	119,217	119,217	131,139	144,253	158,678
	Informal settlements targeted for upgrading (R'000)									
	Number of HH receiving this type of FBS									
	Living in informal backyard rental agreement (R'000)									
	Number of HH receiving this type of FBS									
	Other (R'000)									
Number of HH receiving this type of FBS										
Total cost of FBS - Water for informal set				28,638,624	28,638,624	28,638,624	28,638,624	31,502,486	34,652,735	38,118,009
Sanitation	Location of households for each type of FBS									
	Formal settlements - (free sanitation service to indigent households)	130,151,958	155,057,837	234,554,512	220,606,555	292,096,898	292,096,898	304,689,819	330,078,656	353,102,144
	Number of HH receiving this type of FBS	645,666	655,307	458,127	462,708	462,708	462,708	469,649	479,042	502,994
	Informal settlements (R'000)			116,512,222	170,677,005	170,677,005	170,677,005	187,744,706	206,519,176	227,171,094
	Number of HH receiving this type of FBS			119,217	119,217	119,217	119,217	131,139	144,253	158,678
	Informal settlements targeted for upgrading (R'000)									
	Number of HH receiving this type of FBS									
	Living in informal backyard rental agreement (R'000)									
	Number of HH receiving this type of FBS									
	Other (R'000)									
Number of HH receiving this type of FBS										
Total cost of FBS - Sanitation for informa				116,512,222	170,677,005	170,677,005	170,677,005	187,744,706	206,519,176	227,171,094
Refuse Removal	Location of households for each type of FBS									
	Formal settlements - (removed once a week to indigent households)	43,000,000	43,000,000	214,061,048	256,567,149	253,343,017	253,343,017	269,577,049	289,347,180	305,839,790
	Number of HH receiving this type of FBS	42,040	42,040	98,523	115,000	115,000	115,000	115,000	115,000	115,000
	Informal settlements (R'000)			15,800,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
	Number of HH receiving this type of FBS			164,699	164,699	164,699	164,699	164,699	164,699	164,699
	Informal settlements targeted for upgrading (R'000)									
	Number of HH receiving this type of FBS									
	Living in informal backyard rental agreement (R'000)									
	Number of HH receiving this type of FBS									
	Other (R'000)									
Number of HH receiving this type of FBS										
Total cost of FBS - Refuse Removal for in				15,800,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000

Table 103 MBRR SA32 – List of external mechanisms

EKU Ekurhuleni Metro - Supporting Table SA32 List of external mechanisms					
External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or	Monetary value of agreement 2.
Name of organisation		Number			R thousand

2.15 Implementation of MSCOA

In engagements during the 2016 calendar year, National Treasury indicated that there were 4 requirements for mSCOA compliance on the 1st of July 2017. The other deliverables, refinement, processes, seamless integration, entities and change management are only required after that.

There are, broadly, 4 sets of deliverables that are currently being worked on within City of Ekurhuleni (please note that this does not obviate the requirement for the other deliverables, but is merely a milestone set for the 1st of July 2017):

1. Hosting the mSCOA chart

It is a compliance requirement that the financial and HR systems host the full mSCOA chart. It is a further requirement that any other systems that host financial transactions and exchange information with the financial system, also host the full mSCOA chart. The financial system is hosting the mSCOA chart, and has been doing so since 2015. There is work to be done before the 1st of July in ensuring that

the chart is upgraded to the required version (version 6.1). The HR system is currently in the process of being made compliant; it is currently only hosting the short code instead of the full chart and is thus non-compliant. There are 27 systems affected by the second requirement. The work of making them mSCOA compliant has started and is expected to be completed as part of normal operational system changes.

2. mSCOA Budgeting

It is also a requirement that municipalities budget in mSCOA and that the Draft Budget due for finalization on the 31st of March 2017 be in version 6.1 of mSCOA. Budgeting in mSCOA is being done in the City of Ekurhuleni (CoE). The departments, however, are still being hand-held by the Budget Division to ensure compliance. The Draft Budget is on course to be delivered on time and in the required version of the mSCOA format. The CoE will have to implement a budgeting tool in order to embed mSCOA budgeting within the organization and enable departments to do their own budgeting.

3. Transacting in mSCOA

CoE is required to be transacting in mSCOA version 6.1 from the 1st of July 2017. CoE is currently transacting in mSCOA version 5.4. There are plans to upgrade the version on the financial system to version 6.1 after the final budget is approved. The deadline is currently on course to be met.

4. Reporting in mSCOA

Similarly to transacting, CoE has been reporting in mSCOA since the 1st of July 2015. A monthly upload of all financial transaction performed at in the organization is uploaded to the National Treasury's testing database to ensure that CoE is conducting its transactions in mSCOA and doing so correctly. The change that will happen from the 1st of July is that the source of the reports will be the mSCOA 6.1. version system and the database will similarly be checking compliance against version 6.1.

2.16 Municipal Manager's quality certificate

DRAFT