

CITY OF CAPE TOWN

2017/18 - 2019/20 BUDGET

MAY 2017

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GLOSSARY OF TERMS AND ABBREVIATIONS

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

Allocations – Money received from Provincial- and National Treasury.

Budget – The financial plan of a municipality.

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

Budget Steering committee (BSC) – Committee established to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the MFMA.

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

Cash Flow Statement – A statement showing when actual cash will be received and spent by the municipality, and the cash and short-term investment balances.

CGD – Capital Grants and Donations

CCT/City – City of Cape Town

CPI – Headline Consumer Price Index

CRR – Capital Replacement Reserve

DMTN – Domestic Medium Term Note

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

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

Executive Management Team (EMT) - A team comprising of the City Manager and the Executive Directors reporting to the City Manager.

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

GDFI - Gross Domestic Fixed Investment

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

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

KPI – Key Performance Indicators. Measure of service outputs and/or outcomes.

MayCO – Mayoral Committee

MBRR – Municipal Budget Reporting Regulations

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

mSCOA – municipal Standard Chart of Accounts

MTREF – Medium Term Revenue and Expenditure Framework, as prescribed by the MFMA. It sets out indicative revenue and projected expenditure for the budget year, plus two outer financial years.

MYPD – Multi Year Price Determination

NT – National Treasury

ODTP – Organisational Development and Transformation Plan

Operating Expenditure – The day-to-day expenses of a municipality such as general expenses, salaries & wages and repairs & maintenance.

Portfolio Committee – In line with S.79 of the Structures Act, the City's Portfolio Committees process policies and bylaws relating to the functional areas within their terms of reference, and are responsible for implementation monitoring of these, as well as oversight of the functional areas. Portfolio Committees are also responsible for assessing and monitoring services delivery, ensuring that annual budgets are spent wisely, and that there is no wastage or corruption.

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

TMA – Total Municipal Account

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

SFA – Strategic Focus Areas. The main priorities of a municipality as set out in the IDP. Budgeted spending must contribute towards achievement of these Strategic Focus Areas.

Sub councils - The metropolitan area governed by the City is divided into sub councils, each of which is made up of a number of wards. Each ward is made up of a number of suburbs and is represented by a councillor.

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

Part 1 - Annual Budget

1.1 Council Resolutions

The 2017/18 MTREF budget resolutions recommend that:

1. The City's annual budget for the financial year 2017/18; and indicative allocations for the two projected outer years 2018/19 and 2019/20 and related policies be approved and adopted, as set out in the following schedules and annexures:
 - a. Operating expenditure by standard classification reflected in Table 21.
 - b. Operating expenditure by vote reflected in Table 22.
 - c. Operating revenue by source reflected in Table 24
 - d. Multi-year capital appropriations by vote reflected in Annexure 1 and Annexure 23.
 - e. Capital expenditure by standard classification reflected in Table 25.
 - f. Capital funding by source reflected in Table 25.
 - g. Budgeted Cash Flow statement as reflected in Table 27.
 - h. Salaries and Benefits of Political Office Bearers, Councillors and Senior Officials as reflected in Table 52 and Table 53.
 - i. Performance Indicators and benchmarks for 2017/18 as set out in Table 34.
 - j. Consolidated budget tables for the City and the municipal entity (CTICC) as reflected in Table 93 to Table 101.
 - k. Property (Tax) Rates as set out in Annexure 2.
 - l. Special Rating Areas (SRA) policy, SRA additional rates as set out in Annexure 3.
 - m. Revised consumptive tariffs, rates and basic charges for electricity services, water services and waste management services as set out in Annexure 4.
 - n. Rates policy as set out in Annexure 5.
 - o. Tariffs, fees and charges book as set out in Annexure 6.
 - p. Tariff policies as set out in Annexure 7.
 - q. Credit control and debt collection policy as set out in Annexure 8 (with effect from 01 June 2017).
 - r. Grants-In-Aid policy as set out in Annexure 9.
 - s. Policy On Accounts Payable as set out in Annexure 10.
 - t. Integrated Development Plan(IDP) - NEW TERM OF OFFICE - July 2017- June 2022 in Annexure 11.
 - u. Overview of budget assumptions applied to the 2017/18 MTREF required to be included in Annexure 11 (NEW TERM OF OFFICE IDP) as set out in Annexure 12.
 - v. Transfers and grants to external organisations as set out in Annexure 13.
 - w. Individual projects with a total project cost in excess of R50 million (to give effect to S.19(1) (b) of the MFMA) as reflected in Table 81 and as set out in Annexure 14.
 - x. Operating- and capital ward allocation projects supported by Sub Councils as set out in Annexure 15.
 - y. Municipal Entity – Schedule D (annual budget and supporting documents) as set out in Annexure 16.
 - z. Municipal Entity – Business Plan as set out in Annexure 17.
 - aa. Iconic and other events to be hosted by the City in 2017/18 as set out in Annexure 18.

2. National Treasury Circular 82 – Cost Containment Measures March 2016 (updated Nov 2016) - as set out in Annexure 19 to this report be noted.
3. National Treasury Circulars 85 and 86 - Municipal Budget Circulars for the 2017/18 MTREF - as set out in Annexure 20 to this report be noted.
4. The statement of intent to establish a municipal entity to manage and operate the Cape Town Stadium as set out in Annexure 21 to this report be noted.
5. Council approves the commencement of a process, in compliance with S.46 of the MFMA, to take up funding up to an amount of R2.5 billion, depending on cash flow requirements.
6. Unspent conditional grant allocations (national), as at the end of the 2016/17 financial year, and appropriated or voted to 2017/18 and future years, not be committed to expenditure until approval thereof is obtained from the National Treasury, in accordance with the directive of Budget Circular 48 (2009), Circular 51 (2010), Circular 55 (2011), Circular 59 (2012), Circular 67 (2013), Circular 72 (2014), Circular 75 (2015) and Circular 79 (2016).
7. The Capital Replacement Reserve: Ward Allocations be funded from savings identified in the 2016/17 financial year to fund the ward allocation projects in the amount of R 64 191 616 for the 2017/18 financial year.
8. Budgetary input received during the public participation process during April 2017, reported under cover of a separate report, be noted.
9. The changes to the tabled 2017/18 - 2019/20 budget (March 2017) and the 2017/18 - 2019/20 budget (May 2017) as reported in annexure B, be adopted. It should be noted that these changes were also effected to the tables included within Annexure A.
10. The built environment performance plans (BEPP), reported under cover of a separate report, be noted.
11. The draft updated scorecard as included in the CTICC's business plan and comments regarding the cost containment measures adopted by CTICC is tabled at Mayco subject to any possible amendments by the CTICC Board at its meeting of 12 May 2017, for final approval by Council.

1.2 Executive Summary

a. Implementation of mSCOA

mSCOA, or the municipal Standard Chart of Accounts, was developed by National Treasury (NT) to standardise financial reporting and related information across all municipalities in South Africa. The Minister of Finance has, in terms of section 168 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), gazetted the Municipal Regulations on Standard Chart of Accounts into effect on 22 April 2014. The Regulations provide for full compliance to the SCOA classification framework, by all municipalities and municipal entities, by 1 July 2017.

The City was nominated as a pilot municipality for the mSCOA classification by the Minister of Finance in September 2013. In terms of the regulations, implementation is required by 1 July 2017 for all municipalities. Pilot municipalities were to implement by 1 July 2016 or earlier.

The 2016/17 budget was prepared in line with the mSCOA version available at the time. Further versions and updated requirements became available subsequently and the City continuously updated its chart of accounts or changed processes to remain in line.

Implementation of the national SCOA establishes a uniform standard and form to SA municipalities' chart of accounts; i.e. the items within their books of account. This will result in unvarying treatment of these basic items for purposes of definition, planning (budgeting), accounting, reporting, etc. throughout the country. The detailed mSCOA requirements and classification are contained in spreadsheets issued by NT and are also referred to as the mSCOA grid. This grid contains the classification framework for the 7 mSCOA segments of Item, Projects, Funding, Function, Standard Classification and Costing. The National Treasury Technical Committee issues regular updates to this grid, with version management, to accommodate requests from municipalities and other regulatory stakeholders.

The 2017/18 MTREF was drafted with version 6.1 of mSCOA. The outstanding position papers and the Project Summary Document (PSD) remained a challenge in ensuring correct interpretation in applying the correct GUIDs. This was particularly evident in the following areas:

- **Project Segment**

- Maintenance – The City has adopted and documented a best-fit approach for reporting on Maintenance within the Project segment. This approach could result in challenges during the alignment of budget to actuals and may need to be revisited in the future. Clarification in the awaited PSD in this regard will drive the way forward.

- **Item Segment**

- Loans and Investments – The City has adopted and documented a best-fit approach for reporting on Loans and Investments within the Item Segment and will not report per Institution/Product.
- Subsidies/Rebates/Revenue Foregone – The City has applied assumptions in determining the reporting on Subsidies, Rebates and Revenue Foregone within the Item Segment. Confirmation of the City's interpretation in whether its approach was correct will be confirmed once the PSD becomes available.

- **Balance Sheet Planning/Budgeting**

The City applied an approach best suited to our current interpretation of the Balance Sheet Budgeting requirements. However, at the mSCOA Workshop held in Cape Town on 9 – 10 March 2017, NT advised that within the Item Segment for Balance Sheet Budgeting, planning/budgeting may be required on the relevant movement levels within the mSCOA Item chart. This is new information as it was previously envisaged that Balance Sheet Budgeting would be required on a closing balance level only. A position paper on this is awaited to confirm the exact requirements for balance sheet budgeting.

NT MFMA Circular No 86, dated 08 March 2017, proposed that municipalities disclose audited and current years' (2016/17) information using version 2.8 of the A1 schedule. Annexure 22 to this document complies to this proposal. The circular further proposed that version 6.1 of the A1 schedule be used for the 2017/18 MTREF. The ensuing tables are in compliance thereto.

b. Total Budget

The total budget quantum for the 2017/18 year is R44 296 million, of which R37 332 million (85%) is allocated to the operating budget and R6 964 million (15%) to the capital budget.

c. Operating Budget

Expenditure

The total operating expenditure amounts to R37 332 million for the 2017/18 financial year. Major allocations include:

- Employee related costs at R12 051 million, which equates to 32% of the total budget. The 2017/18 cost of living increase as per the SALGBC wage agreement (CPI +1) was used when calculating the 2017/18 staff budget (6.36% + 1%). This provision includes additional allocations for service enhancements, which were allocated to various directorates during the budget hearings.
- Bulk Purchases (Water & Electricity) at R8 540 million, where budgetary provision for bulk purchases are informed by the purchase of electricity and water from suppliers i.e. Eskom and the Department of Water Affairs and Sanitation.
- Debt Impairment allocation of R2 509 million, which is influenced by the budgetary treatment of fines as prescribed in the IGRAP1 Accounting Standard, which states that fines should be budgeted for at 100% of fines issued. Prior to IGRAP1, the City accounted for revenue from fines on the basis of estimated collectable revenue. A provision for the amount deemed uncollectable has been included in the budget.
- Finance Charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). It equates to 3% (R1 131 million) of the 2017/18 operating expenditure (excluding redemption costs) and increases to R1 950 million by 2019/20. The increase over the 2017/18 MTREF is informed by existing and new loans that will be taken up to fund the City's capital programme as well as the projected interest rates over this period. The financial impact of this growth was considered in the 2017/18 MTREF.
- Contracted Services allocation of R6 087 million, which includes repairs and maintenance provisions and budgetary realignments from this category in line with the mSCOA regulations. This provision includes additional service enhancements, which were allocated to various directorates during the budget hearings.
- Other Expenditure with an allocation of R2 953 million, which includes, inter alia, provision for:
 - Indigent Relief - R757 million
 - Computer Services: Specialised IT Services - R255 million
 - Operating Grants & Donation (General Expenses) - R 249 million
 - Computer Service – Software Licences - R165 million
 - Special Rating Areas - R193 million
 - Electricity Costs - R166 million
 - Collection Costs (Commission Paid) - R192 million
 - Hire of Vehicles and other Hire Charges - R 121 million

This provision includes additional service enhancements, which were allocated to various directorates during the budget hearings.

Table 1 Expenditure components of the 2017/18 Budget

Category	Budget 2017/18
R Thousand	
Employee related costs	12,050,690
Remuneration of councillors	155,787
Debt impairment	2,508,680
Depreciation & asset impairment	2,574,607
Finance charges	1,131,010
Bulk purchases	8,540,135
Other materials	1,190,177
Contracted services	6,086,610
Transfers and subsidies	140,985
Other expenditure	2,953,040
Loss on disposal of PPE	387
Total Expenditure	37,332,109

Staff cost growth

The City's current/existing staff establishments are evaluated in terms of updated and reviewed business plans to achieve corporate strategy. In addition, the staff budget takes into consideration the financial impact of the Organisational Development Transformation Plan (ODTP), service enhancement and operational readiness of the new directorates. The 2017/18 cost of living increase as per the SALGA wage agreement was used when calculating the 2017/18 staff budget (6.36% + 1%).

Table 2 Staff cost per vote (directorate)

Vote (Directorate)	Budget 2017/18
R Thousand	
Vote 1 - Area-Based Service Delivery	230,656
Vote 2 - Assets & Facilities Management	660,219
Vote 3 - Corporate Services	784,755
Vote 4 - City Manager	8,066
Vote 5 - Directorate of the Mayor	298,778
Vote 6 - Energy	1,145,547
Vote 7 - Finance	896,376
Vote 8 - Informal Settlements, Water & Waste Services	2,795,612
Vote 9 - Safety & Security	1,832,594
Vote 10 - Social Services	2,120,985
Vote 11 - Transport & Urban Development Authority	1,277,101
Total staff costs	12,050,690

Revenue

Operating revenue amounts to R38 242 million in the 2017/18 financial year. Major allocations include:

- Property rates (R8 757 million)
The allocation is mainly influenced by the General Valuation (GV) 2015 outcome. The City’s focus was to drive the completion of all objections and appeals in an effort to stabilise the property rates income stream. In addition, the implementation of the real time/expediting rates billing in terms of the amendment MPRA improved the Rates Revenue considerably. The Rates growth parameter is attributed to a revenue quantum increase of 6% and a growth of 0.5% for 2017/18.
- Service charges – electricity revenue (R12 082 million)
NERSA approved a 2.2% Eskom increase for the last year of the Third Multi-Year Price Determination (MYPD3) period 2017/18. The reason for the lower percentage increase is due to the base adjustments made in the preceding years as a result of the approved Regulatory Clearing Account (RCA) balances for Eskom.
- Service Charges – Water Revenue (R3 933 million) and Sanitation Revenue (R2 092 million).
- Water sales were calculated at level 3 tariffs in the draft budget submitted to Council in March 2017. The sales volumes are influenced by the water restrictions on customer consumption patterns. Additional revenue will be allocated to the Contribution to Capital Replacement Reserve (CRR) to fund future capital programmes, emergency expenditure and potential impacts on the collection ratio should such materialise. However, it must be noted that Level 4 Water restrictions are recommended for implementation effective 1 June 2017. The revenue neutral status has been maintained for the budget submission to Council in May 2017.
- Transfers and Subsidies (R6 456 million) (consisting mainly of National and Provincial allocations)
For the purposes of the budget compilation, National allocations are based on the latest Gazette 40610 dated 10 February 2017 and Provincial allocations are also based on the latest Provincial Gazette 7742 dated 7 March 2017.

Table 3 Revenue categories of the 2017/18 Budget

Category	Budget 2017/18
R Thousand	
Revenue By Source	
Property rates	8,757,241
Service charges - electricity revenue	12,081,546
Service charges - water revenue	3,932,868
Service charges - sanitation revenue	2,092,272
Service charges - refuse revenue	1,341,882
Service charges - other	573
Rental of facilities and equipment	418,011
Interest earned - external investments	773,657
Interest earned - outstanding debtors	284,131
Dividends received	–
Fines, penalties and forfeits	1,146,414
Licences and permits	43,749
Agency services	162,771
Transfers and subsidies	6,455,942
Other revenue	709,425
Gains on disposal of PPE	41,500
Total Revenue (excluding capital transfers and contributions)	38,241,983

Individual service tariffs / Rates

The proposed tariff increases in the table below are averages; i.e. some clients may pay more and others less than the average.

Table 4 Average Tariff increases for the 2017/18 MTREF

Category	Base Budget 2016/17	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Property Rates	6.00%	5.00%	6.00%	6.00%
Electricity	7.78%	3.34%	7.89%	8.1%
Water *	9.75%	19.25%	12.07%	11.07%
Sanitation *	9.75%	19.25%	12.07%	11.07%
Refuse	7.92%	6.51%	8.25%	7.17%
Disposal	12.08%	8.32%	11.37%	9.57%

* Level 1 restriction tariff

Rates

In 2015, the City initiated a process to prepare the new General Valuation Roll of all property situated within the geographical boundaries of the City in terms of the Municipal Property Rates Act (MPRA) (as amended from time to time). This Policy is formulated in terms of Section 3 of the MPRA.

Accordingly, the rates levied per individual property will depend on that property’s value compared with the valuation of all the rateable properties in the municipal area.

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

The definitions and listing of categories are reflected in the Rates Policy attached as Annexure 5.

Water and Sanitation

There is a proposed 19.25% increase in consumptive water and sanitation tariffs at the level 1 reduction tariff but is less at the level 2 (generally around 13% to 14%) and Level 3 (generally around 5% to 7%) reduction tariffs. The percentage increase of raising the reduction tariff from level 3 (2016/17) to level 4 level (2017/18) will vary but will generally be around 10% to 11%. Step 6 Domestic tariffs increases on each set of reduction tariff (and step 4 and 5 under level 4) will however remain high to discourage high water consumption.

The tariff increases are necessary to address the continued need for infrastructure to ensure water security, appropriate water and sanitation capacity levels, asset management, adjustments to the collection ratio, safety compliance and requirements needed to enhanced service delivery and responsiveness as well as maintenance programs. The details are reflected in Annexure 4.

The financial impact of the drought experienced within the City at present was factored in the MTREF. Contingencies or back-up plans are in place to meet financial losses. The respective restriction levels are accompanied by tariff levels, which aim to maintain a revenue neutral status.

Should actual revenue be at a level lower than what was modelled, concomitant expenditure reductions will be effected within the Water & Sanitation department.

Solid Waste

The Solid Waste Tariffs are levied to recover costs of services provided directly to customers and include refuse collection fees, disposal fees, compost sales, weighbridge fees and other ad hoc services.

An average increase has been applied on the Consumptive Tariffs for Collections of 6.5% & Disposal of 8.3%. An average increase has been applied on the Miscellaneous Tariffs for Cleaning of 5.7%. The details are reflected in Annexure 4.

Electricity

On 23 February 2017, NERSA issued a statement allowing Eskom an average 2.2% increase. On the same date, NERSA proposed a 1.88% increase on average for Local Authorities for consultation. This however, does not take into account any impact for system growth (either positive or negative), or the impact to the tariffs of the 10% Contribution to Rates. CPI was projected at 5.7%.

The above items result in the Electricity Generation and Distribution Department requiring a revenue increase from Sale of Electricity of 2.2%, which, when coupled to the negative system growth expected of -1%, results in a tariff increase requirement of an average of 3.34%. The details are reflected in Annexure 4.

d. Capital Budget

The total capital budget amounts to R6 964 million in the 2017/18 financial year and will be funded as follows:

Table 5 Capital funding sources

Major Capital Funding Sources	Budget 2017/18
R Thousand	
Capital Grants & Donations (CGD)	2,353,735
Capital Replacement Reserve (CRR)	1,620,674
External Financing Fund (EFF)	2,899,823
Revenue (Internal funding source)	89,834
Total	6,964,066

Capital Grants and Donations (CGD)

CGD represent 33.8 % of the funding of the 2017/18 capital expenditure. CGD largely consist of National- and Provincial allocations. For purposes of the 2017/18 budget compilation, National allocations are based on the 2017 Division of Revenue Bill which was published in February 2017. Provincial allocations are based on the Provincial Gazette Extraordinary 7742, dated 7 March 2017.

Capital Replacement Reserves (CRR)

Funding from the CRR represents 23.3% of the 2017/18 capital funding.

Certain service enhancements were identified by directorates during Budget Hearings which took place during January 2017. Due to a positive cash position to date, and further analysis of projected cash on hand at year-end, additional CRR funds (R340 million) will be allocated to these service enhancements which will mainly consist of:

- R2.2 million for additional and replacement furniture and IT equipment to give effect to the new 5-year IDP programmes within Directorate of the Mayor;
- Extension of Smart City Strategy (R3.5 million); Data Storage Security & Accessibility of the corporate IT infrastructure (R8 million) and R1 million for replacement of IT equipment and furniture for the Human Resources department resulting from the roll-out of the e-HR system in order to encapsulate the slogan “Smart People Building a Smart City”;
- The Area-Based Service Delivery directorate will receive an additional R6.9 million to be used for the upgrade of security at sub council offices, to ensure the safety of staff and customers (R2 million); the renovation of Sub council 18 in order to provide adequate office accommodation for staff (R1 million), the upgrade of the Look Out Hill facility to enhance the customer experience at this facility (R500 000) and R3.5 million for additional and replacement furniture and IT equipment to ensure that staff are adequately resourced to perform their functions
- Assets & Facilities Management directorate receives an additional R91.7 million for the Asset Management Programme to upgrade Council rental stock (R85 million); upgrade of the City Hall (R4.7 million); Electronic Workflow - Immovable property (R1.1 million) and replacement of old IT equipment and Two-way Radios at the Cape Town Station (R900 000);
- R5.2 million for enabling resource efficiency in large municipal buildings (R 3 million) and a data management system of the Smart Fleet within the Smart Driver Programme (R2 million) within the Energy Directorate’s Sustainable Energy Markets department;
- The Finance Directorate is allocated an additional R3.9 million for security at cash (MVR) offices (R1.9 million) and R2 million for the E-Tendering System in order to speed up tender processes;
- Solid Waste Management department within the Informal Settlements, Water & Waste Water directorate receives an additional R50.1 million for new drop-off facilities (R12.3 million) and upgrading of drop-off facilities in amongst others Retreat, Beaconvale and Woodstock (R37.6 million);
- The Informal Settlements & Backyarders department within the Informal Settlements, Water & Waste Water directorate is allocated R5.3 million for the Driftsands Project which entails the INSITU upgrading of the Drift Sands Informal Settlement area as well as R8 million for EHP: Wallacedene project to create an incremental development area for the Kleinakker informal settlement which will include water, sanitation and electricity services.
- Safety and Security Directorate is allocated an additional R108 million for:
 - upgrade of facilities within Safety and Security (R5 million);
 - additional CCTV Equipment for the continued rollout of cameras in areas such as Wallacedene and Kraaifontein (R4.5 million);
 - Furniture, Fittings & Equipment for newly appointed staff within Metro Police (R2 million);
 - replacement of ageing animals (horses) (R1.5 million);
 - expansion of shotspotter initiative, which identifies gunfire locations (R4 million);
 - equipment for staff working in the Housing Safety Unit to prevent social decay in social housing environment (R3 million);
 - Specialised vehicles for Fire and Traffic Services (R43.4 million);
 - construction of a prefab building at Mitchells Plain Traffic for deployment of operational staff (R1.3 million);

- New Fire Stations for Masiphumelele and Lwandle (R23.7 million);
 - Upgrading fire stations at Central Khayelitsha & Khayelitsha Site C (R3.7 million);
 - Project EPIC: Integrated Contact Centre to achieve improved ways to measure emergency and response management (R15 million), and
 - Film & Events Permitting System to give effect to assigned and tracked capabilities and increase the speed of the application process (R1 million).
- Transport & Urban Development Authority receives an additional R36.5 million for Metro Roads: Reconstruction to address some of the reconstruction and rehabilitation backlog (R20 million), while R15 million is allocated to the N2 Interchange (Phase 1) which is associated with the Paardevlei site in Metro South East and will unlock development potential of this site, thereby releasing land for mixed used housing opportunities;
 - Social Services directorate will receive an additional R5.3 million which is mainly for IT modernisation in order to render integrated streamlined and efficient business processes e.g. booking- and reservation systems at community facilities & appointment systems at City clinics.

External Financing Fund (EFF)

The most significant source of funding of the Capital Budget is the EFF, which represents 41.6% of the total 2017/18 capital funding requirement.

Other main service enhancements to be funded from the EFF and undertaken in 2017/18 includes:

- Informal Settlements & Backyarders: Enkanini-Khayelitsha R10 million in 2017/18 to commence with planning work on this project, while R1 million is allocated for the departments fleet replacement which must operate in informal settlements; and
- Fleet Management within the Corporate Services directorate receives an additional R100 million to upgrade and equip workshops, review current fleet management- and monitoring systems, while the balance of the funds will be utilised to replace ageing fleet and plant.

Major capital expenditure is planned in the following directorates for 2017/18:

- Informal Settlements, Water & Waste Services → R2 445 million
- Transport & Urban Development Authority → R1 926 million
- Energy → R1 293 million

Projects/programmes supporting Catalytic/Priority projects to be implemented over the medium term:

- Athlone Power Station
 - Athlone WWTW - Capacity Extension-phase 1 → R69 million
 - Transmission System Development → R29 million
- Bellville
 - Bellville WWTW → R135 million
 - ICDG Capex programmes → R60 million
 - Kruskal Avenue Upgrade → R15 million
 - Non-Motorised Transport Programme → R13 million
 - Oakdale Main Substation Upgrade Phase 2 → R6 million
 - Park Upgrades Programme → R18 million
 - Public Transport Interchange Programme → R1 million
 - Transmission System Development → R9 million

- Conradie
 - Conradie Housing Development (PGWC) → R95 million
- Paardevlei
 - Helderberg/Faure Bulk Water Scheme → R7 million
 - Macassar WWTW Extension → R139 million
 - N2 Interchange (Phase 1) → R178 million
 - Paardevlei Development - Bulk Sewer → R1 million
 - Paardevlei Development - Bulk Water → R2 million
 - Paardevlei Development - Electricity (HV) → R110 million
 - Paardevlei Development - Electricity (MV) → R128 million
 - Paardevlei Project - Soil Remediation → R4 million
 - Paardevlei Project - Stormwater → R13 million
 - Public Transport Interchange - Firgrove Station → R3 million
 - R44 Extra North-bound Lane - Foundry Precinct → R24 million
 - Road Connection to Firgrove Station → R3 million
 - Road Connection to new N2 Interchange → R28 million
 - Steenbras Reservoir → R41 million
- Philippi & BRT (Phase 2A)
 - IRT Phase 2 A → R593 million
 - Metro South East Public Transport Facility → R60 million
 - Philippi Collector Sewer → R129 million
- Two Rivers Urban Park
 - MV System Infrastructure → R40 million
 - Observatory Main Substation Upgrade → R3 million

Other significant projects:

- Assets & Facilities Management
 - Asset Management Programme → R85 million
 - Fleet Management Building Works → R37 million
 - Purchase specialised/heavy vehicles → R40 million
- Corporate Services
 - Dark Fibre Broadband Infrastructure → R260 million
- Energy
 - Bloemhof Network Control Centre → R66 million
 - City Depot CBD - New → R57 million
 - Electrification → R111 million
 - Electricity Facilities → R94 million
 - MV Switchgear Refurbishment → R101 million
 - MV System Infrastructure → R65 million
 - Prepayment Meter Replacement → R52 million
 - Service Connections → R101 million
 - Steenbras: Refurbishment of Main Plant → R40 million
 - Street Lighting → R68 million
 - System Equipment Replacement → R155 million
 - Transmission System Development → R113 million

- Informal Settlements, Water & Waste Serv
 - Bulk Water Augmentation Scheme → R60 million
 - Bulk Water Infrastructure Replacement → R20 million
 - Borchards Quarry Waste Water Treatment Works → R96 million
 - Cape Flats Waste Water Treatment Works → R36 million
 - Construction of new Head Office → R147 million
 - Contermanskloof Reservoir → R88 million
 - Development of landfill infrastructure → R97 million
 - Development of Transfer Stations → R62 million
 - Emergency Water Resource Schemes → R70 million
 - Meter Replacement Programme → R235 million
 - Plant & Vehicles: Replacement → R80 million
 - Replace & Upgrade Water Network → R54 million
 - Replace & Upgrade Sewer Network → R46 million
 - Table Mountain Group Aquifer → R60 million
 - Treated Effluent: Reuse & Infrastructure Upgrades → R20 million
 - Upgrading of drop-off facilities → R80 million
 - Upgrading Solid Waste facilities → R128 million
 - Urbanisation: Backyarders/Informal Settlements Upgrade → R167 million
 - Water Meters New Connections → R20 million
 - Water Reclamation from Waste Water → R80 million
 - West Beach Pump Station → R21 million
 - Zandvliet Waste Water Treatment Works - Extension → R199 million
- Safety & Security
 - CCTV → R15 million
 - Project EPIC: Integrated Contact Centre → R25 million
 - Replacement of Vehicles - Fire Services → R35 million
 - Shotspotter installation → R12 million
 - Upgrade Fire Stations → R39 million
- Social Services
 - Cemetery Developments → R21 million
 - Du Noon Library Construction → R23 million
 - Library Upgrades and Extensions → R7 million
 - Park Upgrades Programme → R8 million
 - Sport and Recreation Facilities Upgrade → R9 million
 - Upgrade of the Manenberg Precinct → R8 million
- Transport & Urban Development Authority
 - Congestion Relief Projects → R240 million
 - Metro Roads: Reconstruction → R69 million
 - Non-Motorised Transport Programme → R166 million
 - Public Transport Interchange Programme → R108 million
 - Public Transport Systems management project → R75 million
 - Roads: Bulk: Housing Projects → R66 million
 - Roads: Rehabilitation → R131 million
 - Sir Lowry's Pass River Upgrade → R46 million
 - IRT → R184 million

Table 6 Extract of new projects in the 2017/18 capital budget

Project Description R Thousand	Budget 2017/18
Area-Based Service Delivery: Renovation of Sub Council 18	1,000
Assets & Facilities Management: eBooking system - Strategic Assets	1,000
Assets & Facilities Management: Fleet Management Information System	10,000
Assets & Facilities Management: Suites Cape Town Stadium	5,340
Assets & Facilities Management: Upgrade Flats - Subcouncil 6	1,080
Finance: E-Tendering System	7,000
Informal Settlements, Water & Waste Serv: Emergency Water Resource Schemes	70,000
Informal Settlements, Water & Waste Serv: Upgrade Andrag Supply System	2,500
Informal Settlements, Water & Waste Serv: Water Reclamation from Waste Water	80,000
Safety & Security: Marquee Tent	5,000
Safety & Security: Prefab Building Mitchells Plain Traffic	1,345
Social Services: Du Noon ICT	1,000
Social Services: Upgrade of Andile Msizi Play Park	1,500
Transport & Urban Development Authority: Conradie Hsg Development (PGWC)	5,000
Transport & Urban Development Authority: Metro South East - Bio off-set: Vehicles	1,320
Transport & Urban Development Authority: N2 Interchange (Phase 1)	15,000
Transport & Urban Development Authority: Nelson Mandela Memorial Exhibition	3,000

1.3 Operating Revenue Framework

The City's revenue quantum is determined by setting a package of tariffs, which are not only considered affordable to its ratepayers and the users of its services, but deemed to be at fair and realistic levels when viewed in context of its programmes to assist those who do not have the means to pay.

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

- National Treasury's guidelines and macro-economic policy;
- Projected City growth and continued economic development;
- Realistic revenue management, which provides for the achieving of the collection rate targets;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Setting of trading services' user charges at levels which are reflective of these services' cost recovering nature; and
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA).

The following table is a summary of the 2017/18 MTREF (classified by main revenue source):

Table 7 Summary of Revenue classified by main revenue sources

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
<u>Revenue By Source</u>			
Property rates	8,757,241	9,324,490	9,928,483
Service charges - electricity revenue	12,081,546	13,034,784	14,090,590
Service charges - water revenue	3,932,868	4,382,084	4,867,180
Service charges - sanitation revenue	2,092,272	2,332,091	2,589,072
Service charges - refuse revenue	1,341,882	1,471,173	1,599,278
Service charges - other	573	638	707
Rental of facilities and equipment	418,011	469,470	495,290
Interest earned - external investments	773,657	826,409	857,479
Interest earned - outstanding debtors	284,131	299,860	316,164
Dividends received	–	–	–
Fines, penalties and forfeits	1,146,414	1,209,461	1,275,982
Licences and permits	43,749	46,154	48,692
Agency services	162,771	171,818	181,267
Transfers and subsidies	6,455,942	6,996,655	7,635,571
Other revenue	709,425	762,573	804,527
Gains on disposal of PPE	41,500	43,263	45,643
Total Revenue (excluding capital transfers and contributions)	38,241,983	41,370,923	44,735,926

The following table shows the main revenue sources as a percentage of the total revenue budget:

Table 8 Revenue by source as a percentage of total budget

Description	2017/18 Medium Term Revenue & Expenditure Framework					
	Budget Year 2017/18	%	Budget Year +1 2018/19	%	Budget Year +2 2019/20	%
R thousand						
Revenue By Source						
Property rates	8,757,241	22.9%	9,324,490	22.5%	9,928,483	22.2%
Service charges - electricity revenue	12,081,546	31.6%	13,034,784	31.5%	14,090,590	31.5%
Service charges - water revenue	3,932,868	10.3%	4,382,084	10.6%	4,867,180	10.9%
Service charges - sanitation revenue	2,092,272	5.5%	2,332,091	5.6%	2,589,072	5.8%
Service charges - refuse revenue	1,341,882	3.5%	1,471,173	3.6%	1,599,278	3.6%
Service charges - other	573	0.0%	638	0.0%	707	0.0%
Rental of facilities and equipment	418,011	1.1%	469,470	1.1%	495,290	1.1%
Interest earned - external investments	773,657	2.0%	826,409	2.0%	857,479	1.9%
Interest earned - outstanding debtors	284,131	0.7%	299,860	0.7%	316,164	0.7%
Dividends received	–	0.0%	–	0.0%	–	0.0%
Fines, penalties and forfeits	1,146,414	3.0%	1,209,461	2.9%	1,275,982	2.9%
Licences and permits	43,749	0.1%	46,154	0.1%	48,692	0.1%
Agency services	162,771	0.4%	171,818	0.4%	181,267	0.4%
Transfers and subsidies	6,455,942	16.9%	6,996,655	16.9%	7,635,571	17.1%
Other revenue	709,425	1.9%	762,573	1.8%	804,527	1.8%
Gains on disposal of PPE	41,500	0.1%	43,263	0.1%	45,643	0.1%
Total Revenue (excluding capital transfers and contributions)	38,241,983	100.0%	41,370,923	100.0%	44,735,926	100.0%
Total Revenue from Rates & Service Charges	28,206,382	73.8%	30,545,260	73.8%	33,074,603	73.9%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations (MBRR), capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Rates and Service Charges revenue makes up 73.8% of the City’s total revenue mix for 2017/18. Property rates is the second largest revenue source in 2017/18, totaling R8 757 million (23% of revenue).

Transfers and subsidies (Operating grants and transfers) total R6 456 million in 2017/18 and increases to R7 636 million by 2019/20. This revenue component reflects an increase over the MTREF period, due to the increased allocations from Provincial- and National Government.

Table 9 Operating Transfers and Grant Receipts (MBRR Table SA18)

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	Budget Year +1 2018/19	Budget Year +2 2019/20
Operating Transfers and Grants: RECEIPTS									
National Government:	465,976	387,274	50,618	2,566,742	2,646,092	2,646,092	2,849,944	3,125,985	3,375,682
Equitable share	-	-	-	2,012,945	2,012,945	2,012,945	2,292,908	2,582,306	2,835,569
Finance Management grant	1,250	1,250	1,050	1,050	1,050	1,050	1,050	1,000	1,000
Urban Settlements Development Grant	-	-	-	229,991	222,103	222,103	215,798	217,189	218,631
Energy Efficiency and Demand Side Management Grant	-	-	3,945	600	600	600	400	600	-
Dept. of Environ Affairs and Tourism	-	4,401	-	4,432	7,127	7,127	-	-	-
Expanded Public Works Programme	32,080	21,204	23,616	31,340	31,340	31,340	13,783	-	-
Integrated City Development Grant	10,364	-	-	6,721	6,721	6,721	8,944	-	-
Public Transport Infrastructure & Systems Grant	-	-	-	20,694	85,728	85,728	19,636	16,122	16,783
Infrastructure Skills Development	1,000	2,300	7,526	9,416	8,416	8,416	9,393	10,633	12,265
Public Transport Network Grant	-	-	-	249,554	269,784	269,784	288,032	298,135	291,434
Department of Public Service and Administration	-	200	777	-	190	190	-	-	-
Department of Water Affairs	-	-	-	-	88	88	-	-	-
Municipal Human Settlements Capacity Grant	-	50,371	13,703	-	-	-	-	-	-
2014 African Nations Championship Host City Operating Grant	63,000	-	-	-	-	-	-	-	-
Public Transport Network Operations Grant	352,521	307,548	-	-	-	-	-	-	-
Municipal Disaster Grant	5,761	-	-	-	-	-	-	-	-
Provincial Government:	937,585	1,033,824	1,083,706	1,204,425	1,602,845	1,602,845	1,176,026	1,251,664	1,434,651
Cultural Affairs and Sport - Provincial Library Services	24,409	40,000	37,833	38,515	39,815	39,815	37,449	44,640	41,900
Cultural Affairs and Sport - Library Services: Transfer funding to enable City of Cape Town to procure periodicals and newspapers	-	-	-	-	-	-	4,500	4,950	5,445
Human Settlements - Human Settlement Development Grant	623,269	705,185	730,119	688,585	1,064,306	1,064,306	592,286	614,534	753,806
Human Settlements - Municipal Accreditation Assistance	10,000	-	5,000	10,000	11,264	11,264	5,000	5,000	-
Human Settlement - Settlement Assistance	1,000	-	-	1,500	1,740	1,740	1,500	1,500	1,500
Health - TB	14,025	25,813	24,653	25,626	25,626	25,626	27,112	28,684	30,048
Health - Global Fund	36,139	41,856	-	-	-	-	-	-	-
Health - ARV	97,542	106,167	159,183	169,844	179,967	179,967	217,701	246,227	272,560
Health - Nutrition	4,400	4,504	4,528	5,208	5,208	5,208	5,572	5,880	6,116
Health - Vaccines	73,439	68,422	61,967	77,631	80,874	80,874	82,134	86,899	91,661
Comprehensive Health	-	-	-	170,203	170,203	170,203	188,146	198,166	204,590
Transport and Public Works - Provision for persons with special needs	-	10,000	10,000	10,000	10,089	10,089	10,000	10,000	10,000
Transport Safety and Compliance - Rail Safety	-	500	4,000	-	116	116	-	-	-
Planning, Maintenance and Rehabilitation of Transport Systems and Infrastructure	-	10,900	23,200	3,400	9,074	9,074	-	-	11,500
Community Safety - Law Enforcement Auxiliary Services	27,428	19,384	21,669	3,000	3,280	3,280	3,500	3,938	4,159
Western Cape Financial Management Support Grant	-	300	300	-	224	224	-	-	-
Community Development Workers	984	-	1,080	794	939	939	886	886	886
Finance Management Capacity Building Grant	-	-	-	120	120	120	240	360	480

Table continues on next page.

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	Budget Year +1 2018/19	Budget Year +2 2019/20
ABET adult Education	-	-	-	-	-	-	-	-	-
City of Cape Town - Public access centres	2,350	-	-	-	-	-	-	-	-
Library Service: Metro Library Grant	-	-	-	-	-	-	-	-	-
Local Government - Compliance	-	293	-	-	-	-	-	-	-
Economic Development and Tourism	-	500	-	-	-	-	-	-	-
Commercial Mediation Training	-	-	174	-	-	-	-	-	-
Other grant providers:	19,763	32,867	39,726	31,773	47,829	47,829	12,337	2,401	68
Tourism	-	-	167	2,000	1,730	1,730	2,000	1,068	68
CMTF	-	-	-	200	10,370	10,370	2,575	-	-
CID	2,542	2,839	2,908	3,709	4,585	4,585	3,572	-	-
Century City Property Owners Association	378	363	813	788	788	788	837	-	-
Traffic Free Flow (Pty) Ltd	1,070	1,338	1,262	-	1,009	1,009	-	-	-
DBSA - Green Fund	-	25,000	25,000	25,000	25,000	25,000	-	-	-
Stellenbosch University	1,925	-	-	-	929	929	-	-	-
Sustainable Energy Africa	-	-	-	-	424	424	-	-	-
Rusgenberg Girls	-	-	-	38	38	38	41	-	-
Westcott Primary	-	-	-	38	38	38	41	-	-
Acucap Investment (Pty) Ltd	-	-	-	-	307	307	-	-	-
Airports Company South Africa SOC Ltd	-	-	-	-	1,333	1,333	1,333	1,333	-
Rockefeller Philanthropy Advisor's Inc	-	-	-	-	-	-	1,166	-	-
Big Bay Master Property Owners Association	-	-	-	-	146	146	-	-	-
Camps Bay Business Forum	-	-	-	-	172	172	-	-	-
University of Connecticut	-	-	451	-	451	451	-	-	-
V&A Waterfront Holdings (Pty) Ltd	-	148	275	-	509	509	772	-	-
Chemical Industries Education and Training Authority	-	-	887	-	-	-	-	-	-
UN Women	-	150	-	-	-	-	-	-	-
Mamre Trust	11	-	-	-	-	-	-	-	-
Finnish Government	426	-	-	-	-	-	-	-	-
National Lottery	1,500	-	1,500	-	-	-	-	-	-
Disaster Management Fund	98	46	-	-	-	-	-	-	-
Mayoress Charity Fund	76	117	135	-	-	-	-	-	-
South African National Biodiversity Institute	1,033	2,865	1,542	-	-	-	-	-	-
Afrikaanse Taal en Kultuur Vereniging	10	-	-	-	-	-	-	-	-
Dutch Government - Orio Project	-	-	649	-	-	-	-	-	-
AFD - Agence Francaise De Development	-	-	330	-	-	-	-	-	-
Carnegie	10,695	-	3,809	-	-	-	-	-	-
Total Operating Transfers and Grants	1,423,324	1,453,965	1,174,050	3,802,940	4,296,766	4,296,766	4,038,307	4,380,050	4,810,400

1.3.1 Property (Tax) Rates (Refer Annexure 2)

The property rates are to be levied in accordance with existing Council policies, the Local Government Municipal Property Rates Act 2004 (MPRA), the MPRA Amendment Act 2014 (MPRAA), the MPRA Regulations and the Local Government Municipal Finance Management Act 2003.

The Rates Policy was compiled taking into account feedback received from the Finance Portfolio Committee, Councillors, ratepayers and clients since the adoption of the 2016/17 Property Rates Policy in May 2016. In addition, it was informed by the Public Participation Process conducted during April 2017.

The Total Municipal Account (TMA) was modelled to assess the impact of all the billed Council charges on households spread over fourteen valuation brackets to assess the affordability of the package of tariff increases.

Property rates are based on values indicated in the General Valuation Roll 2015 (GV) with the date of valuation being 1 August 2015. The Roll is being updated for properties affected by land sub-divisions, alterations to buildings, demolitions and improvements through Supplemental Valuations.

Accordingly, the rates levied per individual property will depend on that property's value compared with the valuation of all the rateable properties in the municipal area.

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

The definitions and listing of categories are reflected in the Rates Policy attached as Annexure 5.

1.3.2 Sale of Water and Sanitation and Impact of Tariff Increases (Refer Annexure 4)

The proposed Water and Sanitation Tariffs for the 2017/18 financial year are consistent with National Policy, the National Strategic Framework for Water and Sanitation and with Council's Indigent relief measures, Rates and Tariff Policies and Equitable Service Framework.

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

As a result of possible shifts in water usage patterns experienced during periods of restrictions and the stepped-up implementation of water demand management initiatives, the three sets of tariffs have been retained and an additional set added to make allowance for these uncertainties in case level 1, 2, 3 and now also level 4 reduction measures have to be imposed.

The normal tariff set relates to a level at least 10% below the Low Water Demand Curve, as previous restrictions and water demand initiatives have been successful in reducing the normal water demand to this level and the level 1 restriction measures have been incorporated into the promulgated Water and Sanitation By-Law as permanent good water demand practice. The tariff levels of reduction or restriction imposed by the City on its consumers is therefore not only linked to the level of restriction imposed by the National Department of Water and Sanitation on the City, but also to the level of demand from its consumers. Due to the current climatic conditions, the City of Cape Town instituted water restrictions as from 1 January 2016, accompanied by the level 2 reduction tariff. The level 2 reduction tariff was also applicable for the first portion of the 2016/17 financial year until it was raised to the level 3 reduction tariff as from 1 December 2016. Restrictions levels are subject to change based on the dam levels and it must be emphasised that level 4 restrictions are currently being recommended to Council for implementation of the measures from 1 June 2017 and level 4 restriction tariffs from 1 July 2017.

The Bulk Water tariff has been increased by 6%.

There is a proposed 19.25% increase in consumptive water and sanitation tariffs at the level 1 reduction tariff but is less at the level 2 (generally around 13% to 14%) and Level 3 (generally around 5% to 7%) reduction tariffs. The percentage increase of raising the reduction tariff from level 3 (2016/17) to level 4 level (2017/18) will vary but will generally be around 10% to 11%. Step 6 Domestic tariffs increases on each set of reduction tariff (and step 4 and 5 under level 4) will however remain high to discourage high water consumption.

The tariff increases are necessary to address the continued need for infrastructure to ensure water security, appropriate water and sanitation capacity levels, asset management, adjustments to the collection ratio, safety compliance and requirements needed to enhanced service delivery and responsiveness as well as maintenance programs.

Due to the pressure on the water and sanitation tariffs, the 2017/18 financial year also sees the end of Free Basic Services to all customers. Such benefit will now only be applicable to indigent customers. The Non-Indigent category will be subject to the phased introduction of payments for the first 6kl for water and 4.2kl for sanitation over the 2017/18 and 2018/19 financial years. The additional impact for the 2017/18 financial year on Non-Indigent customers will be approximately R24 per month for water and R16 per month for sanitation. This will also impact on the percentage increase per usage level for each set of reduction level tariffs. It must be emphasised that for indigent customers the step 2 amount will be covered from the Indigent Account.

The miscellaneous tariffs are levied by Water and Sanitation for the provision of various services by the Department. Examples of these services are the installation of water connections and the testing of meters. The aim of these tariffs is to recover the cost of the provision of a particular service to each customer. There is a proposed 6.5% increase on miscellaneous tariffs. The proposed consumption based as well as miscellaneous tariffs are shown in the attached Tariffs and Charges Book.

Apart from changing and adding some wording to refine the existing policy, notable changes / additions in the tariff policy, tariff structure and tariff schedules for the 2017/18 financial year include:

Consumptive:

- Free Basic Services for Indigent Customers only;
- Introduction of the first phase of charging Non-Indigent Customers for the first 6kl for water and 4.2kl for sanitation (Phase 2 to follow in the 2018/19 financial year);
- Refining the Domestic Cluster category to include indigent grouping (subject to approval of the development as indigent);
- Refining the definition of the Domestic Cluster category to include specific “Block of Flats” category with effect from 1 July 2017;
- Moving of non-potable water (Spring and Treated Effluent) to the consumptive tariff schedule.

Miscellaneous:

- Final step of additional increases for Golf Clubs using spring water or treated effluent where infrastructure was not provided by the user;
- Increases on specific meter related items above 6.5% to ensure such remain in line with cost recovery principles;
- Decrease on specific meter related item below 6.5% to ensure such remain in line with cost recovery principles;

- Aligning and re-categorisation of Water Miscellaneous tariff schedule which includes the
 - amalgamation of certain tariff items
 - separation of certain tariff items
- Specifying process to be followed when introducing a private prepayment sub-metering system;
- Aligning the pricing methodology for the testing of meters for Domestic Cluster to that applied for Domestic Full, i.e. price reduced in line with the age of the meter.

The proposed consumption-based, as well as miscellaneous tariffs, are shown in the attached Tariffs, Fees and Charges Book attached as Annexure 6.

Table 10 Comparison between current water tariffs and proposed water tariffs – Non-indigent

Category	Current Tariff 2016/17 (10%)	Proposed Tariff 2017/18 (10%)	Current Tariff 2016/17 (20%)	Proposed Tariff 2017/18 (20%)	Current Tariff 2016/17 (30%)	Proposed Tariff 2017/18 (30%)	Current Tariff 2016/17 (40%)	Proposed Tariff 2017/18 (40%)
	Rand per KI (excl. VAT)	Rand per KI (excl. VAT)	Rand per KI (excl. VAT)	Rand per KI (excl. VAT)	Rand per KI (excl. VAT)	Rand per KI (excl. VAT)	Rand per KI (excl. VAT)	Rand per KI (excl. VAT)
DOMESTIC Full								
Step 1 (0 ≤ 6kl)	0.00	4.00	0.00	4.00	0.00	4.00	n/a	4.00
Step 2 (>6 ≤ 10.5kl)	13.06	15.57	13.75	15.57	14.51	15.57	n/a	15.57
Step 3 (>10.5 ≤ 20kl)	15.28	18.22	17.56	20.04	20.65	21.87	n/a	22.78
Step 4 (>20 ≤ 35kl)	22.63	26.99	28.64	32.65	35.93	36.43	n/a	38.32
Step 5 (>35 ≤ 50kl)	27.95	33.33	43.71	45.00	58.25	61.66	n/a	99.99
Step 6 (>50kl)	36.87	43.97	81.92	97.71	175.58	209.29	n/a	265.12
DOMESTIC Cluster								
Step 1 (0 < 6kl)	0.00	4.00	0.00	4.00	0.00	4.00	n/a	4.00
Step 2 (>6 kl)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Step 2 (>6 < 20kl)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Step 2 (>6 < 10.5kl)	13.06	15.57	13.75	15.57	14.51	15.57	n/a	15.57
Step 3 (>10.5 < 20kl)	15.28	18.22	17.56	20.04	20.65	21.87	n/a	22.78
Step 3 (>20kl)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Step 4 (>20 < 35kl)	22.63	26.99	28.64	32.65	35.93	36.43	n/a	38.32
Step 5 (>35 < 50kl)	27.95	33.33	43.71	45.00	58.25	61.66	n/a	99.99
Step 6 (>50kl)	36.87	43.97	81.92	97.71	175.58	209.29	n/a	265.12
COMMERCIAL	16.46	19.63	19.14	21.59	22.24	23.55	n/a	24.54
INDUSTRIAL	16.46	19.63	19.14	21.59	22.24	23.55	n/a	24.54

Table 11 Comparison between current sanitation charges and proposed tariffs - Non Indigent

Category	Current Tariff 2016/17 (10%)	Proposed Tariff 2017/18 (10%)	Current Tariff 2016/17 (20%)	Proposed Tariff 2017/18 (20%)	Current Tariff 2016/17 (30%)	Proposed Tariff 2017/18 (30%)	Current Tariff 2016/17 (40%)	Proposed Tariff 2017/18 (40%)
	Rand per KI (excl VAT)	Rand per KI (excl VAT)	Rand per KI (excl VAT)	Rand per KI (excl VAT)	Rand per KI (excl VAT)	Rand per KI (excl VAT)	Rand per KI (excl VAT)	Rand per KI (excl VAT)
DOMESTIC Full - Standard	Single residential properties - 70% of water consumption to a maximum of 35 kl of sewerage per month (70% of 50 kl water = 35 kl of sewerage)							
Step 1 (0 < 4.2 kl)	0.00	3.85	0.00	3.85	0.00	3.85	n/a	3.85
Step 2 (>4.2 < 7.35 kl)	11.02	13.14	11.61	13.14	12.26	13.14	n/a	13.14
Step 3 (>7.35 < 14 kl)	17.84	21.27	20.52	23.40	24.10	25.53	n/a	26.59
Step 4 (>14 < 24.5 kl)	19.50	23.25	24.69	28.14	30.96	34.88	n/a	43.02
Step 5 (>24.5 < 35 kl)	20.48	24.42	32.00	32.97	42.67	45.18	n/a	52.02
DOMESTIC Cluster								
Step 1 (0 < 4.2kl)	0.00	3.85	0.00	3.85	0.00	3.85	n/a	3.85
Step 1 (0 < 4.2kl)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Step 2 (> 4.2kl)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Step 2 (>4.2 < 7.35 kl)	11.02	13.14	11.61	13.14	12.26	13.14	n/a	13.14
Step 3 (>7.35 < 14 kl)	17.84	21.27	20.52	23.40	24.10	25.53	n/a	26.59
Step 3 (> 4.2 < 35 kl)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Step 4 (>14 < 24.5 kl)	19.50	23.25	24.69	28.14	30.96	34.88	n/a	43.02
Step 5 (>24.5 < 35 kl)	20.48	24.42	32.00	32.97	42.67	45.18	n/a	52.02
COMMERCIAL	12.65	15.09	14.70	16.59	17.09	18.10	n/a	18.86
INDUSTRIAL	12.65	15.09	14.70	16.59	17.09	18.10	n/a	18.86

The following tables show the impact of the proposed increases in water- and sanitation tariffs for a single dwelling house.

Table 12 Comparison between current water charges and proposed increases (domestic consumption) –non-indigent

Monthly Consumption kl	Current amount Payable 2016/17 (10%) R	Proposed amount Payable 2017/18 (10%) R	Difference (Increase)	Percentage change
6	0.00	24.95	24.95	-
10.5	60.16	95.40	35.24	58.58%
20	207.34	270.89	63.55	30.65%
35	549.34	678.78	129.44	23.56%
50	974.70	1,186.02	211.32	21.68%
80	2,080.80	2,505.12	424.32	20.39%

Monthly Consumption kl	Current amount Payable 2016/17 (20%) R	Proposed amount Payable 2017/18 (20%) R	Difference (Increase)	Percentage change
6	0.00	24.95	24.95	-
10.5	63.55	95.40	31.85	50.12%
20	233.41	289.49	56.08	24.03%
35	670.23	785.16	114.93	17.15%
50	1,352.06	1,496.27	144.21	10.67%
80	3,809.66	4,427.57	617.91	16.22%

Monthly Consumption kl	Current amount Payable 2016/17 (30%) R	Proposed amount Payable 2017/18 (30%) R	Difference (Increase)	Percentage change
6	0.00	24.95	24.95	-
10.5	67.37	95.40	28.03	41.61%
20	267.73	307.68	39.95	14.92%
35	817.38	866.22	48.84	5.98%
50	1,771.50	1,892.24	120.74	6.82%
80	7,038.90	8,170.94	1,132.04	16.08%

Monthly Consumption kl	Current amount Payable 2016/17 (40%) R	Proposed amount Payable 2017/18 (40%) R	Difference (Increase)	Percentage change
6	0.00	24.95	24.95	-
10.5	0.00	95.40	95.40	-
20	0.00	316.72	316.72	-
35	0.00	921.09	921.09	-
50	0.00	2,534.04	2,534.04	-
80	0.00	10,487.64	10,487.64	-

Table 13 Comparison between current sanitation charges and proposed increases (domestic consumption) – non-indigent

Monthly Consumption kl	Current amount Payable 2016/17 (10%) R	Proposed amount Payable 2017/18 (10%) R	Difference (Increase)	Percentage change
4.2	0.00	16.70	16.70	-
7.35	36.03	58.91	22.88	63.50%
14	154.99	200.74	45.75	29.52%
24.5	360.07	445.26	85.19	23.66%
35	565.29	689.96	124.67	22.05%

Monthly Consumption kl	Current amount Payable 2016/17 (20%) R	Proposed amount Payable 2017/18 (20%) R	Difference (Increase)	Percentage change
4.2	0.00	16.70	16.70	-
7.35	38.14	58.91	20.77	54.46%
14	175.39	215.65	40.26	22.95%
24.5	437.09	512.74	75.65	17.31%
35	757.75	843.12	85.37	11.27%

Monthly Consumption kl	Current amount Payable 2016/17 (30%) R	Proposed amount Payable 2017/18 (30%) R	Difference (Increase)	Percentage change
4.2	0.00	16.70	16.70	-
7.35	40.52	58.91	18.39	45.38%
14	202.10	230.91	28.81	14.26%
24.5	531.07	600.61	69.54	13.09%
35	957.65	1,053.34	95.69	9.99%

Monthly Consumption kl	Current amount Payable 2016/17 (40%) R	Proposed amount Payable 2017/18 (40%) R	Difference (Increase)	Percentage change
4.2	0.00	16.70	16.70	-
7.35	0.00	58.91	58.91	-
14	0.00	239.42	239.42	-
24.5	0.00	634.15	634.15	-
35	0.00	1,215.42	1,215.42	-

1.3.3 Waste removal and impact of Tariff Increases (Refer Annexure 4)

The Solid Waste Tariffs are levied to recover costs of services provided directly to customers and include refuse collection fees, disposal fees, compost sales, weighbridge fees and other ad hoc services. An average increase has been applied on the Consumptive Tariffs for Collections of 6.5% & Disposal of 8.3%. An average increase has been applied on the Miscellaneous Tariffs for Cleaning of 5.7%.

Table 14 Comparison between current waste removal fees and increases

SERVICES RENDERED	UNIT	REMARKS To be read in conjunction with Definitions (refer annexures)	2016/17 R excl. VAT	VAT Yes/No	2017/18 R excl. VAT
Black lid 240L container service (R/blacklid)					
Basic container service: Residential collection based on a once-per week 240 L service per household/service point in suburbs containerised.	Per month	Account to property owner. Basic container service (weekly service is 1x 240L Black lid container per week).	112.19	y	119.47
Subsidised : Black lid 240L container service (R/blacklid)					
Property owner with property valued from R1 up to and including R100 000 (100% rebate)	Rebate per month on First Container only	Account to property owner. Basic container service (weekly service is 1x 240L Black lid container per week).	-112.19	y	-119.47
Property value between R100 001 up to and including R150 000 (75% rebate)	Rebate per month on First Container only	Account to property owner. Basic container service (Weekly service is 1x 240L Black lid container per week).	-84.12	y	-89.56
Property value between R150 001 up to and including R350 000 (50% rebate)	Rebate per month on First Container only	Account to property owner. Basic container service (weekly service is 1x 240L Black lid container per week).	-56.05	y	-59.74
Property value between R350 001 up to and including R400 000 (25% rebate)	Rebate per month on First Container only	Account to property owner. Basic container service (weekly service is 1x 240L Black lid container per week).	-28.07	y	-29.91
Additional once-per-week 240 L service (Black lid 240L)	Per additional 240 L container per month	Enhanced service level. (additional service of 240L Black lid container(s) serviced on the same day as the normal weekly service. Per fixed agreement - not variable).	112.19	y	119.47
Providing a lockable 240L container service	Per month	Account to property owner. Basic container service (weekly service is 1x 240L Black lid container per week). Subject to availability.	112.19	y	119.47
Subsidised service to Homeless People Shelters as per the Tariff Policy (50% rebate)	Rebate per 240L container per month (limited to a Maximum of 15 containers per shelter)	Account rendered to the registered & Approved NGO organisations and organisations accredited by HOMAC. Enhanced service level (240L black lid containers) serviced once a week.	-56.05	y	-59.74
Indigent relief on a 240L container (100% rebate)	Rebate per month on First Container only	In terms of the of Section 27 of the Credit Control & Debt Collection Policy. Basic container service (weekly service is 1x 240L Black lid container per week).	-112.19	y	-119.47
Additional Recycling Container service: Residential dry recyclable collection based on a once-per week service per participating household.	Per month	Account to property owner participating in the dry recyclable project. Container service.	Free		Free

1.3.4 Sale of Electricity and Impact of Tariff Increases (Refer Annexure 4)

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

In terms of section 75A of the Local Government Municipal Systems Act, any fees, charges or tariffs which a municipality may wish to levy and recover in respect of any function or service of the municipality, must be approved by a resolution passed by the municipal council with a supporting vote of a majority of its members.

The Electricity Regulation Act requires that proposed revisions to the electricity consumption based tariffs be submitted to the Regulator for approval prior to implementation. Provisional approval will therefore be requested with the express proviso that any alterations required by Council will be submitted to the Regulator as soon as possible.

The Consumptive Tariff Schedule includes a note indicating that the tariffs are applied in accordance with the terms and conditions as contained in the Electricity Tariff Policy.

On 23 February 2017, NERSA issued a statement allowing Eskom an average 2.2% increase. On the same date, NERSA proposed a 1.88% increase on average for Local Authorities for consultation. This however, does not take into account any impact for system growth (either positive or negative), or the impact to the tariffs of the 10% Contribution to Rates. CPI was projected at 5.7%.

The above items result in the Electricity Generation and Distribution Department requiring a revenue increase from Sale of Electricity of 2.2%, which, when coupled to the negative system growth expected of -1%, results in a tariff increase requirement of an average of 3.34%.

Present electricity tariffs were approved by Council on 25 May 2016 and by NERSA (with amendments – not implemented) on 8 June 2016, and were implemented with effect from 1 July 2016.

Table 15 Comparison between current electricity charges and increases (domestic consumption)

Category	Unit	Steps	VAT yes/no	2016/17 c/kWh excl VAT	2017/18 c/kWh excl VAT
Lifeline INCLUDES the FBE portion	Energy Charge (c/kWh)	0-350kWh	y	97.09	102.00
		350.1+ kWh	y	268.81	205.65
Domestic	Energy Charge (c/kWh)	0-600kWh	y	164.51	169.12
		600.1+ kWh	y	200.05	205.65
Home User	Service Charge	Per Month	y	212.92	219.00
	Energy Charge (c/kWh)	0-600kWh	y	129.02	132.63
		600.1+ kWh	y	200.05	205.65

For the 2017/18 financial year, the following is proposed for the Residential tariffs.

From 1 July 2017 three Residential tariffs will apply.

- Lifeline customers with municipal property valuations in excess of R400 000 will be migrated to the Domestic Tariff.
- Domestic customers with municipal property valuations in excess of R1m will migrate to the Home User Tariff as will all credit metered Residential Customers (combined, this move will impact on just under 200 000 customers).

It is important to note that any customer currently using 600kWh per month or more on average will see no impact as a result of the move, as at this level both the Domestic and Home User Tariffs have equivalent monthly accounts.

These changes combined allow the Residential tariffs to increase by an average 2.8% across all tariffs. Failure to implement these changes would require the Residential tariffs to increase by 7% in order to recover the required revenue from this customer category. A further change to the Lifeline Tariff is proposed whereby the Block 1 rate is increased by 5% in order to be set at cost, and at a level that meets the required Guideline tariff from NERSA. The Block 2 rate is consequently reduced by 23.5% to be the same as the Block 2 rate for the Domestic and Home User Tariffs.

1.3.5 Overall impact of tariff increases on households

The following table shows the overall expected impact of tariff increases on households with a ‘middle income range’, an ‘affordable range’ and an ‘indigent household receiving free basic services’:

Table 16 MBRR 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	250.75	260.80	286.63	266.54	266.54	266.54	5.0%	279.88	296.67	314.47
Electricity: Consumption	1,358.00	1,464.04	1,676.32	1,787.26	1,787.26	1,787.26	2.8%	1,837.32	1,892.44	1,949.21
Water: Consumption	312.67	335.55	372.43	608.33	608.33	608.33	7.3%	652.75	698.44	747.33
Sanitation	214.78	235.41	261.30	415.60	415.60	415.60	13.5%	471.50	532.81	602.10
Refuse removal	90.60	95.96	103.95	112.19	112.19	112.19	6.5%	119.47	126.64	134.24
sub-total	2,226.80	2,391.76	2,700.63	3,189.92	3,189.92	3,189.92	5.4%	3,360.92	3,547.00	3,747.35
VAT on Services	276.65	298.33	337.96	409.27	409.27	409.27	-	431.35	455.05	480.60
Total large household bill:	2,503.45	2,690.09	3,038.59	3,599.19	3,599.19	3,599.19	5.4%	3,792.27	4,002.05	4,227.95
% increase/-decrease		7.5%	13.0%	18.4%				5.4%	5.5%	5.6%
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates	172.08	156.35	171.98	159.93	159.93	159.93	5.0%	167.93	178.01	188.69
Electricity: Consumption	665.10	673.80	771.50	822.55	822.55	822.55	2.8%	845.60	870.97	897.10
Water: Consumption	226.67	242.66	269.33	426.61	426.61	426.61	10.3%	470.60	503.54	538.79
Sanitation	162.91	179.38	199.11	261.08	261.08	261.08	33.8%	349.42	394.84	446.17
Refuse removal	90.60	95.96	103.95	112.19	112.19	112.19	6.5%	119.47	126.63	134.24
sub-total	1,317.36	1,348.15	1,515.87	1,782.36	1,782.36	1,782.36	9.6%	1,953.02	2,073.99	2,204.99
VAT on Services	160.34	166.85	188.14	227.14	227.14	227.14	-	249.91	265.44	282.28
Total small household bill:	1,477.70	1,515.00	1,704.01	2,009.50	2,009.50	2,009.50	9.6%	2,202.93	2,339.43	2,487.27
% increase/-decrease		2.5%	12.5%	17.9%				9.6%	6.2%	6.3%
Monthly Account for Household - 'Indigent' Household receiving free basic services										
Rates and services charges:										
Property rates	54.08	52.12	57.33	53.31	53.31	53.31	5.0%	55.98	59.34	62.90
Electricity: Consumption	272.60	252.96	273.18	291.27	291.27	291.27	5.1%	306.00	315.18	324.64
Water: Consumption	142.81	149.76	166.23	246.96	246.96	246.96	7.1%	264.45	282.96	302.76
Sanitation	111.38	123.34	136.92	198.88	198.88	198.88	6.2%	211.17	238.62	269.64
Refuse removal	45.28	47.98	51.97	56.14	56.14	56.14	6.4%	59.74	63.32	67.12
sub-total	626.15	626.16	685.63	846.56	846.56	846.56	6.0%	897.34	959.42	1,027.06
VAT on Services	80.09	80.37	87.96	111.06	111.06	111.06	-	117.79	126.01	134.98
Total small household bill:	706.24	706.53	773.59	957.62	957.62	957.62	6.0%	1,015.13	1,085.43	1,162.04
% increase/-decrease		0.0%	9.5%	23.8%				6.0%	6.9%	7.1%

1.4 Operating Expenditure Framework

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

- Modelling of feasible and sustainable budgets over the medium term,
- Cognisance of international, national and local economic- and fiscal conditions,
- Expenditure limits set by realistic and realisable revenue levels,
- The City's asset renewal strategy and its medium- to long term asset repairs and maintenance goals,
- Relevant (budget and other) legislative imperatives, and
- Operational gains and efficiencies directed to fund areas of strategic priority and known commitments.

In addition, a differentiated budgeting approach for the 2017/18 MTREF was adopted. The principles of cost containment and elimination of wasteful expenditure, reprioritisation of spending and attainment of savings, i.e. effectively a zero-based budgeting approach, were the technical themes of the budget.

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

Table 17 Summary of operating expenditure by main type

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Expenditure By Type			
Employee related costs	12,050,690	12,972,883	14,130,273
Remuneration of councillors	155,787	165,913	176,697
Debt impairment	2,508,680	2,704,796	2,900,682
Depreciation & asset impairment	2,574,607	2,734,705	2,814,573
Finance charges	1,131,010	1,576,120	1,949,703
Bulk purchases	8,540,135	9,227,384	9,967,635
Other materials	1,190,177	1,271,125	1,354,022
Contracted services	6,086,610	6,649,779	7,170,612
Transfers and subsidies	140,985	147,473	155,584
Other expenditure	2,953,040	3,130,734	3,310,855
Loss on disposal of PPE	387	409	431
Total Expenditure	37,332,109	40,581,322	43,931,069

Staff costs for 2017/18 is R12 051, which equates to 32% of the total operating expenditure. The 2017/18 cost of living increase is 6.36% plus 1% as per the SALGBC wage agreement. Similar inflation-linked increases are estimated for the outer years of the City's MTREF.

Furthermore, this provision includes the financial impact of the ODTP, the additional allocation for service enhancement and operational readiness of the new directorates.

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 was taken into account when compiling the City's 2017/18 budget.

The provision for debt impairment is based on collection rates achieved to date and projected over the MTREF period, as well as the City’s arrears and debt recovery policies. For 2017/18 this equates to R2 509 million escalating to R2 901 million by 2019/20. While this expenditure is considered to be a non-cash flow item, it informs the total cost associated with rendering the services of the municipality as well as the municipality’s realistically anticipated revenues.

Budgeted appropriations for Depreciation and Asset Impairment total R2 575 million for 2017/18 and is linked to the capitalisation rate of assets. The calculation is based on 100% spend (as opposed to 95%) and the increased capital spend over recent years. In addition, multi-year projects, previously capitalised in the final year of its budget provision, are now capitalised when the asset is commissioned.

Finance Charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). It equates to 3% (R1 131 million) of the 2017/18 operating expenditure (excluding redemption costs) and increases to R1 950 million by 2019/20. The increase over the 2017/18 MTREF is informed by existing and new loans that will be taken to fund the City’s capital programme as well as the projected interest rates over this period. The financial impact of this growth was considered in the 2017/18 MTREF.

Budgetary provision for Bulk Purchases is informed by the purchase of electricity and water from suppliers i.e. Eskom and the Department of Water and Sanitation. In this regard, annual price increases have been factored into the budget appropriations, which in turn impacts on the tariff requirements for these tariff-based services.

Other Materials provision caters for sundry items such as the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. Growth is projected for this expenditure component over the MTREF period; R1 190 million in 2017/18 estimating to increase to R1 354 million by 2019/20.

Contracted Services expenditure component includes provisions for Repairs & Maintenance and additional allocations for service delivery enhancements. Expenditure levels are projected at R6 087 million in 2017/18 escalating to R7 171 million in 2019/20.

Figure 1 below gives a breakdown of the main expenditure categories for 2017/18.

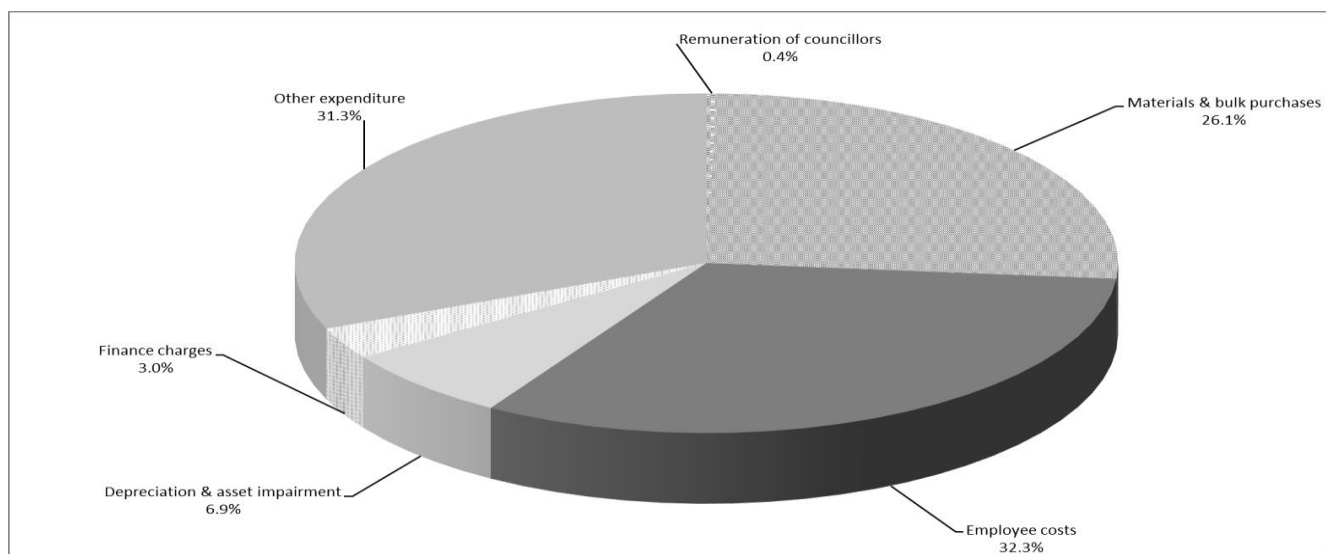


Figure 1 Main operational expenditure categories for the 2017/18 financial year

1.4.1 Priority given to Repairs & Maintenance

The City has acknowledged its obligation to optimally preserve its extended asset base and recognises current inherent backlogs in this regard. In line with the approach of recent financial years, 2017/18 appropriations again provide for above-CPI level increases to this cost component. This included adopting a differentiated budgeting approach for the 2017/18 MTREF:

- 10% reduction to 2016/17 base with no increase for 2017/18 financial year – to support services
- A CPI increase to services which although their main function is not providing repairs & maintenance the nature of their business and facilities requires a proper maintenance provision
- CPI + 1% applied to services which requires the securing the health of their assets.

In terms of the MBRR, operational repairs and maintenance is not considered a direct expenditure driver, but an outcome of other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance.

Table 18 Operational repairs and maintenance

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Repairs & Maintenance by Expenditure Item			
Employee related costs	1,430,455	1,523,484	1,622,510
Other materials	276,952	294,954	314,126
Contracted Services	2,070,347	2,301,930	2,505,055
Other Expenditure	256,538	273,124	290,873
Total Repairs and Maintenance Expenditure	4,034,292	4,393,491	4,732,564

The total Repairs & Maintenance allocation for 2017/18 is R4 034 million. The increased allocations are influenced by above CPI increases as well as the full cost absorption method applied to calculate labour unit price and the increases in activity prices based on the total cost of employment (TCOE) of direct labour workers influenced by the TASK outcome/job grading system, where jobs and positions are graded based on the content of approved job descriptions.

This growth trend continues over the MTREF increasing to R4 733 million in 2019/20. The 2017/18 Repairs & Maintenance provision represents 11% of the total operating expenditure.

1.4.2 Free Basic Services: Basic Social Services Package

The City provides free basic services (electricity, refuse removal, water, sanitation and rates) to residential properties via three procedures:

- based on the municipal value of the property; or
- on application by those with limited income whose property values exceed the set valuation levels
- based on consumer behavior.

The utilisation of the valuation method prevents the need to deal with the expected 250 000 to 280 000 applications that would qualify if all had to apply on a periodic basis. The challenge with the valuation method is that it applies to households irrespective of their ability to pay. However, the cost of providing the service using this method outweighs the benefit of not providing the free services. The benefit of the valuation based approach is that it provides certainty and reduces the risks of fraud.

The second procedure allows any resident who is required to pay for the mentioned services and whose gross monthly household income is R4 000 or below, to register as indigent to receive the same benefits as if their property values were below R100 000. The current number of indigent registered is 2 423 (at end of March 2017). This number varies monthly as registration is valid for 12 months where after re-application is required.

Property Rates – based on income levels

The following rebates are granted to residents based on their gross monthly household income as follows:

<i>Income bracket</i>	<i>Rebate %</i>
<i>R4 001 – R5 000</i>	<i>75%</i>
<i>R5 001 – R5 500</i>	<i>50%</i>
<i>R5 501 – R6 000</i>	<i>25%</i>

Senior citizens and disabled persons’ rates rebate is granted to qualifying applicants where the gross monthly household income is below R15 000. For such income up to R4 000 the rates rebate is 100%, reducing gradually to 10% for income between R14 001 and R15 000.

Electricity – based on consumer behavior

Lifeline tariff customers receiving less than 250kWh per month will receive a free basic supply 60kWh, with those receiving between 250kWh and 450kWh per month receiving a free basic supply of 25kWh per month.

The assistance to the households mentioned above are regulated by Council’s budget-related policies, which are reviewed annually based on modelling the impact of the tariffs and policies on all residential properties. All the free basic services are provided for in the City’s balanced operating budget.

The costs for the indigent support on charges for refuse removal, the R132.11 for water and sanitation and the 60kWh of free electricity are partially financed by National Government through the local government Equitable Share received in terms of the annual Division of Revenue Act. The City, however, supplements this expenditure from rates income whilst the costs of the free 6 kilolitres of water (and concomitant sanitation) and the R200 000 valuation rebate on rates for those residents within the valuation brackets deemed to be indigent are paid for by those remaining residents.

1.5 Capital Expenditure

Table 19 2017/18 MTREF capital budget per vote

Vote Description R thousand	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2017/18	%	Budget Year +1 2018/19	%	Budget Year +2 2019/20	%
Vote 1 - Area-Based Service Delivery	12,375	0.2%	39,430	0.6%	73,970	1.1%	105,763	1.5%
Vote 2 - Assets & Facilities Management	388,008	6.1%	400,359	5.7%	281,917	4.2%	265,214	3.8%
Vote 3 - Corporate Services	257,408	4.0%	351,686	5.1%	339,446	5.1%	338,046	4.9%
Vote 4 - City Manager	322	0.0%	222	0.0%	222	0.0%	222	0.0%
Vote 5 - Directorate of the Mayor	22,341	0.4%	17,108	0.2%	2,238	0.0%	2,158	0.0%
Vote 6 - Energy	1,376,327	21.6%	1,292,814	18.6%	1,413,174	21.2%	1,705,351	24.6%
Vote 7 - Finance	24,379	0.4%	17,136	0.2%	15,249	0.2%	16,419	0.2%
Vote 8 - Informal Settlements, Water & Waste Services	1,949,977	30.7%	2,445,238	35.1%	2,535,665	38.1%	2,518,546	36.3%
Vote 9 - Safety & Security	119,749	1.9%	191,120	2.7%	105,722	1.6%	50,515	0.7%
Vote 10 - Social Services	264,684	4.2%	283,413	4.1%	198,834	3.0%	128,598	1.9%
Vote 11 - Transport & Urban Development Authority	1,943,836	30.6%	1,925,540	27.6%	1,697,466	25.5%	1,809,758	26.1%
Total Capital Expenditure - Vote	6,359,407	100%	6,964,066	100%	6,663,902	100%	6,940,591	100%

The capital budget increases from R6 359 million in 2016/17 (April 2017 adjustments budget) to R6 964 million in 2017/18. This is an overall increase of 9.5% when measured against the latest 2016/17 budgetary provision.

The above table clearly indicates that expenditure emphasis is still on those votes responsible for infrastructure development e.g. Energy, Informal Settlements, Water & Waste Services, Transport & Urban Development Authority. This allocation in 2017/18 represents just over R5 664 million or 81.3% of the total budgetary allocation for the year. Informal Settlements, Water & Waste Services receives the largest allocation of R2 445 million in 2017/18, which represents 35.1% of the budget. The second highest allocation amounting to R1 926 million or 27.6% is made to Transport & Urban Development Authority, which is followed by Energy at R1 293 million (18.6%), Assets & Facilities Management at R400 million (5.7%) and Corporate Services at R352 million (5.1%).

In the outer years the majority of the allocations are also made to infrastructure development; R5 646 million (84.8%) in 2018/19 and R6 034 million (87%) in 2019/20.

NT, in its MFMA circulars, indicated that a minimum of 40% of a municipality's capital budget should be for renewal of existing assets as opposed to new infrastructure. In the City's proposed capital budget the renewal of existing assets equates to R1 429 million (20.5%), upgrading of existing assets represents R1 780 million (25.6%) and new assets represents R3 755 million (53.9%) of the total 2017/18 capital budget. It is important to note that existing assets can be renewed or upgraded, while new assets will result in an increase in the asset base of the City.

Additional details regarding asset classes and proposed capital expenditure is contained in Table 30 MBRR Table A9 - Asset Management on page 49, while MBRR Tables A9, SA34a, SA34b and SA 34e provides a detailed breakdown of the capital budget with regards to new asset construction and capital asset renewal and upgrading (refer pages 166 and 167). A detailed breakdown of the capital budget per project/programme over the medium term is available in Annexure 23.

Major projects/programmes to be implemented over the medium term are:

- Upgrade Informal Markets & Facilities → R11 million
- Establishment of Municipal Courts → R13 million
- Facilities Management Structural Rehabilitation → R76 million
- Land acquisition for municipal purposes → R53 million
- Langa Hostels CRU Project: New Flats → R47 million
- Langa Hostels CRU Project: Siyahlala → R22 million
- Langa Hostels CRU Project: Special Quarters → R116 million
- Major Upgrading - Rental Units → R24 million
- Upgrade of Athlone Stadium → R17 million
- Upgrade of Good Hope Centre → R11 million
- Upgrade to Grand Parade → R10 million
- Upgrading of City Hall → R32 million
- Extension of Smart City Strategy → R15 million
- Blue Downs Streetlighting Depot → R30 million
- Grassy Park Main Substation Upgrade → R49 million
- Ndabeni: Facilities Rearrangement → R130 million
- Oakdale Switching Station Upgrade Phase 3 → R188 million
- OH Line Refurbishment → R89 million
- Retreat Depot → R49 million
- Substations: Fencing → R68 million
- Wynberg: Facilities Rearrangement → R40 million
- Aerial Photography → R11 million
- E-Tendering System → R12 million
- Security at Cash Offices → R11 million
- Athlone Refuse Transfer Station - Material Recovery Facility → R69 million
- Athlone Waste Water Treatment Works - Extension - Phase 1 → R69 million
- Bulk Reticulation Sewers in Milnerton Rehab → R76 million
- Cape Flats Bulk Sewer Rehabilitation → R90 million
- Coastal Park: Landfill Infrastructure → R35 million
- Coastal Park: Transfer Station → R87 million
- Development of the Regional Landfill Site → R132 million
- Macassar Waste Water Treatment Works - Extension → R139 million
- Upgrade Water Network Main Rd Clovelly Simons Town → R30 million
- Mitchells Plain Waste Water Treatment Works - Phase 2 → R34 million
- Northern Regional Sludge Facility → R70 million
- Parow Solid Waste Depot Upgrade → R36 million
- Philippi Collector Sewer → R129 million
- Potsdam Waste Water Treatment Works - Extension → R86 million
- Pressure Management: COCT → R64 million
- Scottsdene Waste Water Treatment Works → R34 million
- Steenbras Reservoir → R43 million
- Upgrade of Informal Settlements Programme: 8ste Laan, Valhalla Park → R38 million
- Upgrade of Informal Settlements Programme: Kalkfontein Informal Settlement → R55 million
- Upgrade of Informal Settlements Programme: Sweethomes, Philippi → R70 million
- Vissershok North: Design and develop Airspace → R54 million
- Vissershok South: Landfill Gas Infrastructure to Flaring → R55 million
- Water Supply at Baden Powell Dr to Khayelitsha → R52 million
- Wesfleur Waste Water Treatment Works - Extension → R70 million
- Law Enforcement and Traffic: Specialised Vehicles → R25 million
- Somerset West Fire Station → R24 million
- Books, Periodicals & Subscription → R26 million

- Construct ECD Centre - Heideveld → R13 million
- Construct ECD Centre - Strand (Erjville) → R11 million
- Elsies River Clinic - Extension: TB/ARV → R10 million
- Hardening & Securing of recreational facilities → R9 million
- Maitland Cemetery Public/Visitor Information Centre → R5 million
- Masincedane Clinic - Extension: TB/ARV → R5 million
- Metro South-East Cemetery Development → R23 million
- New Fisantekraal Clinic → R29 million
- New Pelican Park Clinic → R38 million
- NY 116 Gugulethu Synthetic Pitch → R8 million
- Ocean View Synthetic Pitch → R6 million
- Sarepta Clinic - Upgrade of TB area → R5 million
- Sea Winds Synthetic Pitch → R6 million
- Uitsig Clinic - Extension: TB/ARV → R11 million
- Upgrade - Manenberg Integrated Project → R12 million
- Upgrade Atlantis Cemetery → R7 million
- Upgrade Elizabeth to Jack Muller Park → R17 million
- Upgrade Gugulethu Integrated Parks → R7 million
- Upgrade Khayelitsha Cemetery → R8 million
- Vaalfontein Cemetery Development → R22 million
- Zakhele Clinic - Replacement → R21 million
- Beacon Valley Housing Project - Mitchells Plain → R85 million
- Coastal Structures: Rehabilitation → R66 million
- Congestion Relief - Erica Drive → R44 million
- Dualling: Broadway Blvd: Beach Rd:MR27 → R27 million
- Fisantekraal Garden Cities Phase 2 Housing project → R10 million
- Flood Alleviation - Lourens River → R30 million
- Forest Village (Blue Downs) Housing project → R10 million
- Harare Infill Housing Project → R31 million
- Ilitha Park Infill Internal Services → R17 million
- Imizamo Yethu - Hout Bay Housing Project → R27 million
- Imizamo Yethu Community Residential Units (Phase 3) → R72 million
- Inner City: Public Transport Hub → R120 million
- Kanonkop (Atlantis) Phase 2 Ext12 Housing project → R42 million
- Kommetjie Road Dualling & Ou Kaapseweg Dualling → R126 million
- Kommetjie Road Dualling (Phase 3) → R40 million
- Kruskal Avenue Upgrade → R15 million
- Macassar BNG Housing Project → R104 million
- Metro South East Public Transport Facility → R60 million
- Morkel's Cottage Strand Housing Project → R18 million
- N2 Interchange (Phase 1) → R178 million
- Platteklouf Road Dualling → R21 million
- R44 Extra North-bound Lane - Foundry Precinct → R24 million
- Retreat Public Transport Interchange → R58 million
- Road Connection to new N2 Interchange → R28 million
- Road Rehabilitation: Bishop Lavis → R62 million
- Road Rehabilitation: Hanover Park: Phase 2 & 3 → R43 million
- Sir Lowry's Pass Village Housing Project → R15 million
- Somerset West Public Transport Interchange → R45 million
- Stormwater Rehabilitation/Improvements → R38 million
- Upgrade of Reserves Infrastructure → R32 million

The graph below provides an indication on how the Capital Budget will be spent on infrastructure related projects over the medium-term.

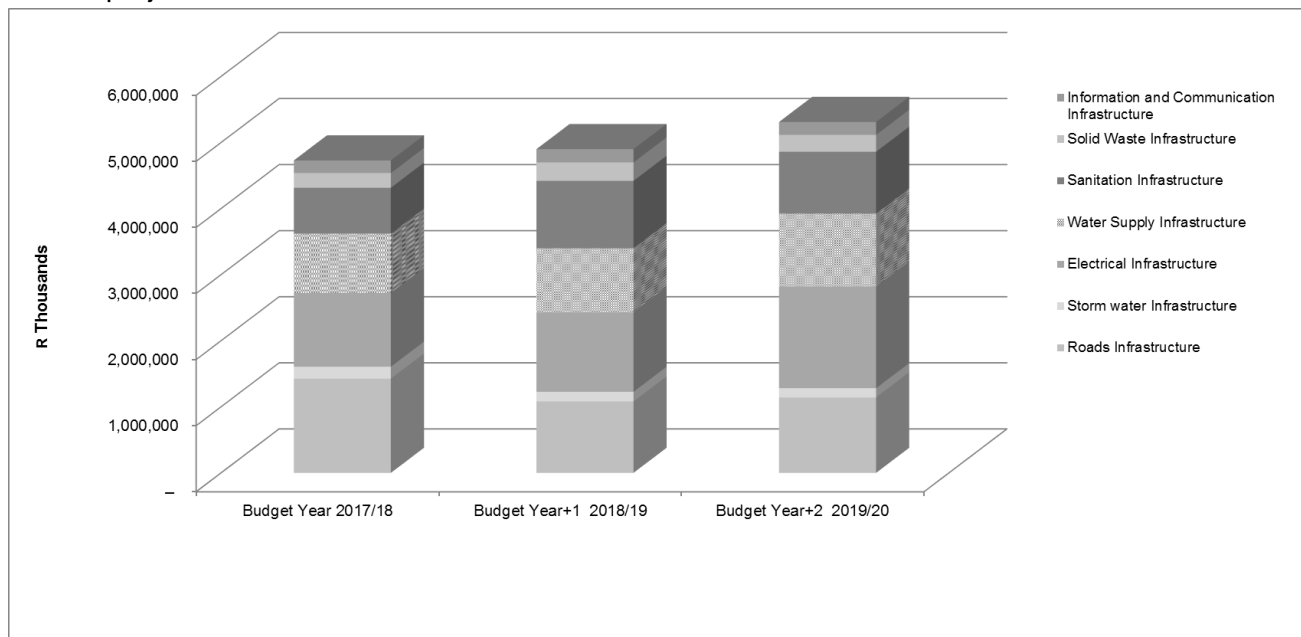


Figure 2 Capital Infrastructure Programme

1.5.1 Future operational cost of new infrastructure

Table SA35, on page 168, represents the future operational costs resulting from the capital investment program. The table shows that the costs estimated over the MTREF are expected to grow from R 4 226 million in 2017/18 to R 5 174 million in 2019/20. No additional budgetary provision was made for these costs as it is expected to be absorbed through efficiency gains and the prioritisation of existing operational resources.

1.6 Annual Budget Tables

The ten primary budget tables, as required in terms of regulation 9 of the Municipal Budget and Reporting Regulations (MBRR), are presented on page 34 to page 53. These tables reflect the City’s 2017/18 budget and MTREF to be approved and adopted by Council. Each table is accompanied by explanatory notes.

Table 20 MBRR Table A1 - Budget Summary

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands			
Financial Performance			
Property rates	8,757,241	9,324,490	9,928,483
Service charges	19,449,141	21,220,770	23,146,827
Investment revenue	773,657	826,409	857,479
Transfers recognised - operational	6,455,942	6,996,655	7,635,571
Other own revenue	2,806,001	3,002,598	3,167,565
Total Revenue (excluding capital transfers and contributions)	38,241,983	41,370,923	44,735,926
Employee costs	12,050,690	12,972,883	14,130,273
Remuneration of councillors	155,787	165,913	176,697
Depreciation & asset impairment	2,574,607	2,734,705	2,814,573
Finance charges	1,131,010	1,576,120	1,949,703
Materials and bulk purchases	9,730,312	10,498,509	11,321,657
Transfers and grants	140,985	147,473	155,584
Other expenditure	11,548,718	12,485,718	13,382,581
Total Expenditure	37,332,109	40,581,322	43,931,069
Surplus/(Deficit)	909,874	789,601	804,856
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2,268,835	2,101,736	2,203,502
Contributions recognised - capital & contributed assets	84,900	87,200	90,600
Surplus/(Deficit) after capital transfers & contributions	3,263,609	2,978,537	3,098,959
Share of surplus/ (deficit) of associate	-	-	-
Surplus/(Deficit) for the year	3,263,609	2,978,537	3,098,959
Capital expenditure & funds sources			
Capital expenditure	6,964,066	6,663,902	6,940,591
Transfers recognised - capital	2,268,835	2,101,736	2,203,502
Public contributions & donations	84,900	87,200	90,600
Borrowing	2,899,823	3,503,855	3,707,679
Internally generated funds	1,710,509	971,111	938,810
Total sources of capital funds	6,964,066	6,663,902	6,940,591
Financial position			
Total current assets	14,096,703	14,955,386	15,495,354
Total non current assets	49,645,384	53,477,761	57,522,392
Total current liabilities	10,833,096	10,369,735	9,715,647
Total non current liabilities	14,514,129	16,690,013	18,829,742
Community wealth/Equity	38,394,861	41,373,398	44,472,357
Cash flows			
Net cash from (used) operating	5,772,108	4,811,114	4,953,481
Net cash from (used) investing	(7,038,845)	(6,205,650)	(6,723,720)
Net cash from (used) financing	2,103,124	1,990,028	2,030,864
Cash/cash equivalents at the year end	4,717,198	5,312,690	5,573,315
Cash backing/surplus reconciliation			
Cash and investments available	10,838,562	11,434,054	11,694,679
Application of cash and investments	8,088,699	7,365,480	6,420,256
Balance - surplus (shortfall)	2,749,863	4,068,574	5,274,423
Asset management			
Asset register summary (WDV)	45,747,091	49,343,093	53,122,081
Depreciation	2,574,607	2,734,705	2,814,573
Renewal of Existing Assets	1,428,986	1,646,610	1,830,374
Repairs and Maintenance	4,034,292	4,393,491	4,732,564
Free services			
Cost of Free Basic Services provided	1,578,867	1,720,472	1,868,624
Revenue cost of free services provided	1,768,760	1,903,653	2,045,596
Households below minimum service level			
Water:	-	-	-
Sanitation/sewage:	217	-	-
Energy:	23,464	21,964	20,464
Refuse:	-	-	-

Explanatory notes to MBRR Table A1 – Budget Summary

1. Table A1 represents a high-level summation of the City's budget, providing a view that includes all major components, i.e. operating, capital, financial position, cash flow and MFMA funding compliance.
2. In essence it provides a synopsis of the amounts to be approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance and the City's commitment to eliminate basic service delivery backlogs.
3. The importance of ensuring that a municipal budget is fully funded is stressed in the financial management reforms. The MFMA through Section 18 requires that a budget only be funded by realistically anticipated revenue to be collected and cash-backed accumulated funds from previous years, not committed for other purposes.
4. To test whether the City's budget is funded it is required therefore to collectively assess the financial performance, capital budget, financial position and cash flow budgets.
5. The City's key outcomes in this regard are as follows:
 - a. The Financial Performance shows a surplus position over the 2017/18 MTREF. This is as a result of appropriations, which are included as part of the Financial Position and not the Financial Performance budget. The appropriations include the depreciation reserves (for capital grants), Housing Development Fund, Insurance Fund, sinking fund provision and contributions to the Capital Replacement Reserve (CRR).
 - b. The cash flow budget outcome shows that the budget is funded.
 - c. The capital budget is funded from the following sources:
 - i. Transfers recognised capital and public contributions & donations;
 - ii. Borrowing; and
 - iii. Internally generated funds which are financed from previous years' accumulated surpluses, previous years' contributions to CRR and bulk infrastructure levies already collected. The affordability and sustainability of these funds are confirmed by the positive cash flow outcome over the 2017/18 MTREF.
6. The City's cash backing/surplus reconciliation over the 2017/18 MTREF shows a positive outcome, which is an indication that the City will be able to afford its commitments over the next three years.
7. The City's persistent strive to eradicate infrastructure backlogs is evident in the annual increase of investment in the Cost of Free Basic Services and the Revenue Cost of Free Basic Services provided. Backlogs still exist for Electricity Services but are projected to reduce.

Table 21 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Functional Classification Description R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional			
Governance and administration	14,977,825	16,140,771	17,240,909
Executive and council	3,126	3,240	3,362
Finance and administration	14,974,692	16,137,523	17,237,539
Internal audit	8	8	9
Community and public safety	1,956,529	2,067,634	2,213,043
Community and social services	120,972	120,361	118,907
Sport and recreation	114,329	76,740	60,312
Public safety	22,293	11,168	11,783
Housing	1,328,591	1,435,979	1,593,372
Health	370,343	423,385	428,669
Economic and environmental services	3,224,458	2,972,859	3,213,414
Planning and development	342,034	392,979	485,490
Road transport	2,880,418	2,577,764	2,725,691
Environmental protection	2,006	2,116	2,232
Trading services	20,430,096	22,372,454	24,357,243
Energy sources	12,395,796	13,401,524	14,535,806
Water management	4,123,369	4,704,907	5,261,945
Waste water management	2,547,543	2,772,140	2,936,233
Waste management	1,363,387	1,493,882	1,623,259
Other	6,809	6,140	5,419
Total Revenue - Functional	40,595,717	43,559,859	47,030,028
Expenditure - Functional			
Governance and administration	8,529,460	9,515,724	10,431,939
Executive and council	443,599	481,337	512,954
Finance and administration	8,035,215	8,979,379	9,859,416
Internal audit	50,646	55,008	59,569
Community and public safety	5,318,902	5,686,027	6,175,420
Community and social services	931,712	973,551	1,039,958
Sport and recreation	1,212,821	1,282,162	1,346,335
Public safety	600,875	652,483	705,757
Housing	1,498,847	1,605,391	1,812,330
Health	1,074,647	1,172,441	1,271,040
Economic and environmental services	6,351,817	6,763,465	7,187,829
Planning and development	1,042,789	1,234,121	1,319,286
Road transport	5,186,569	5,411,988	5,742,032
Environmental protection	122,458	117,356	126,511
Trading services	17,026,865	18,505,037	20,018,575
Energy sources	9,929,327	10,727,822	11,573,196
Water management	3,225,897	3,577,694	3,906,221
Waste water management	1,990,882	2,191,214	2,417,010
Waste management	1,880,759	2,008,307	2,122,148
Other	105,064	111,068	117,305
Total Expenditure - Functional	37,332,109	40,581,322	43,931,069
Surplus/(Deficit) for the year	3,263,609	2,978,537	3,098,959

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

1. Table A2 is an overview of the budgeted financial performance in relation to revenue and expenditure per standard classification, which divides the municipal services into 15 functional areas.
2. Major contributing items to the increased operating revenue are additional allocations on the Fuel Levy, the projected organic growth and tariff increases on Property Rates Tax and Service Charges (Water, Sanitation, Electricity and Refuse).
3. A surplus of R3 264 million in 2017/18 is reflected in this table, which includes Transfers Recognised - capital (Capital Grants & Donations received), while the expenditure category excludes these transfers.
4. This table highlights that the revenue for Energy, Water & Sanitation and Solid Waste Management, exceed their expenditure, due to the exclusion of internal cost charges/recoveries and other provisions e.g. Contribution from Energy directorate to the Rates Account.
5. Other functions within Rates show a deficit when comparing revenue and expenditure, which is financed from Rates Revenue.

Table 22 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote			
Vote 1 - Area-Based Service Delivery	204,290	243,262	283,027
Vote 2 - Assets & Facilities Management	453,587	507,676	535,388
Vote 3 - Corporate Services	68,073	72,592	76,677
Vote 4 - City Manager	–	–	–
Vote 5 - Directorate of the Mayor	3,324	1,235	244
Vote 6 - Energy	12,395,918	13,401,653	14,535,941
Vote 7 - Finance	14,402,141	15,497,022	16,586,946
Vote 8 - Informal Settlements, Water & Waste Services	8,212,622	9,124,638	9,891,330
Vote 9 - Safety & Security	1,267,627	1,280,617	1,349,809
Vote 10 - Social Services	904,664	934,834	940,536
Vote 11 - Transport & Urban Development Authority	2,683,471	2,496,331	2,830,130
Total Revenue by Vote	40,595,717	43,559,859	47,030,028
Expenditure by Vote to be appropriated			
Vote 1 - Area-Based Service Delivery	547,009	600,999	642,132
Vote 2 - Assets & Facilities Management	1,851,509	1,973,889	2,089,607
Vote 3 - Corporate Services	1,741,551	1,872,190	1,994,576
Vote 4 - City Manager	22,198	23,629	25,186
Vote 5 - Directorate of the Mayor	557,664	594,705	634,773
Vote 6 - Energy	10,355,750	11,188,113	12,065,949
Vote 7 - Finance	3,344,589	3,912,117	4,439,566
Vote 8 - Informal Settlements, Water & Waste Services	7,739,299	8,513,136	9,205,318
Vote 9 - Safety & Security	3,148,512	3,354,695	3,595,786
Vote 10 - Social Services	3,463,150	3,799,844	4,079,694
Vote 11 - Transport & Urban Development Authority	4,560,879	4,748,004	5,158,484
Total Expenditure by Vote	37,332,109	40,581,322	43,931,069
Surplus/(Deficit) for the year	3,263,609	2,978,537	3,098,959

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 shows budgeted financial performance in relation to the revenue and expenditure and the operating surplus or deficit per municipal vote.

The table below is an analysis of the surplus or deficit for trading services.

Table 23 Surplus / (Deficit) calculations for the trading services

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Energy			
Total Operating Revenue (including capital transfers and contributions)	12,395,918	13,401,653	14,535,941
Total Operating Expenditure	10,355,750	11,188,113	12,065,949
Operating Surplus/(Deficit) for the year	2,040,168	2,213,539	2,469,993
Percentage Surplus	16%	17%	17%
Water & Sanitation			
Total Operating Revenue including capital transfers and contributions)	6,652,678	7,474,568	8,193,727
Total Operating Expenditure	4,900,990	5,498,769	6,033,679
Operating Surplus/(Deficit) for the year	1,751,688	1,975,799	2,160,048
Percentage Surplus	26%	26%	26%
Solid Waste Management			
Total Operating Revenue including capital transfers and contributions)	1,363,145	1,493,627	1,622,989
Total Operating Expenditure	1,007,877	1,077,814	1,125,591
Operating Surplus/(Deficit) for the year	355,269	415,813	497,398
Percentage Surplus	26%	28%	31%

- Electricity revenue and expenditure growth fluctuates over the MTREF period. This is influenced by Eskom bulk purchases as well as the impact of City’s tariff setting policy.
- The surplus reflected in the various trading services (Cape Town Electricity, Water & Sanitation and Solid Waste Management) is based on primary revenue and expenditure elements. This does not include the contribution to Rates (the Rates Account receive a contribution from electricity service reducing the surplus shown above) and the internal cost charges/recoveries. These “secondary elements” are, however, included in the tariff calculations for the various trading services. Taking the secondary budget into account, none of the Trading Services have deficit/surplus positions.

Table 24 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Revenue By Source			
Property rates	8,757,241	9,324,490	9,928,483
Service charges - electricity revenue	12,081,546	13,034,784	14,090,590
Service charges - water revenue	3,932,868	4,382,084	4,867,180
Service charges - sanitation revenue	2,092,272	2,332,091	2,589,072
Service charges - refuse revenue	1,341,882	1,471,173	1,599,278
Service charges - other	573	638	707
Rental of facilities and equipment	418,011	469,470	495,290
Interest earned - external investments	773,657	826,409	857,479
Interest earned - outstanding debtors	284,131	299,860	316,164
Dividends received	-	-	-
Fines, penalties and forfeits	1,146,414	1,209,461	1,275,982
Licences and permits	43,749	46,154	48,692
Agency services	162,771	171,818	181,267
Transfers and subsidies	6,455,942	6,996,655	7,635,571
Other revenue	709,425	762,573	804,527
Gains on disposal of PPE	41,500	43,263	45,643
Total Revenue (excluding capital transfers and contributions)	38,241,983	41,370,923	44,735,926
Expenditure By Type			
Employee related costs	12,050,690	12,972,883	14,130,273
Remuneration of councillors	155,787	165,913	176,697
Debt impairment	2,508,680	2,704,796	2,900,682
Depreciation & asset impairment	2,574,607	2,734,705	2,814,573
Finance charges	1,131,010	1,576,120	1,949,703
Bulk purchases	8,540,135	9,227,384	9,967,635
Other materials	1,190,177	1,271,125	1,354,022
Contracted services	6,086,610	6,649,779	7,170,612
Transfers and subsidies	140,985	147,473	155,584
Other expenditure	2,953,040	3,130,734	3,310,855
Loss on disposal of PPE	387	409	431
Total Expenditure	37,332,109	40,581,322	43,931,069
Surplus/(Deficit)	909,874	789,601	804,856
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2,268,835	2,101,736	2,203,502
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	84,900	87,200	90,600
Transfers and subsidies - capital (in-kind - all)	-	-	-
Surplus/(Deficit) after capital transfers & contributions	3,263,609	2,978,537	3,098,959
Taxation	-	-	-
Surplus/(Deficit) after taxation	3,263,609	2,978,537	3,098,959
Attributable to minorities	-	-	-
Surplus/(Deficit) attributable to municipality	3,263,609	2,978,537	3,098,959
Share of surplus/ (deficit) of associate	-	-	-
Surplus/(Deficit) for the year	3,263,609	2,978,537	3,098,959

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

1. Table A4 is a view of the budgeted financial performance in relation to the revenue by source and expenditure by type. Total revenue is R38 242 million (excluding appropriations which are disclosed in the financial position statement) in 2017/18 and escalates to R44 736 million by 2019/20. Major contributing items are the increased operating allocations from National- and Provincial Government, the projected organic growth and tariff increases on Property Rates Tax and Service Charges.
2. Revenue to be generated from Property Rates amounts to R8 757 million in 2017/18 and increases to R9 928 million by 2019/20, which represents 23% of the operating revenue base of the City and therefore remain significant funding source for the City.
3. Service charges relating to Electricity, Water, Sanitation and Refuse Removal constitute the biggest component of the revenue basket of the City, totalling to R19 449 million in 2017/18 and increase to R23 147 million in 2019/20. For 2017/18, service charges are 51% of the total revenue base.
4. Transfers & Subsidies increases from R6 456 in 2017/18 to R7 636 million in 2019/20. This includes external allocations received from National- and Provincial Government, private sector funding and the Fuel Levy.
5. The surpluses reflected over the 2017/18 MTREF result from water sales calculated at level 3 tariffs. The surplus will be utilised to fund future capital investment programmes e.g. the replacement of grant-funded assets and transversal catalytic projects. The short-term surplus will also soften the impact of borrowing costs by the future utilisation of internally-generated funds. However, it must be noted that level 4 water restrictions are recommended for implementation effective 1 June 2017.

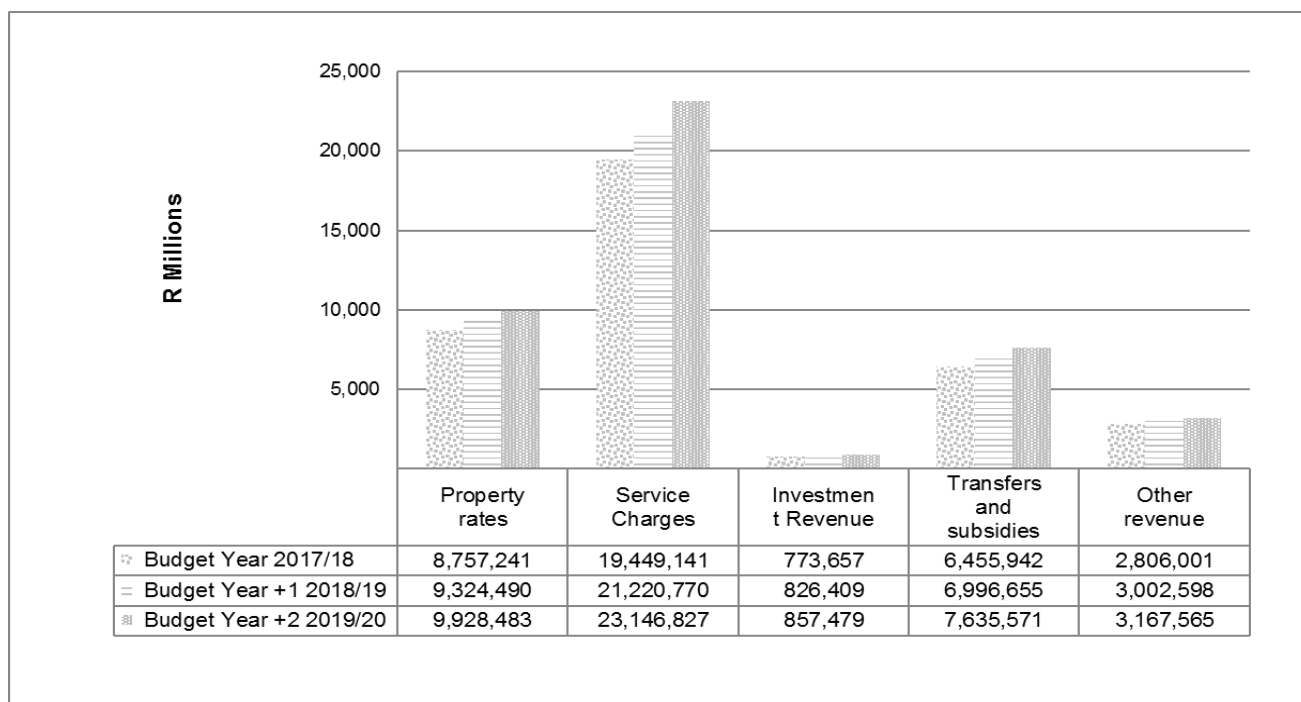


Figure 3 Revenue by source

6. Bulk purchases have increased significantly over the MTREF, escalating from R8 540 million to R9 968 million in 2019/20. These increases can be attributed to substantial increases in the cost of bulk electricity from Eskom and water from the Department of Water Affairs.
7. Employee-related costs are the main cost driver within the City’s operating expenditure i.e. from R12 051 million in 2017/18 to R14 130 million in 2019/20. This is as a result of increases on staff costs as per the SALGA Salary Agreement, plus notch increments. In addition, the staff budget takes into consideration the financial impact of the ODTP and operational readiness of the new directorates.
8. Depreciation & Asset Impairment increases from R2 575 million in 2017/18 to R2 815 million in 2019/20. The calculation, is now based on 100% spend (as opposed to 95%) and the increased capital spend over the last few years. In addition, multi-year projects, which were previously capitalised in the final year of its budget provision, are now capitalised when the asset is commissioned.
9. Contracted Services includes budgetary provision for Repairs & Maintenance.

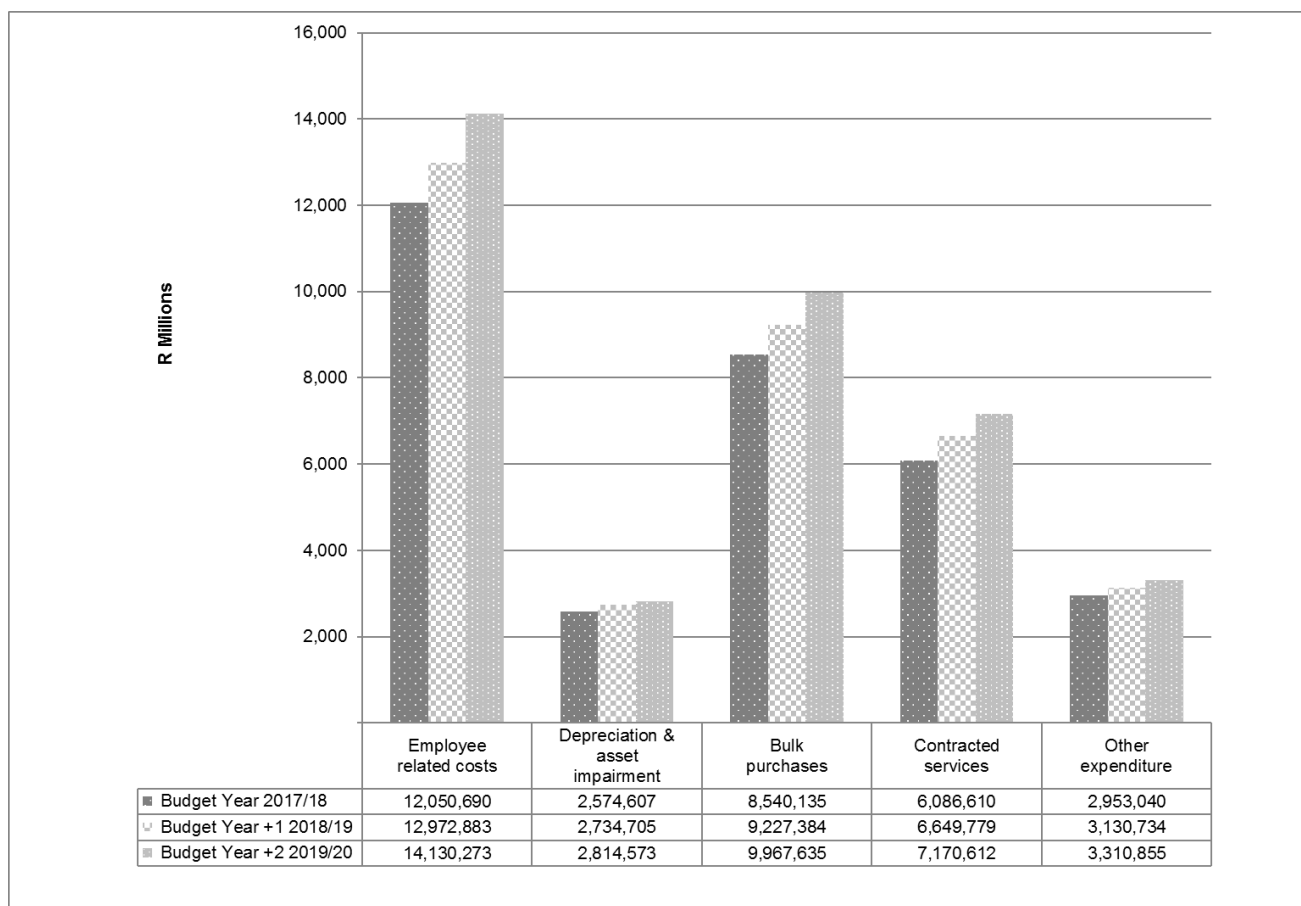


Figure 4 Expenditure by type

Table 25 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Capital expenditure - Vote			
Multi-year expenditure to be appropriated			
Vote 1 - Area-Based Service Delivery	39,430	73,970	105,763
Vote 2 - Assets & Facilities Management	400,359	281,917	265,214
Vote 3 - Corporate Services	351,686	339,446	338,046
Vote 4 - City Manager	222	222	222
Vote 5 - Directorate of the Mayor	17,108	2,238	2,158
Vote 6 - Energy	1,292,814	1,413,174	1,705,351
Vote 7 - Finance	17,136	15,249	16,419
Vote 8 - Informal Settlements, Water & Waste Services	2,445,238	2,535,665	2,518,546
Vote 9 - Safety & Security	191,120	105,722	50,515
Vote 10 - Social Services	283,413	198,834	128,598
Vote 11 - Transport & Urban Development Authority	1,925,540	1,697,466	1,809,758
Total Capital Expenditure - Vote	6,964,066	6,663,902	6,940,591
Capital Expenditure - Functional			
Governance and administration	1,244,434	900,122	822,493
Executive and council	3,594	2,380	3,380
Finance and administration	1,239,881	897,610	818,981
Internal audit	959	131	131
Community and public safety	944,543	785,823	784,686
Community and social services	151,270	101,890	83,546
Sport and recreation	111,052	37,026	14,503
Public safety	46,799	7,659	7,659
Housing	590,239	579,578	647,182
Health	45,183	59,671	31,796
Economic and environmental services	1,662,703	1,361,972	1,451,403
Planning and development	44,786	77,349	155,469
Road transport	1,599,888	1,262,241	1,285,562
Environmental protection	18,028	22,381	10,373
Trading services	3,104,956	3,605,996	3,876,819
Energy sources	1,183,872	1,336,334	1,631,151
Water management	853,967	968,222	1,145,900
Waste water management	684,576	854,201	781,149
Waste management	382,541	447,239	318,619
Other	7,432	9,990	5,190
Total Capital Expenditure - Functional	6,964,066	6,663,902	6,940,591
Funded by:			
National Government	2,189,832	1,976,411	2,152,358
Provincial Government	79,002	125,325	51,144
District Municipality	-	-	-
Other transfers and grants	-	-	-
Transfers recognised - capital	2,268,835	2,101,736	2,203,502
Public contributions & donations	84,900	87,200	90,600
Borrowing	2,899,823	3,503,855	3,707,679
Internally generated funds	1,710,509	971,111	938,810
Total Capital Funding	6,964,066	6,663,902	6,940,591

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

1. Table A5 reflects the City's capital programme in relation to capital expenditure by municipal vote (directorate); capital expenditure by standard classification; and funding sources required 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. The City has allocated multi-year appropriations amounting to R6 964 million for 2017/18, decreasing to R6 664 million in 2018/19 and again increasing to R6 941 million in 2019/20.
3. The capital budget is funded by allocations made to the City by National and Provincial government in the form of grants, as well as public contributions and donations, borrowings and internally generated funds. Capital transfers from National Government, the Provincial Government Western Cape and other transfers and grants amount to R2 269 million (32.6%) in 2017/18, decreases slightly to R2 102 million in 2018/19 and increases again to R2 204 million in 2019/20. Public contributions and donations amounts to R84.9 million, R87.2 million and R90.6 million over the respective financial years. Borrowings amounts to R2 900 million, R3 504 million and R3 708 million over the MTREF and has been provided for in terms of affordability levels as determined during the MTREF modelling. Internally generated funds have been provided for over the MTREF amounting to R1 711 million, R971 million and R939 million for each of the respective financial years. The allocation in 2017/18 is due to favourable cash position in 2016/17, which resulted in higher than normal CRR funds allocated to service enhancements.

Table 26 MBRR Table A6 - Budgeted Financial Position

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
ASSETS			
Current assets			
Cash	103,918	146,904	146,397
Call investment deposits	6,892,055	7,205,853	7,199,126
Consumer debtors	5,635,475	5,935,035	6,251,199
Other debtors	1,135,110	1,305,376	1,501,183
Current portion of long-term receivables	18,845	19,787	20,777
Inventory	311,300	342,430	376,673
Total current assets	14,096,703	14,955,386	15,495,354
Non current assets			
Long-term receivables	46,655	44,322	42,106
Investments	3,842,589	4,081,297	4,349,156
Investment property	586,473	584,635	582,669
Investment in Associate	–	–	–
Property, plant and equipment	44,638,346	48,350,559	52,253,893
Agricultural	–	–	–
Biological	–	–	–
Intangible	522,272	407,899	285,520
Other non-current assets	9,049	9,049	9,049
Total non current assets	49,645,384	53,477,761	57,522,392
TOTAL ASSETS	63,742,086	68,433,147	73,017,746
LIABILITIES			
Current liabilities			
Bank overdraft	–	–	–
Borrowing	428,372	580,249	749,617
Consumer deposits	392,806	432,087	475,295
Trade and other payables	8,787,702	8,047,490	7,089,131
Provisions	1,224,215	1,309,910	1,401,604
Total current liabilities	10,833,096	10,369,735	9,715,647
Non current liabilities			
Borrowing	7,770,349	9,598,577	11,444,448
Provisions	6,743,780	7,091,436	7,385,294
Total non current liabilities	14,514,129	16,690,013	18,829,742
TOTAL LIABILITIES	25,347,225	27,059,748	28,545,389
NET ASSETS	38,394,861	41,373,398	44,472,357
COMMUNITY WEALTH/EQUITY			
Accumulated Surplus/(Deficit)	35,325,229	37,805,115	40,371,999
Reserves	3,069,632	3,568,283	4,100,358
TOTAL COMMUNITY WEALTH/EQUITY	38,394,861	41,373,398	44,472,357

Explanatory notes to Table A6 - Budgeted Financial Position

1. The budgeted Statement of Financial Position of the City has been prepared on a basis consistent with GRAP 1 and international accounting standards and as such makes it comparable with the present Statement of Financial Position and those of previous years. This will enable all stakeholders to interpret the impact of the budget as such on the Statement of Financial Position.
2. The assets are in the order of relative liquidity and liabilities according to their priority of being met with cash and an extensive table of notes (MBRR Table SA3 on page 181) are provided with details of the major components of items, such as:
 - Call Investment Deposits
 - Consumer Debtors
 - Property, Plant and Equipment
 - Trade and Other Payables
 - Non-Current Provisions
 - Changes in Net Assets
 - Reserves
3. Movements on the Budgeted Statement of Financial Performance will impact on the Budgeted Statement of Financial Position. Assumptions made on the collection rate for instance, will affect the budgeted cash position of the City and the budgeted impairment of debtors. As such the assumptions form a critical link in determining the applicability and relevance of the budget, the determination of financial indicators, the assessment of funding compliance and the general viability of the municipality.

Table 27 MBRR Table A7 - Budgeted Cash Flow Statement

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year	Budget Year	Budget Year
	2017/18	+1 2018/19	+2 2019/20
R thousand			
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property rates	8,438,931	8,977,120	9,552,583
Service charges	17,624,047	19,260,634	21,050,610
Other revenue	1,358,006	1,463,831	1,534,931
Government - operating	6,455,942	6,996,655	7,635,571
Government - capital	2,353,735	2,188,936	2,294,102
Interest	773,657	826,409	857,479
Dividends	-	-	-
Payments			
Suppliers and employees	(30,109,398)	(33,360,393)	(36,054,504)
Finance charges	(981,827)	(1,394,604)	(1,761,705)
Transfers and Grants	(140,985)	(147,473)	(155,584)
NET CASH FROM/(USED) OPERATING ACTIVITIES	5,772,108	4,811,114	4,953,481
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on disposal of PPE	41,500	43,263	45,643
Decrease (Increase) in non-current debtors	-	-	-
Decrease (increase) other non-current receivables	2,456	2,333	2,216
Decrease (increase) in non-current investments	(212,908)	(238,708)	(267,859)
Payments			
Capital assets	(6,869,892)	(6,012,538)	(6,503,720)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(7,038,845)	(6,205,650)	(6,723,720)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Short term loans	-	-	-
Borrowing long term/refinancing	2,500,000	2,500,000	2,700,000
Increase (decrease) in consumer deposits	35,710	39,281	43,209
Payments			
Repayment of borrowing	(432,586)	(549,253)	(712,345)
NET CASH FROM/(USED) FINANCING ACTIVITIES	2,103,124	1,990,028	2,030,864
NET INCREASE/ (DECREASE) IN CASH HELD	836,387	595,492	260,625
Cash/cash equivalents at the year begin:	3,880,811	4,717,198	5,312,690
Cash/cash equivalents at the year end:	4,717,198	5,312,690	5,573,315

Explanatory notes to Table A7 – Budgeted Cash Flow Statement

1. The table shows the cash and cash equivalents of the City during the 2017/18 MTREF.
2. For the 2017/18 MTREF the budget has been prepared to ensure adequate levels of working capital representing cash and cash equivalents over the medium-term, with cash levels anticipated to exceed R4 717 million by 2017/18 and increasing to R5 573 million by 2019/20.

Table 28 MBRR Table A8 - Cash Backed Reserves / Accumulated Surplus Reconciliation

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
<u>Cash and investments available</u>			
Cash/cash equivalents at the year end	4,717,198	5,312,690	5,573,315
Other current investments > 90 days	2,278,775	2,040,067	1,772,208
Non current assets - Investments	3,842,589	4,081,297	4,349,156
Cash and investments available:	10,838,562	11,434,054	11,694,679
<u>Application of cash and investments</u>			
Unspent conditional transfers	680,263	660,382	390,280
Unspent borrowing	-	-	-
Statutory requirements	-	-	-
Other working capital requirements	1,989,160	842,687	(312,457)
Other provisions	-	-	-
Long term investments committed	2,265,047	2,503,755	2,771,615
Reserves to be backed by cash/investments	3,154,228	3,358,656	3,570,819
Total Application of cash and investments:	8,088,699	7,365,480	6,420,256
Surplus(shortfall)	2,749,863	4,068,574	5,274,423

Explanatory notes to 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.
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. From the table it can be seen that for the City remained in a surplus net cash flow position for the period 2017/18 to 2019/20.
5. Considering the requirements of section 18 of the MFMA, it can be concluded that the 2017/18 MTREF is fully funded.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2017/18 MTREF, the end objective of the medium-term framework was to ensure the budget is funded/aligned to section 18 of the MFMA.
7. Table B8 reflects a surplus of R2 750 million in 2017/18 increasing to R5 274 million by 2019/20.

Table 29 MBRR Table A9 - Asset Management

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
CAPITAL EXPENDITURE			
<u>Total New Assets</u>	3,755,408	3,214,966	3,277,280
<i>Roads Infrastructure</i>	958,552	594,148	685,211
<i>Storm water Infrastructure</i>	120,368	95,800	95,150
<i>Electrical Infrastructure</i>	558,956	582,891	560,716
<i>Water Supply Infrastructure</i>	516,456	464,442	557,549
<i>Sanitation Infrastructure</i>	121,837	215,277	234,850
<i>Solid Waste Infrastructure</i>	198,077	256,180	249,020
<i>Information and Communication Infrastructure</i>	189,528	200,338	191,427
Infrastructure	2,663,773	2,409,076	2,573,924
Community Facilities	327,993	352,411	371,537
Sport and Recreation Facilities	5,690	-	-
Community Assets	333,684	352,411	371,537
Operational Buildings	225,494	90,577	63,426
Housing	66,041	99,839	26,212
Other Assets	291,535	190,416	89,638
Licences and Rights	2,000	3,000	3,000
Intangible Assets	2,000	3,000	3,000
Computer Equipment	207,103	126,435	110,502
Furniture and Office Equipment	78,554	52,113	51,517
Machinery and Equipment	126,788	32,440	28,300
Transport Assets	51,970	49,076	48,863
<u>Total Renewal of Existing Assets</u>	1,428,986	1,646,610	1,830,374
<i>Roads Infrastructure</i>	185,678	120,050	126,500
<i>Storm water Infrastructure</i>	48,495	40,950	36,100
<i>Electrical Infrastructure</i>	468,543	563,430	727,965
<i>Water Supply Infrastructure</i>	260,500	317,000	336,000
<i>Sanitation Infrastructure</i>	20,200	66,300	86,000
<i>Information and Communication Infrastructure</i>	1,500	60	-
Infrastructure	984,916	1,107,790	1,312,565
Community Facilities	39,500	48,050	9,400
Community Assets	39,500	48,050	9,400
Heritage Assets	650	1,800	1,800
Operational Buildings	9,150	66,780	81,860
Housing	85,000	85,000	85,000
Other Assets	94,150	151,780	166,860
Licences and Rights	2,500	2,500	2,500
Intangible Assets	2,500	2,500	2,500
Computer Equipment	75,080	67,310	70,870
Furniture and Office Equipment	18,362	15,639	16,104
Machinery and Equipment	31,113	29,100	11,604
Transport Assets	182,714	222,641	238,671

Table continues on next page.

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year	Budget Year	Budget Year
	2017/18	+1 2018/19	+2 2019/20
R thousand			
Total Upgrading of Existing Assets	1,779,672	1,802,326	1,832,937
<i>Roads Infrastructure</i>	281,382	366,145	329,203
<i>Storm water Infrastructure</i>	12,925	10,000	10,000
<i>Electrical Infrastructure</i>	88,376	56,043	248,695
<i>Water Supply Infrastructure</i>	122,037	188,500	211,000
<i>Sanitation Infrastructure</i>	550,435	738,513	614,950
<i>Solid Waste Infrastructure</i>	25,000	23,506	6,788
<i>Information and Communication Infrastructure</i>	–	–	4,000
Infrastructure	1,080,155	1,382,707	1,424,636
Community Facilities	185,987	150,645	100,965
Sport and Recreation Facilities	53,849	18,806	17,731
Community Assets	239,836	169,451	118,695
Heritage Assets	6,800	–	–
Operational Buildings	377,456	218,587	268,955
Housing	15,897	9,000	–
Other Assets	393,354	227,587	268,955
Licences and Rights	29,756	6,450	6,450
Intangible Assets	29,756	6,450	6,450
Computer Equipment	–	900	1,100
Furniture and Office Equipment	19,771	12,231	12,100
Machinery and Equipment	10,000	3,000	1,000
Total Capital Expenditure			
<i>Roads Infrastructure</i>	1,425,613	1,080,343	1,140,914
<i>Storm water Infrastructure</i>	181,788	146,750	141,250
<i>Electrical Infrastructure</i>	1,115,875	1,202,364	1,537,376
<i>Water Supply Infrastructure</i>	898,993	969,942	1,104,549
<i>Sanitation Infrastructure</i>	692,472	1,020,091	935,800
<i>Solid Waste Infrastructure</i>	223,077	279,686	255,808
<i>Information and Communication Infrastructure</i>	191,028	200,398	195,427
Infrastructure	4,728,845	4,899,573	5,311,125
Community Facilities	553,480	551,105	481,902
Sport and Recreation Facilities	59,540	18,806	17,731
Community Assets	613,020	569,912	499,633
Heritage Assets	7,450	1,800	1,800
Operational Buildings	612,100	375,945	414,241
Housing	166,938	193,839	111,212
Other Assets	779,039	569,783	525,453
Licences and Rights	34,256	11,950	11,950
Intangible Assets	34,256	11,950	11,950
Computer Equipment	282,184	194,646	182,472
Furniture and Office Equipment	116,687	79,982	79,720
Machinery and Equipment	167,902	64,540	40,904
Transport Assets	234,684	271,716	287,534
TOTAL CAPITAL EXPENDITURE - Asset class	6,964,066	6,663,902	6,940,591

Table continues on next page.

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year	Budget Year	Budget Year
	2017/18	+1 2018/19	+2 2019/20
R thousand			
ASSET REGISTER SUMMARY - PPE (WDV)			
<i>Roads Infrastructure</i>	7,343,775	7,974,887	8,643,289
<i>Storm water Infrastructure</i>	990,457	1,077,122	1,156,166
<i>Electrical Infrastructure</i>	7,786,614	8,681,294	9,872,193
<i>Water Supply Infrastructure</i>	3,310,587	3,986,854	4,763,230
<i>Sanitation Infrastructure</i>	3,540,151	4,252,683	4,868,093
<i>Solid Waste Infrastructure</i>	937,173	1,151,610	1,343,742
<i>Information and Communication Infrastructure</i>	3,200,737	3,360,780	3,516,061
Infrastructure	27,109,494	30,485,230	34,162,775
Community Facilities	3,555,350	3,975,442	4,324,621
Sport and Recreation Facilities	3,812,740	3,610,455	3,413,608
Community Assets	7,368,090	7,585,897	7,738,228
Heritage Assets	9,049	9,049	9,049
Revenue Generating	68,242	66,524	64,806
Non-revenue Generating	518,232	518,232	518,232
Investment properties	586,474	584,756	583,038
Operational Buildings	3,868,933	4,079,331	4,330,011
Housing	2,135,419	2,217,647	2,218,304
Other Assets	6,004,352	6,296,979	6,548,314
Licences and Rights	522,272	427,674	336,695
Intangible Assets	522,272	427,674	336,695
Computer Equipment	883,180	862,650	841,666
Furniture and Office Equipment	523,635	449,476	380,199
Machinery and Equipment	477,153	449,119	407,325
Transport Assets	2,272,442	2,201,311	2,123,842
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	45,747,091	49,343,093	53,122,081
EXPENDITURE OTHER ITEMS			
<u>Depreciation</u>	2,574,607	2,734,705	2,814,573
<u>Repairs and Maintenance by Asset Class</u>	4,034,292	4,393,491	4,732,564
<i>Roads Infrastructure</i>	698,302	743,414	791,736
<i>Storm water Infrastructure</i>	21,667	23,077	24,578
<i>Electrical Infrastructure</i>	523,507	557,538	593,778
<i>Water Supply Infrastructure</i>	233,175	298,339	344,483
<i>Sanitation Infrastructure</i>	318,258	388,951	440,984
<i>Solid Waste Infrastructure</i>	4,898	5,217	5,556
Infrastructure	1,799,807	2,016,536	2,201,115
Community Facilities	406,234	430,271	458,234
Sport and Recreation Facilities	56,574	59,985	63,883
Community Assets	462,808	490,255	522,117
Heritage Assets	11,357	12,096	12,882
Revenue Generating	271	288	307
Non-revenue Generating	9,817	10,456	11,135
Investment properties	10,088	10,744	11,442
Operational Buildings	213,732	227,488	242,273
Housing	74,577	79,427	84,589
Other Assets	288,309	306,914	326,863
Computer Equipment	687,364	732,045	779,626
Furniture and Office Equipment	349,715	372,436	396,644
Machinery and Equipment	7	7	8
Transport Assets	424,837	452,458	481,868
TOTAL EXPENDITURE OTHER ITEMS	6,608,900	7,128,196	7,547,137
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	46.1%	51.8%	52.8%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	124.6%	126.1%	130.2%
<i>R&M as a % of PPE</i>	9.0%	9.1%	9.1%
<i>Renewal and upgrading and R&M as a % of PPE</i>	16.0%	16.0%	16.0%

Explanatory notes to Table A9 – Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. The following chart provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the City’s strategy to address the maintenance backlog. To ensure compliance the City will embark on an asset creation project which will be finalised over a couple of years.

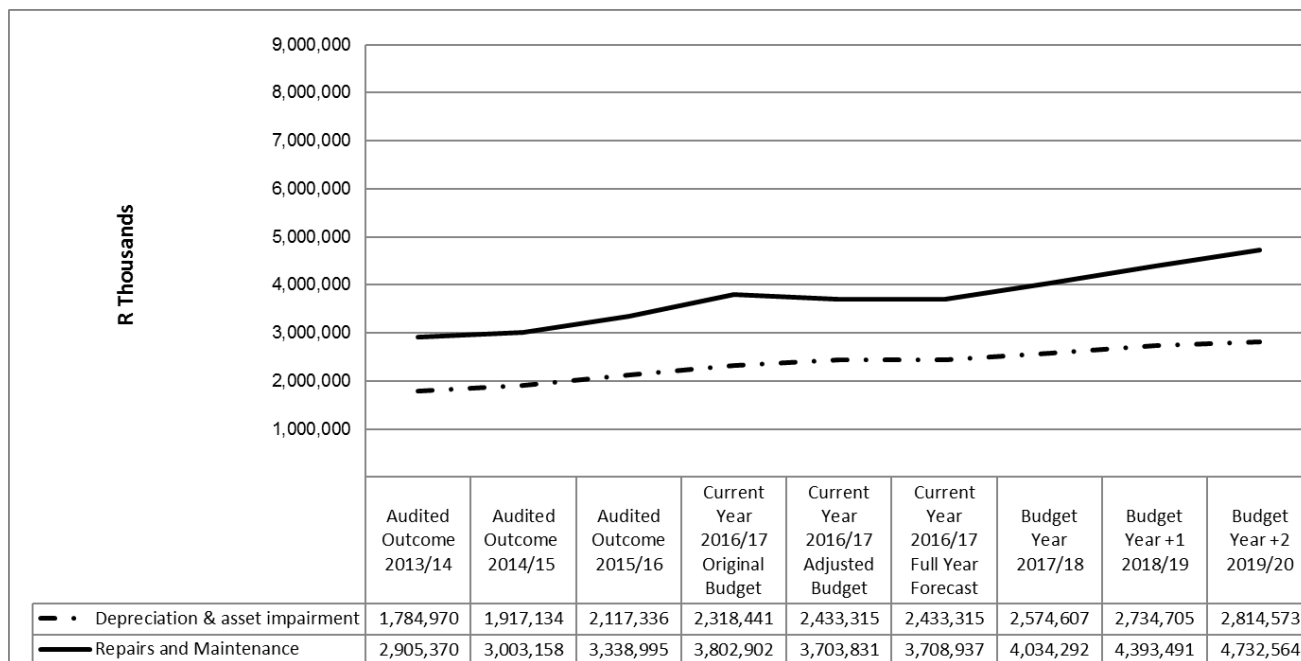


Figure 5 Depreciation in relation to repairs and maintenance for previous years and over the MTREF

Table 30 MBRR Table A10 - Basic Service Delivery Measurement

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	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets									
Water:									
Piped water inside dwelling	978,000	989,239	978,170	988,643	988,643	988,643	1,132,666	1,147,502	1,161,853
Piped water inside yard (but not in dwelling)	-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	196,000	153,853	156,755	158,433	158,433	158,433	157,038	159,094	161,084
Other water supply (at least min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	1,174,000	1,143,092	1,134,925	1,147,076	1,147,076	1,147,076	1,289,704	1,306,596	1,322,937
Using public tap (< min.service level)	8,000	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	-	-	-	-	-	-	-	-	-
No water supply	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	8,000	-	-	-	-	-	-	-	-
Total number of households	1,182,000	1,143,092	1,134,925	1,147,076	1,147,076	1,147,076	1,289,704	1,306,596	1,322,937
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	1,045,000	1,043,129	1,053,765	1,070,076	1,070,076	1,070,076	1,211,917	1,230,809	1,250,150
Flush toilet (with septic tank)	-	-	-	-	-	-	-	-	-
Chemical toilet	24,000	29,080	23,964	23,964	23,964	23,964	24,460	24,460	24,460
Pit toilet (ventilated)	1,560	-	-	65	65	65	197	197	-
Other toilet provisions (> min.service level)	70,840	70,506	57,196	52,754	52,754	52,754	52,913	51,130	48,327
<i>Minimum Service Level and Above sub-total</i>	1,141,400	1,142,715	1,134,925	1,146,859	1,146,859	1,146,859	1,289,487	1,306,596	1,322,937
Bucket toilet	600	377	-	217	217	217	217	-	-
Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-	-
No toilet provisions	40,000	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	40,600	377	-	217	217	217	217	-	-
Total number of households	1,182,000	1,143,092	1,134,925	1,147,076	1,147,076	1,147,076	1,289,704	1,306,596	1,322,937
Energy:									
Electricity (at least min.service level)	817,259	855,081	853,312	854,812	854,812	854,812	856,312	857,812	859,312
Electricity - prepaid (min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	817,259	855,081	853,312	854,812	854,812	854,812	856,312	857,812	859,312
Electricity (< min.service level)	34,703	29,429	26,464	30,841	30,841	30,841	23,464	21,964	20,464
Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
Other energy sources	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	34,703	29,429	26,464	30,841	30,841	30,841	23,464	21,964	20,464
Total number of households	851,962	884,510	879,776	885,653	885,653	885,653	879,776	879,776	879,776
Refuse:									
Removed at least once a week	936,893	938,280	965,781	975,507	975,507	975,507	995,017	1,014,917	1,035,216
<i>Minimum Service Level and Above sub-total</i>	936,893	938,280	965,781	975,507	975,507	975,507	995,017	1,014,917	1,035,216
Removed less frequently than once a week	-	-	-	-	-	-	-	-	-
Using communal refuse dump	-	-	-	-	-	-	-	-	-
Using own refuse dump	-	-	-	-	-	-	-	-	-
Other rubbish disposal	-	-	-	-	-	-	-	-	-
No rubbish disposal	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	936,893	938,280	965,781	975,507	975,507	975,507	995,017	1,014,917	1,035,216
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	-	-	231,793	222,098	222,098	222,098	255,733	255,733	255,733
Sanitation (free minimum level service)	-	-	231,793	222,098	222,098	222,098	255,733	255,733	255,733
Electricity/other energy (50kwh per household per month)	246,985	229,385	229,217	231,645	231,645	231,645	121,317	121,317	121,317
Refuse (removed at least once a week)	282,126	278,431	295,543	302,957	302,957	302,957	310,534	316,745	323,080

Table continues on next page.

City of Cape Town –2017/18 Budget

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	Budget Year +1 2018/19	Budget Year +2 2019/20
Cost of Free Basic Services provided - Formal Settlements (R'000)									
Water (6 kilolitres per indigent household per month)	–	–	202,773	212,041	212,041	212,041	314,306	352,023	390,745
Sanitation (free sanitation service to indigent households)	–	–	141,824	143,728	143,728	143,728	178,254	199,645	221,605
Electricity/other energy (50kwh per indigent household per month)	147,192	149,860	177,255	189,657	189,657	189,657	81,713	86,616	91,813
Refuse (removed once a week for indigent households)	240,842	227,951	234,084	235,401	235,401	235,401	250,702	264,491	279,038
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)	204,617	225,043	614,543	671,529	671,529	671,529	753,891	817,698	885,422
Total cost of FBS provided	592,651	602,855	1,370,479	1,452,356	1,452,356	1,452,356	1,578,867	1,720,472	1,868,624
Highest level of free service provided per household									
Property rates (R value threshold)	–	–	–	–	–	–	–	–	–
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	4	4	4	4	4	4	4	4	4
Sanitation (Rand per household per month)	59	65	79	102	102	102	132	145	160
Electricity (kwh per household per month)	60	60	60	60	60	60	60	60	60
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) (impermissible values per section 17 of MPRA)	56,583	64,639	72,334	76,186	76,186	76,186	85,195	90,733	96,631
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	–	–	–	–	–	–	1,287,875	1,371,587	1,460,741
Water (in excess of 6 kilolitres per indigent household per month)	–	–	–	159,031	159,031	159,031	235,730	264,017	293,059
Sanitation (in excess of free sanitation service to indigent households)	–	–	–	107,796	107,796	107,796	133,691	149,733	166,204
Electricity/other energy (in excess of 50 kwh per indigent household per month)	–	–	–	–	–	–	–	–	–
Refuse (in excess of one removal a week for indigent households)	–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates	31,777	30,379	22,102	22,955	22,955	24,871	26,269	27,582	28,962
Housing - top structure subsidies	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
Total revenue cost of subsidised services provided	88,360	95,018	94,436	365,968	365,968	367,884	1,768,760	1,903,653	2,045,596

Explanatory notes to Table A10 – Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The City is persistently striving to eradicate backlogs. The City's backlog status are as follows:
 - a) Water services – Cape Town's population, both formal and informal settlements, receives potable water in accordance with the National minimum standards as required by the Water Services Act 108 (of 1997). Backlogs reflected in the 2013/14 financial year was based on the City's standards and not National standards.
 - b) Sanitation services – Cape Town's population, both formal and informal settlements, receives sanitation services in accordance with the National minimum standards. Funding is still provided to further improve the service levels in Informal Settlements in line with the City's strategy. The bucket toilet value of 217 households reflected in the 'below minimum standards' category in the 2017/18 financial year is not seen as a backlog as these households using the bucket system do so despite being offered and encouraged to use alternative sanitation services which are available and accessible. It was intended to remove the remaining bucket systems in 2015/16, however it did not realise due to various challenges which included community resistance. Certain of the 25 l bucket toilets could be removed, bringing the total down from 377 during 2015 to the current 217. Initiatives to remove the remaining ones are ongoing, including a settlement upgrade as part of a new housing development project.
 - c) Electricity services – The electrification strategy is to reduce the backlog by 1 500 annually over the 2017/18 MTREF.
 - d) Refuse services does not have any backlogs.
3. The increase in the number of households receiving free basic services increase the cost for providing the services. The associated cost of providing free basic services is projected to escalate from R 1579 million in 2017/18, R 1721 million in 2018/19 and R1869 million in 2019/20.

Part 2 – Supporting Documentation

2.1 Overview of annual budget process

2.1.1 Mayoral oversight and responsibility

Section 24 of the MFMA requires the municipal council to, at least 30 days before the start of the financial year; consider the annual budget for approval. Section 53 requires the Mayor of a municipality to provide general political guidance over the budget process and the priorities that must guide the preparation of the budget. In addition, regulation 4, of the Municipal Budget and Reporting Regulations (MBRR), gazetted on 17 April 2009, states that:

(1) The mayor of a municipality must establish a budget steering committee (BSC) to provide technical assistance to the mayor in discharging the responsibilities set out in section 53 of the Act.

(2) The Steering committee must consist of at least the following persons:

- a) the councillor responsible for financial matters;*
- b) the municipal manager;*
- c) the chief financial officer;*
- d) the senior managers responsible for at least the three largest votes in the municipality;*
- e) the manager responsible for budgeting;*
- f) the manager responsible for planning; and*
- g) any technical experts on infrastructure*

The City has an established BSC that embodies all the requirements as set out in the MFMA. In addition, the Budget Strategy Committee (BSM) was also established in 2013. The purpose of the BSM is to provide strategic guidance and ensure that the budget is aligned to the City's strategies.

The 2017/18 MTREF coincides with the new term of office, a new IDP, new strategic objectives, a new Organisational Development Transformation Plan (ODTP) and required a change in focus of the City's Capital and Operating investment. This included adopting a differentiated budgeting approach for the 2017/18 MTREF. The principles of cost containment and elimination of wasteful expenditure, reprioritisation of spending and attainment of savings were the technical themes of the budget

The ODTP came into effect 1 January 2017 which required the 2016/17 mid-year Adjustment budget to incorporate the new organisational structure. This together with the appointment of new senior management resulted in a later start than normal to the budget process with budget hearings taking place in January / early February 2017.

2.1.2 Budget process overview

Section 21 of the MFMA requires the Mayor to table a time schedule that sets out the process to draft the IDP and prepare the budget, 10 months before the start of the new financial year. The IDP- and budget cycle time schedule was tabled at Council on 24th August 2016.

The election on 3 August 2016 necessitated an amendment to the budget timelines for the 2017/18 MTREF. The interaction and budget engagements normally scheduled between September and November with Subcouncils and Portfolio Committees were excluded due to the recess of such committees in anticipation of its official constitution and terms of reference.

The budget process for the 2017/18 MTREF period proceeded according to the following timeline:

July - August 2016

The 2017/18 IDP/Budget timetable was tabled at Council.

September - October 2016

BSM guidance on key parameters including financial and economic assumptions applied to the Long Term Financial Plan (LTFP) model.

November – December 2016

Continuous refinement of the LTFP to ensure a credible, affordable and sustainable budget over the medium term. Reiterative interactions with BSC and BSM on key parameters including financial and economic assumptions applied to the LTFP model.

January – March 2017

Budget hearing meetings were held with the Executive Directors and relevant Mayco members to ensure, amongst other, budget alignment to the City's newly adopted ODTP, draft IDP and other City strategies. Detailed operating- and capital budgets were prepared.

March - April 2017

The draft 2017/18 operating and capital budgets and IDP review schedule were tabled at Council on 29 March 2017.

The budget, IDP and tariff proposals were published for comment and consultation as part of the public participation process with the closing date for comments being 21 April 2017. These comments were then considered for inclusion in the final budget submission (May 2017).

April - May 2017

The 2017 LG MTEC engagement took place on 26 April 2017; the final LG MTEC assessment report received from Provincial Treasury will be submitted to the May 2017 Council meeting.

The 2017 Municipal Benchmark Engagement with National Treasury (NT) took place on 11 and 12 May 2017. Feedback from this engagement will be communicated to Council on receipt of the report from NT.

The 2017/18 MTREF budget, IDP review and BEPP is scheduled for consideration and adoption by Council on 30 May 2017.

2.1.3 Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP)

The City's IDP is its principal strategic planning instrument, which guides and informs its on-going planning, management and development actions. The IDP represents the city administration's commitment to exercise its executive authority. This Five Year Term of Office Plan, is in line with National and Provincial government legislation and is effectively the local government's blueprint by which it strives to realise its vision for Cape Town in the short, medium and long term.

The 5-Year term of office IDP (2017/18 – 2021/22) was developed in line with the Term of Office IDP Process Plan (2017/18 – 2021/22) and the annual IDP and Budget Time schedule which were approved by Council.

The annual IDP and Budget Time schedule and IDP process plan applicable to the IDP (2017/18-2021/22) included the following key IDP processes and deliverables:

- Advertisement of the process plan on website, local newspapers and notice boards.
- Planning for the drafting of the Term of Office IDP
- Public inputs for drafting the IDP
- Table draft Annual Report to Mayco / Council in January 2017.
- Table draft IDP and Budget Report to Mayco and Council.
- Public comments on the final draft IDP
- Final approval of the IDP (including the Corporate Scorecard) and Budget document by Council in May 2017).
- Notification of approved IDP and Budget to public.

2.1.4 Community Consultation

The 2017/18 Draft Budget was advertised on 31 March 2017 in terms of the Local Government: Municipal Systems Act No. 32 of 2000, Municipal Finance Management Act No. 56 of 2003 and the Municipal Property Rates Act No. 6 of 2004. The period for public comment closed on Friday 21 April 2017.

The Process

The following mechanisms for communication of the draft Budget were used, in order to create optimal conditions for the community to understand the content of - and participate in the process:

- Notice of the commencement of the public participation process was communicated via a media release which informed residents of the public participation process as well as the closing date for comments;
- Advertisements were placed in all major newspapers in circulation including the Cape Argus, Die Burger, Helderberg Gazette, People's Choice, Tygerburger, City Vision, Weskus Nuus, Impact News, Isolabantu News, The Voice and Die Son;
- The draft budget was uploaded onto the City's website, and notices were placed in all municipal accounts and also via e-billing;
- Social media (Facebook and Twitter) were used to create a further platform for residents to comment;

- Invitations to participate in the process were extended to all Community Organisations registered on the sub-council databases;
- The draft budget document was copied onto CDs and distributed to Libraries and Sub-council offices as well as having been made available at the Civic Centre and the Plessey Building in Plumstead where residents could view it;
- A Business breakfast was hosted by the Mayco Member for Finance with strategic partners including, the Cape Chamber of Commerce, WESGRO, ACSA, the Provincial Department for Human Settlements, and other bodies; and
- 10 public meetings, hosted by the Area Based Mayco Members were held at venues across the City and in the four Area Based Service Delivery Areas, in alignment with the ODTP. These meetings were held in Atlantis, Kraaifontein, Macassar, Khayelitsha, Gugulethu, Parow, Rocklands, Constantia, Somerset West and Hangberg.

In addition, “Have your say forms” were available at all meetings where residents who were unable to air their views during the meeting, could submit written comments.

Officials from Customer Relations Management also were present at meetings to take down C3 service delivery complaints, should residents wish to do so. These have been submitted to the departments for action.

A further 11 more intensive engagements (meetings/street corner sessions) were conducted in Informal Settlements across the City.

The overall attendance at all face-to-face engagements across the Metro was 2599.

The City received 1457 comments as detailed in Annexure A and reached in excess of 1.6 million people through its various mechanisms of communication referred to above.

Where departmental responses are outstanding, these are continuously being sourced and will be included in the feedback process to members of the public.

2.2 Overview of alignment of annual budget with Integrated Development Plan (IDP)

The City’s priority objectives are set out in its IDP, which provides the strategic framework that guides the city’s planning and budgeting over the course of the five-year political term.

To this extent this IDP consists of two main parts, being a **strategic plan**, which contains the longer term strategic vision, priorities and narrative as well as an **implementation plan**, which focuses only on **key** strategic programmes, projects and initiatives that will support the achievement of the priorities through the 5-year term of office.

The pillars (Opportunity City, Safe City, Caring City, Inclusive City and the Well-run City) are unpacked into 11 priorities (transformed into 11 objectives), which are then broken down into programmes and projects that are underpinned by the budget. This realistic and sound budget supports the credibility of the process. Resources were allocated firstly through budget prioritisation at a corporate level and pulled through to the directorate and department Business plans.

The Corporate Scorecard is the strategic tool used by the community and the city to monitor progress against delivery.

The intergovernmental development agenda for Cape Town

The City engages with the Province and National Government in a structured and functional manner. At a political level, formal engagements between the Provincial Cabinet and the City's Mayoral Committee take place quarterly. At a technical and administrative level, sectoral as well as three formal engagements take place between the Province's Heads of Department as well as the Executive Management Team (EMT) of the City.

These are aimed at ensuring maximum benefit for the City through better planning, coordination and accountability among all spheres of government; enhancing the City's strategic objectives of infrastructure investment for economic growth, service delivery excellence and institutional efficiency; and achieving better and more efficient resource utilisation. In short, all the aforementioned engagements are aimed at ensuring that the City extracts value and benefit from its participation in intergovernmental and international cooperative relations.

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

- National Development Plan,
- 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 (NKPI),
- Accelerated and Shared Growth Initiative (ASGISA),
- National 2014 Vision,
- National Spatial Development Perspective (NSDP), and
- The National Priority Outcomes.

The vision of the City is:

To be an opportunity city that creates an enabling environment for economic growth and job creation, and to provide assistance to those who need it most. To deliver quality services to all residents. To serve the citizens of Cape Town as a well-governed and corruption free administration.

In pursuit of this vision the City's mission is as follows:

- To contribute actively to the development of its environment, human and social capital
- To offer high-quality services to all who live in, do business in or visit Cape Town
- To be known for its efficient, effective and caring government.

The budget is allocated against the five strategic focus areas at a corporate level. This visionary framework is rolled out into objectives, key performance indicators (KPI) and targets for implementation. These are then broken down into Service Delivery and Budget Implementation Plans (SDBIP) that reflect the detailed projects. Each of these projects is allocated budgetary and other resources. The figure below visually represents the link between the IDP and the Budget and demonstrates how corporate strategy is cascaded through the organisation, and how it influences and shapes the operating and capital budgets of the various directorates and departments within the City.

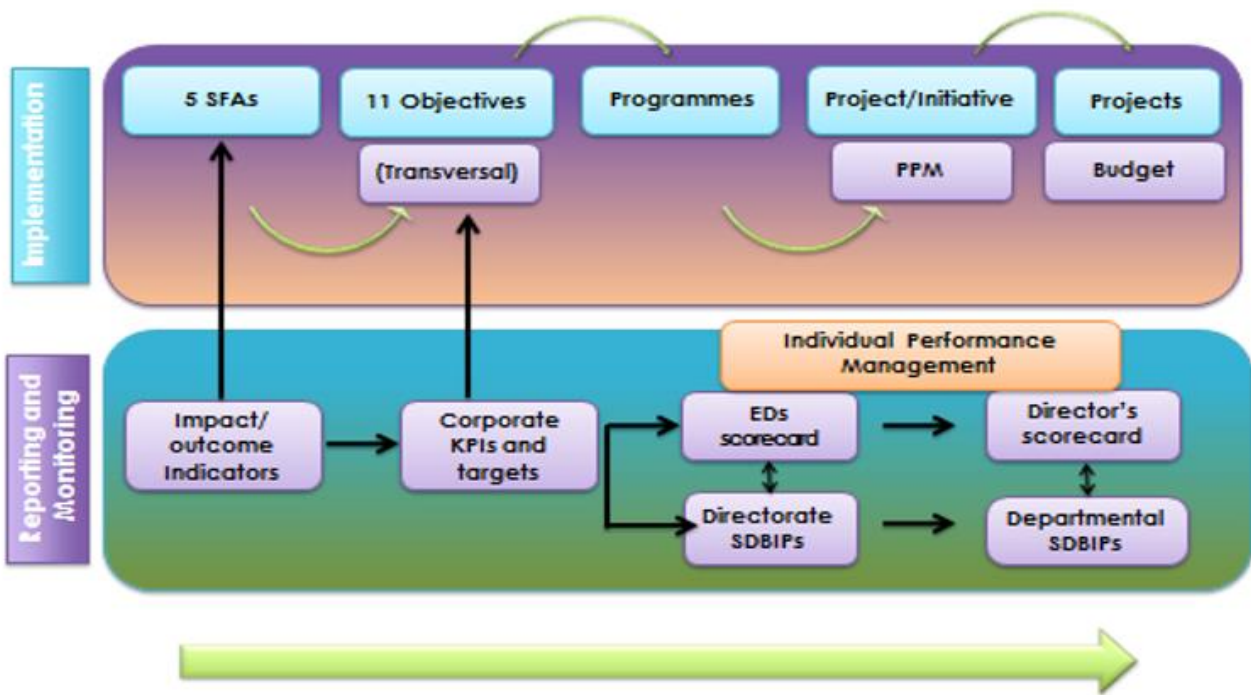


Figure 6 IDP and Budget link

The Corporate SDBIP Book merely combines and set out the various components in the format required by National Treasury.

The tables below provide further details on the reconciliation between the IDP strategic objectives, the operating revenue and expenditure and the capital expenditure budget.

Table 31 MBRR Table SA4 - Reconciliation between the IDP strategic objective and budgeted revenue

Strategic Objective	Goal	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand				
Opportunity City	Position CT as globally competitive City	6,508,985	7,212,839	7,976,646
	Leveraging Technology for Progress	27,905	29,439	31,058
	Economic Inclusion	–	–	–
	Resource Efficiency and Security	1,685	1,955	1,430
Safe City	Safe Communities	1,242,927	1,280,617	1,349,809
Caring City	Excellence in Basic Service delivery	14,347,408	15,517,104	16,874,655
	Mainstreaming basic service delivery to informal settlements and backyard dwellers	42,443	56,000	36,000
Inclusive City	Dense and Transit Orientated Growth and Development	16,423	7,050	6,150
	An Efficient Integrated Transport System	498,583	514,892	541,004
	Building Integrated Communities	655,175	715,868	768,758
Well-Run City	Operational sustainability	14,900,449	16,035,158	17,150,416
Total Revenue (excluding capital transfers and contributions)		38,241,983	41,370,923	44,735,926

Table 32 MBRR Table SA5 - Reconciliation between the IDP and strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand				
Opportunity City	Position CT as globally competitive City	8,088,602	8,854,995	9,556,270
	Leveraging Technology for Progress	328,799	356,571	375,607
	Economic Inclusion	73,396	201,246	213,532
	Resource Efficiency and Security	190,149	190,529	204,841
Safe City	Safe Communities	3,197,496	3,406,877	3,651,529
Caring City	Excellence in Basic Service delivery	15,159,946	16,250,947	17,597,847
	Mainstreaming basic service delivery to informal settlements and backyard dwellers	591,017	623,333	639,217
Inclusive City	Dense and Transit Orientated Growth and Development	89,896	80,536	86,101
	An Efficient Integrated Transport System	1,575,064	1,616,436	1,704,808
	Building Integrated Communities	1,272,778	1,378,633	1,493,317
Well-Run City	Operational sustainability	6,764,967	7,621,219	8,408,000
Total Expenditure		37,332,109	40,581,322	43,931,069

Table 33 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	2017/18 Medium Term Revenue & Expenditure Framework		
			Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand					
Opportunity City	Positioning Cape Town as forward looking globally competitive City	1.1	2,970,944	3,325,874	3,641,674
	Leveraging Technology for Progress	1.2	266,585	261,335	260,635
	Economic Inclusion	1.3	50	50	2,000
	Resource Efficiency and Security	1.4	98,998	168,598	117,821
	Safe Communities	2.1	193,060	105,722	50,515
Caring City	Excellence in Basic Service Delivery	3.1	1,224,118	1,094,966	849,682
	Mainstreaming basic service delivery to informal settlements and backyard dwellers	3.2	307,658	233,659	260,943
Inclusive City	Dense and Transit Orientated Growth and Development	4.1	38,000	97,800	127,600
	An Efficient, Integrated Transport System	4.2	985,021	647,449	702,469
	Building Integrated Communities	4.3	59,211	77,397	52,552
Well-run City	Operational sustainability	5.1	820,421	651,054	874,700
Total Capital Expenditure			6,964,066	6,663,902	6,940,591

2.3 Measurable performance objectives and indicators

The Corporate Scorecard is the strategic tool used by the community and the city to monitor progress against delivery.

The City’s cycle and process of performance management system can be graphically illustrated as follows:

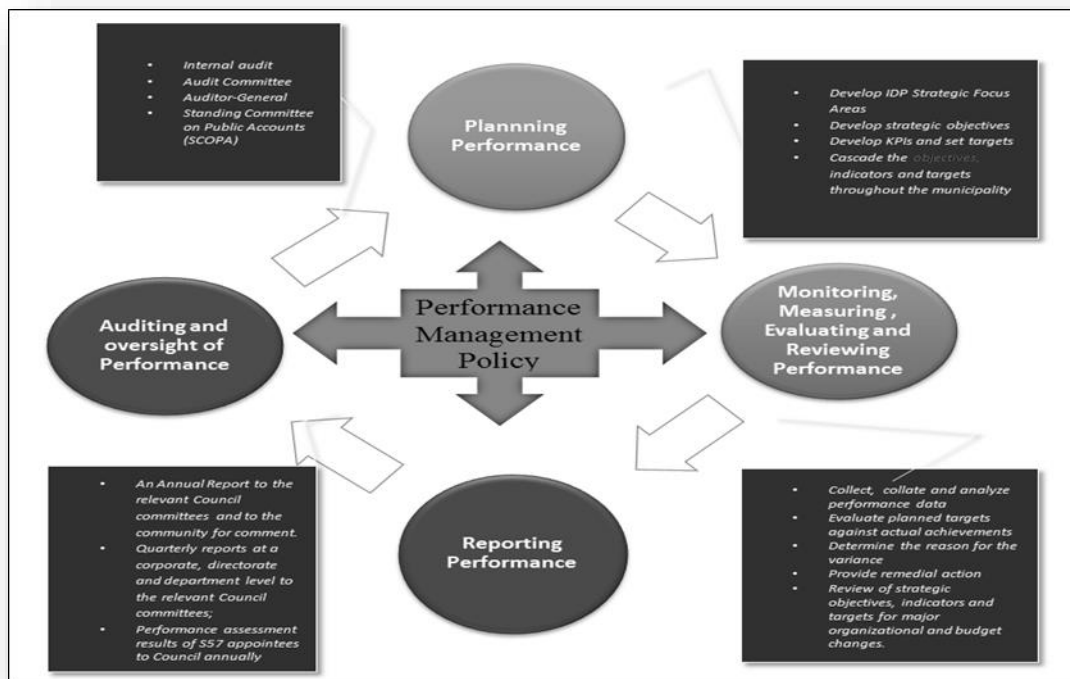


Figure 7 Cycle and process of the performance objectives and indicators

The City must involve the community in deciding what priorities and needs it want to achieve. Community involvement will be in line with relevant legislation and approved policy.

The planning cycle delivers a five year and annually reviewed IDP (including a Corporate Scorecard with definitions), an annual Corporate, Directorate and Departmental SDBIPs, Performance Indicator Measurement Sheets, S57 Performance Plans and Individual Performance Assessments.

Planning ensures that clear strategic direction is set and prioritised. Planning is informed by feedback on performance. This is the stage where Strategic Focus Areas (SFAs), objectives, performance indicators and targets are determined. Indicators measure the extent to which objectives are being achieved, indicating performance in relation to outcomes, outputs, activities and inputs. Targets set the level of performance to be achieved within a defined period of time.

Indicators must be measurable, relevant, objective and precise. They must include outcomes, output and input indicators. National general indicators must be included. Proxy indicators will be used until auditable and cost effective systems and processes are in place to measure the National general indicators.

The IDP will be set for the five-year term of office of the elected council and reviewed annually. It will include the SFAs, corporate objectives (strategic objectives), corporate indicators and targets. There will be a direct relationship between the SFA, corporate objective, corporate indicator and target. The actual achievements of targets set for the objectives will be reported on quarterly bases where appropriate. They will form the platform for the quarterly and annual reports on performance.

The components will be interlinked to ensure implementation. All the corporate objectives and indicators will cascade into a directorate and/or a departmental SDBIP and/or the City Manager's and/or a section 57 appointees' scorecards.

Monitoring, Measuring, Evaluating and Reviewing performance

Monitoring and measuring are the processes and procedures to collect, collate and analyse organisational performance data on an on-going basis to determine whether planned performance targets have been met, exceeded or not met. It will take place on a quarterly and an annual basis. The performance evaluation results are determined by regular management meetings to establish:

- Year- to- date performance progress and reasons for variances for both under- or over performance; and
- Remedial action (effective methods of correction or enhancement), if any, which need to be taken to achieve the agreed performance targets.
- A date for implementation and a responsible person will be identified.

A review of indicators and targets can take place to the extent that changing circumstances so demand and in accordance with a prescribed process. These are limited to major organisational changes and when the budget is adjusted.

Reporting performance includes an Annual Report to the relevant Council committees and to the community for comment and Quarterly reports at corporate, directorate and department level to the relevant Council committees.

Auditing and Oversight

Internal Audit and Audit Committee (includes the Performance Management committee) review the OPM system for functionality, performance information and compliance. The Auditor General and the Municipal Public Accounts Committee (MPAC) reviews the Annual Report.

The final measurable performance indicators to be accomplished in 2017/2018 will be approved by the Executive Mayor in June 2017 as part of the Corporate Service Delivery and Budget Implementation Plan.

The following MBRR table sets out the main performance objectives and benchmarks for the 2017/18 MTREF.

Table 34 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2017/18 Medium Term Revenue & Expenditure		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Borrowing Management</u>				
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	4.2%	5.2%	6.1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	4.9%	6.2%	7.2%
Borrowed funding of 'own n' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	54.2%	55.9%	58.1%
<u>Safety of Capital</u>				
Gearing	Long Term Borrowing/ Funds & Reserves	253.1%	269.0%	279.1%
<u>Liquidity</u>				
Current Ratio	Current assets/current liabilities	1.3	1.4	1.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.3	1.4	1.5
Liquidity Ratio	Monetary Assets/Current Liabilities	0.7	0.7	0.8
<u>Revenue Management</u>				
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	0.0%	92.4%	92.5%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		92.4%	92.4%	92.5%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	17.9%	17.7%	17.5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old			
<u>Creditors Management</u>				
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	96.5%	96.5%	96.5%
Creditors to Cash and Investments		144.2%	111.6%	86.4%
<u>Other Indicators</u>				
Electricity Distribution Losses	Total Volume Losses (kW)	1,132,000,000	1,132,000,000	1,132,000,000
	Total Cost of Losses (Rand '000)	923,033	996,875	1,076,625
	% Volume (units purchased and generated less units sold)/units purchased and generated	11.4%	11.4%	11.4%
Water Distribution Losses	Total Volume Losses (kℓ)	73,029,336	73,029,336	73,029,336
	Total Cost of Losses (Rand '000)	303,557	321,770	341,076
	% Volume (units purchased and generated less units sold)/units purchased and generated	21.35%	21.35%	21.35%
Employee costs	Employee costs/(Total Revenue - capital revenue)	31.51%	31.36%	31.59%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	31.92%	31.76%	31.98%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	10.59%	10.66%	10.61%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	9.69%	10.42%	10.65%
<u>IDP regulation financial viability indicators</u>				
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	23.1	21.9	23.6
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	23.7%	23.4%	23.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	2.0	2.1	2.1

2.3.1 Performance indicators and benchmarks

2.3.1.1 *Borrowing Management*

The City's capital expenditure is funded from four sources, namely, government grants, public contributions and donations, borrowing and internally generated funds. The City's borrowing is done in terms of chapter 6 of the MFMA and the City's borrowing policy, in terms of which a long term loan will only be entered into if it's affordable and sustainable. It is influenced by the capital investment requirement over the 2017/18 MTREF. The City needs a credit rating to demonstrate its ability to meet its short and long term financial obligations. Potential lenders also use it to assess the City's credit risk, which in turn affects the pricing of any subsequent loans taken. Factors used to evaluate the creditworthiness of municipalities include the economy, debt, finances, politics, management and institutional framework.

On 4 April 2017, Moody's placed the City of Cape Town's long-term global scale issuer rating on review for downgrade. The decision reflects the close operational and financial linkages between the national government and municipalities and follows the potential weakening of the South African government's credit profile, in particular in the country's institutional, economic and fiscal strength, as captured by Moody's recent decision to place South Africa's Baa2 government bond ratings on review for downgrade. The City of Cape Town's national scale ratings of Aaa.za/P-1.za were not affected by the action.

The following financial performance indicators have formed part of the compilation of the 2017/18 MTREF:

- Capital charges to operating expenditure are the measure of the cost of borrowing in relation to the operating expenditure. This ratio averages 5.2% over the 2017/18 MTREF which indicates that the City spends an average of 5% of its operating expenditure budget annually on finance charges, which is considered feasible and sustainable.
- Borrowing funding as a ratio of own capital expenditure reflects the degree to which own capital expenditure (excluding government grants and public contributions) has been funded by way of borrowing. The ratio shows 54.2% for 2017/18 and averages 57% over the two outer years of the 2017/18 MTREF. This ratio shows that the City's borrowing is affordable and sustainable over the medium term.

2.3.1.2 *Safety of Capital*

The gearing ratio is a measure of the total long term borrowings over funds and reserves. The City does not agree with the methodology applied to calculate this ratio. The preferred calculation is borrowing less call investment deposits divided by community wealth/equity, of which the City's outcome over the 2017/18 MTREF averages 6%.

2.3.1.3 *Liquidity*

- The current ratio is used to assess the City's ability to pay back its Short-term Liabilities (Debt and Payables) with Short-term Assets (Cash, Inventory, Receivables). According to National Treasury circular 71 the higher the current Ratio, the more capable the Municipality will be to pay its current or short-term obligations and provide for risk cover to enable it to continue operations at desired levels. It is preferable that the ratio is at least above one. This ratio for the City averages 1.4 over the 2017/18 MTREF.

- The liquidity ratio is a measure of the ability of the City to utilise cash and cash equivalents to extinguish or retire its current liabilities immediately. Anything below 1 indicates a shortage in cash to meet creditor obligations. In this instance the City also does not agree with the methodology applied to calculate the ratio. The preferred calculation is current assets less inventory, divided by current liabilities. This ratio for the City averages 1.41 over the 2017/18 MTREF.

2.3.1.4 Revenue Management

- Debt Management actions, including legal actions are carried out against debtors who can pay, but choose not to, with a special focus on:
 - The categorization of accounts into high value accounts: Business and Residential;
 - The top 1000 debtors,
 - Government accounts,
 - Staff and councillor arrears and
 - Appropriate action against irrecoverable debt.
- Allocating high value accounts to area offices to follow up on debtors within their respective areas.
- Limiting/blocking of electricity prepaid meters: Collecting other debts via the prepaid electricity meters.
- Debtors who are experiencing difficulties in paying their accounts are given options to either enter into affordable payment arrangements or to apply to be registered as indigent or apply for rates rebates offered. The City provides the option of an affordable payment plan for debtors to settle their arrears, where compliance with the agreed payment plan leads to the suspension of all debt management actions and interest being raised until the arrears is paid in full.
- Adverse Credit Listing
 - Adverse credit listing – enforce debtors who are actively credit users to settle their debts, otherwise they cannot enter into any other credit/loan agreements.
- Handing over of accounts, which could lead to a sale in execution(SIE) of the property to recover the municipal debts
 - Focus on the high value accounts handed over for legal actions.
 - Progress of accounts handed over to the appointed panel of attorneys is performance managed and monitored.
- In addition to the above, the City's strategy for the Indigent debtors are:
 - Water leaks are fixed on all indigent properties, free of charge.
 - Water demand management devices (WDM) and prepaid electricity meters are installed free of charge.
 - Once the water leaks have been repaired and the WDMs and pre-paid electricity meters are installed, a once off write off is done of all the outstanding debt.
 - Council has approved the writing off of all interest charges as well as the suspension of interest charges on indigent properties, until the water leaks have been repaired, the WDMs and the pre-paid electricity meters have been installed and applicable outstanding debts have been written off.

2.3.1.5 Creditors Management

- In compliance with Section 65 of the Municipal Finance Management Act (MFMA), the City has continuously managed to ensure that all its creditors are settled within 30 days of invoice or statement in all cases where goods and services are rendered timeously and in good condition. In isolated instances, where services cannot be rendered on time, existing follow-up procedures and control measures are applied to ascertain reasons, thus facilitating timeous payments. It is built-in within the City's payment process and also ensured that suppliers are familiar with all the agreed payment terms and conditions. This remarkable service excellence is attributable to strong business relations that exist between the City and its suppliers.

2.3.1.6 Other Indicators

- Electricity distribution losses
Performance in 2015/16 has shown that Electricity distribution losses are around 11.42%. The City has strategies to arrest the losses including the appointment of additional revenue protection Teams which is having significant success. Losses have been growing over the last number of years while still within the benchmark, budgeting for a constant loss factor is prudent.
- Water distribution losses
High priority is being given to a comprehensive water loss reduction strategy with detailed action plans to address and reduce each of the physical or real losses and apparent losses. The Water and Sanitation Department are applying the resources required to implement Water Demand Management interventions, including:
 - Education and awareness programmes;
 - Leak Detection and repair;
 - Pressure Management Systems to minimise leakage in the system and reduce night flows;
 - Pipe replacement programme (priority areas as well as alignment with the pressure management system);
 - Meter Replacement programme to improve accuracy of meters.

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

The free basic services described in section 1.4.2 Free Basic Services: Basic Social Services Package on page 28 are provided on the basis that as the value of the property increases above R100 000 it is deemed that there should be some funds available to pay a small portion of the costs of the services, gradually increasing till the full costs (less the rebates granted to all residential properties) are billed when the valuation exceeds R400 001. These value driven rebates are allocated automatically by the billing system when the invoices are produced, the administration costs are therefore absolutely minimal.

Residents needing free basic services in addition to that provided via the billing system register with the City on a periodic basis to receive the same benefits as if their property values were below R100 000.

Residential properties valued higher than R400 000 pay the normal municipal rates and tariffs, after allowing the valuation rebate of up to R200 000.

The basic social package rebates can be summarized as follows:

Table 35 Basic social package rebates

Property Value	Refuse Removal charges	Water & Sanitation	Rates
R350 001 – R400 000	25%	R132.11 indigent grant to provide for additional 4.5kl free water (in addition to the 6kl) and 3.15kl free sanitation (in addition to the 4.2kl)	-
R300 001 – R350 000	50%	R132.11 indigent grant to provide for additional 4.5kl free water (in addition to the 6kl) and 3.15kl free sanitation (in addition to the 4.2kl)	-
R200 001 – R300 000	50%	R132.11 indigent grant to provide for additional 4.5kl free water (in addition to the 6kl) and 3.15kl free sanitation (in addition to the 4.2kl)	-
R150 001 – R200 000	50%	R132.11 indigent grant to provide for additional 4.5kl free water (in addition to the 6kl) and 3.15kl free sanitation (in addition to the 4.2kl)	100%
R100 001 – R150 000	75%	R132.11 indigent grant to provide for additional 4.5kl free water (in addition to the 6kl) and 3.15kl free sanitation (in addition to the 4.2kl)	100%
R100 000 and below	100%	R132.11 indigent grant to provide for additional 4.5kl free water (in addition to the 6kl) and 3.15kl free sanitation (in addition to the 4.2kl)	100%

The free services provided to the households in informal settlements are not included in this document. Such services include water via standpipes, refuse removal via skips or bags and access to rate funded services such as clinics, libraries, etc.

2.3.3 Providing potable water and managing waste water

In managing the provision of drinking water and the treatment of wastewater, the City performs the dual role of Water Service Authority and Water Service Provider. It also provides bulk drinking water to adjacent local authorities namely Drakenstein Municipality and Stellenbosch Municipality.

Blue Drop Status

The entire water supply system (including the City-owned catchments, dams, twelve water treatment plants, the bulk conveyance system and the whole distribution system) was assessed in all five Blue Drop audits since inception of this programme by the Department of Water and Sanitation (DWS) in 2009. Subsequent to achieving 100% in the first assessment, the City scored 98.2%, 97.6%, 98.1% and 95.9% respectively in the progressively more stringent follow-up audits. Since the beginning of the Blue Drop programme, the City has been in the top scores for the country.

As Water Service Provider the City constantly strives to improve its performance with respect to water quality management. Water safety planning and risk mitigation methodologies are integrated into its management processes. Although no major corrective interventions are currently required in terms of the water safety plan, the City will constantly evaluate the need for additional risk mitigation barriers. Although provision is made in the normal budget allocations to maintain the high standards already achieved, should additional safety barriers be identified, then budgetary allocations will prioritise the associated intervention.

Major Water Projects included in the future Capital Programme are:

- Bulk Water Augmentation Scheme- It is required to augment, refurbish and maintain the City's bulk water supply system, to ensure a safe, reliable and sustainable supply of water to Cape Town and its surrounding region. The Bulk Water Augmentation Scheme includes new major reservoirs as well as a new water treatment plant and distribution bulk mains.
- Water supply Baden Powell to Khayelitsha- New bulk supply main (1000mmØ) off the existing Faure 2400mmØ pipeline to supplement the water supply to the Khayelitsha area. This will increase the supply to the area which will accommodate the formalisation of various areas within Khayelitsha.
- Distribution to Belhar CBD- The proposed residential, commercial, retail and industrial developments in Belhar CBD requires network reinforcement in the form of a 800mmØ supply main.
- In light of the current climatic condition in the greater Cape Town Region, drastic water saving measures have also been implemented. In addition, the City will be implementing various small-scale emergency water supply schemes, to increase supplies in the short term. These supply schemes include:
 - Drilling of boreholes into the Table Mountain Group Aquifer (TMGA)
 - Drilling / Wellfield into the Cape Flats Aquifer
 - Small-scale desalination package plant
 - A small-scale water re-use for drinking use plant

Green Drop Status

The City has a risk-based approach in place whereby the strategic risks to the wastewater business have been identified, rated and mitigation measures have been put in place. The plan is being implemented but there is a significant financial requirement for maintaining, rehabilitating and replacing the ageing assets to mitigate the critical risks in the Wastewater Risk Abatement Plan (WWRAP). This plan is specifically related to new licence conditions imposed by the national Department of Water and Sanitation. This document is reviewed to further refine prioritisation of the risks and resource allocations. The City has clear objectives based on a sound baseline and knowledge of their processes and technologies. The application of risk management and abatement is an integral part of the wastewater business.

The City received 12 Green Drops and an overall score of 89.7% for its 27 wastewater treatment systems during the 2012/13 assessment up from the 11 Green Drops awarded and the 86.8% score achieved in 2011/12.

The City continues to display a strong commitment to improving wastewater treatment and its Green Drop scores and strives for on-going improvement by the implementation of the principles of best practices management throughout the entire workforce.

The primary problems experienced are that of ageing infrastructure which need to be rehabilitated or replaced, rapid population growth, maintenance of the existing assets, a shortage of relevant skills, as well as more stringent licence conditions.

Additional challenges include significant financial investment requirements

- for new infrastructure to cater for the rapidly developing city, and
- to improve on the existing wastewater effluent quality -to meet the stringent licence conditions imposed by DWS.

These problems are being experienced throughout South Africa and the City is addressing such challenges via recruitment of appropriate staff and training existing staff- in an effort to minimise the shortage of experienced employees. The City 's Water & Sanitation department has formulated comprehensive long term master plans (for wastewater, bulk water and the sewer and water reticulation services) and improved business processes. This allows for efficient allocation of financial resources to create new facilities with appropriate technologies and expanding as well as maintaining existing assets.

Major Wastewater Projects are:

- Zandvliet Ext (WWTW)- Due to various developments taking place within the Zandvliet catchment, the treatment works is currently overloaded and therefore to accommodate future developments, the plant is to be upgraded over two phases to a maximum capacity of 100MI/d.
- Macassar Ext (WWTW)- Taking into consideration the Blackheath to Macassar transfer pipeline which is to divert approximately 8MI/d from Zandvliet to Macassar wastewater treatment work as well as various developments within the catchment, the treatment works will be upgraded to capacity of 70MI/d.
- Potsdam Ext (WWTW)- Future development of the greater Blaauwberg areas such as Sunningdale and Rivergate amongst others is expected to generate an additional demand on the catchment and subsequently on the treatment work. It is planned to upgrade the treatment work to a capacity of 100MI/d.
- Sir Lowry's Pass- A new rising main from the Gordons Bay WWTW and bulk sewer to alleviate the pressure on the "Trappies" sewer. Sewer flows are diverted to the Helderberg Costal pump station which falls within the Macassar WWTW catchment.

The capital budget is allocated for increased treatment capacity, process improvements and improved effluent quality.

2017/18 Budget and MTREF proposed allocations

The capital budget is allocated for increased treatment capacity, process improvements or improved effluent quality.

The proposed 2017/18 capital budget is shown on table 36 below.

Table 36 Wastewater Treatment Facility Capital Budget

Wastewater Treatment Facility	Project	Budget Year 2015/16	Budget Year 2016/17		Budget Year 2017/18
			Original budget	Adjusted Budget	
R Thousand					
Bellville	20 ML/d increase in treatment capacity	300	60,500	43,650	71,650
Athlone	Capacity Extension-phase 1	500	10,000	6,000	6,000
Cape Flats	Disinfection of Effluent	18,487	40,000	28,000	36,000
Zandvliet	18 ML/d increase in treatment capacity	36,304	187,757	108,862	199,080
Gordons Bay WWTW-Improvements	Upgrade	17,120	500	500	
Borchards Quarry	Replacement of Centrifuges with Belt Presses	47,865	50,000	99,900	95,500
Mitchells Plain	Replacement of Centrifuges with Belt Presses	101,751	50,500	50,000	10,800
Scottsdene	Capacity extension	3,782	13,000	4,500	12,100
Hout Bay	Refurbishment	7,600		14,500	
Potsdam	Extension	828	8,000	2,120	4,000
Melkbos	Effluent Disinfection	1,400	10,000	3,000	6,000
Wesleur WWTW	Capacity Extension	2,500	1,000	1,000	20,000
Macassar WWTW	Capacity Extension	-	5,000	290	15,050
Infrastructure Replace / Refurbish	Replace & Refurbish WWTW Plants	112,389	14,110	29,605	6,200
Total for New Infrastructure		350,827	450,367	391,927	482,380

The proposed 2017/18 operating budget is shown in the table below.

Table 37 Wastewater Treatment Facility Operating Budget

Category	Budget Year 2015/16		Budget Year 2016/17		Budget Year 2017/18
	Original budget	Adjusted Budget	Original budget	Adjusted Budget	
R Thousand					
Remuneration	116,166	116,166	124,656	124,253	141,123
Depreciation	89,725	93,436	97,515	109,930	117,821
Repairs & Maintenance	105,286	105,286	202,803	114,927	127,515
Contracted Services	64,227	68,736	72,534	74,467	82,898
General Expenses	165,538	160,506	174,396	159,157	181,158
Interest Internal Borrowings	81,656	80,506	80,742	73,930	79,939
Appropriation Account	207,159	199,609	228,045	200,699	327,576
Internal Utilities Expenditure	94,181	94,181	113,541	113,541	98,010
Insurance Departmental	5,540	5,540	5,924	5,924	4,968
Activity Based Costs	31,218	31,168	-76,222	15,491	28,735
Support Services	41,767	41,767	53,806	48,917	70,414
Total	1,002,463	996,901	1,077,740	1,041,236	1,260,157

2.4 Overview of budget related-policies

2.4.1 Approved policies

The following budget-related policies have been approved by Council and are available on the City's website.

- Mayor's Special Fund (approved September 2011)
- Funding and Reserves Policy (approved May 2010)
- Supply Chain Management Policy (approved July 2013)
- Management and Investment Policy (approved October 2015)
- Asset Management Policy (approved February 2013)
- Fare Policy for Contracted, Road-based Public Transport (approved May 2014)

2.4.2 Policies reviewed and not amended

The following policies was reviewed at the Budget Related Policy Workshops held during the year but were not amended. These policies are available on the City's website.

- Virement Policy (approved May 2016)
- Budget Management and Oversight Policy (approved May 2016)
- Long Term Financial Plan Policy (approved May 2016)
- Policy Governing Adjustment Budgets (approved May 2016)
- Unforeseeable and Unavoidable Expenditure Policy (approved May 2016)
- Policy Governing Planning and Approval of Capital Projects (approved May 2016)
- Events Policy (approved May 2013)
- Ward Allocation Policy (approved January 2014)

2.4.3 Policies reviewed and amended

The following policies were reviewed at the Budget Related Policy Workshops and amended during the year. These policies are annexed to this document for adoption at Council.

- Property (Tax) Rates – Annexure 2
- Special Rating Areas (SRA) policy, SRA additional rates - Annexure 3
- Revised Consumptive Tariffs, Rates and Basic Charges for Electricity Services, Water Services and Waste Management Services - Annexure 4
- Rates Policy – Annexure 5
- Tariffs, Fees and Charges Book – Annexure 6
- Tariff Policies – Annexure 7
- Credit Control and Debt Collection Policy – Annexure 8
- Grants-in-Aid Policy – Annexure 9
- Policy On Accounts Payable – Annexure 10

2.4.4 Credit control and debt collection procedures/policies

This policy has been formulated in terms of the provisions of section 96 (b) of the Local Government: Municipal Systems Act, 32 of 2000. The policy also includes the Indigent Policy as per Annexure 8.

2.4.5 Tariff Policies

Section 74 of the Systems Act and section 62(1) (f) of the MFMA require the City to adopt and implement a tariff policy. Specific legislation applicable to each service has been taken into consideration when determining this policy. The General Tariff Policy and subsequent Water and Sanitation, Electricity and Waste Management Tariff Policies are attached as Annexure 7.

2.5 Overview of budget assumptions applied to the 2017/18 MTREF

Introduction

The Local Government Municipal Systems Act, Chapter 5, Section 26, prescribes the core components of the Integrated Development Plan. Section 26 (h) requires the inclusion of a financial plan which should include a budget projection for at least the next three years. This financial plan aims to determine the financial affordability and -sustainability levels of the City over the medium term.

The Municipal Budget and Reporting Regulations, (Part 2; Budget-related policies of municipalities) require the accounting officer to ensure that budget-related policies are prepared and submitted to Council. One of these policies relates to the long-term financial plan, which aims to ensure that all long-term financial planning is based on a structured and consistent methodology, thereby ensuring long-term financial affordability and sustainability.

A municipality's financial plan integrates the financial relationships of various revenue and expenditure streams to give effect to the Integrated Development Plan (IDP). It provides guidance for the development of current budgets and assesses financial impacts on outer years' budgets by incorporating capital expenditure outcomes, operating expenditure trends, optimal asset management plans and the consequential impact on rates, tariffs and other service charges. The City has developed a financial model namely the Long Term Financial Plan (LTFP), which aims to determine the appropriate mix of financial parameters and assumptions within which the City should operate to facilitate budgets which are affordable and sustainable at least 10 years into the future. In addition, it identifies the consequential financial impact of planned capital projects on the City's operating budget.

The LTFP model is reviewed annually to determine the most affordable level at which the municipality can operate optimally taking the fiscal overview, economic climate, National and Provincial influences, IDP and other legislative imperatives, internal governance and community consultation into account in its deliberations.

2.5.1 Financial Strategic Approach

The 2017/18 MTREF, representing the first year of the City's five-year IDP coupled with a new ODTP approach, required a change in focus areas of the City's Capital and Operating investment. The budget development brief for the 2017/18 MTREF can be summarised as follows:

- Not business as usual
- Affordable, but sustainable tariff increase package
- Executive Mayor Budget briefing
- Budget hearings with political involvement
- Specific areas of focus per strategies and political directive
- Zero-based approach to budget elements
- Area based service delivery will inform and influence resource allocations

- Giving effect to ODTP

The 11 priority areas to elevate the 5 strategic focus areas of the City's new Term of Office IDP (2017/18 – 2021/22) and which influenced the financial considerations provided for in the MTREF had to be clearly demonstrated during the budget hearings by directorates. They had to further demonstrate/indicate:

- How the budget gives effect to the transformational priorities and strategies of:
 - City Development Strategy
 - New Term of Office Integrated Development Plan
 - Economic Growth and Social Development Strategy
 - Integrated Human Settlements Framework
 - Integrated Public Transport Network
 - Transit Orientated Development strategic framework, and
 - Integrated Zones
- that projects are within Spatial Targeting zone/nodes
- to what extent catalytic or flagship projects are incorporated and supported in budgets
- what current partnership exist with SOEs, government departments, private sector and NGOs
- what cost containment measures were implemented to give effect to MFMA circular 82
- that at least 40% of capital resources are allocated for upgrading and renewal of existing infrastructure
- that proposed projects are tender or demand plan ready.

2.5.2 Financial Modelling and Key Planning Drivers

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

- A differentiated approach in applying parameters in the operating budget based on trends of previous expenditure, cost containment considerations and strategic needs;
- A 100% capital expenditure implementation rate assumed;
- Credible collection rates based on collection achievements to date and incorporating improved success anticipated in selected revenue items;
- National and provincial allocations as per the 2017 Division of Revenue Bill and 2017 Provincial Government gazette; and
- giving effect to cost containment measures

The ODTP came into effect 1 January 2017, which required the 2016/17 mid-year Adjustment budget to incorporate the new organisational structure. This together with the appointment of new senior management resulted in a later start than normal to the budget process with budget hearings taking place in January / early February 2017.

2.5.3 Economic outlook / external factors

Over the past year there were various international developments placing uncertainty on the future of both the global and domestic economies. These uncertainties relate to politics and policy changes, specifically referring to the new US administration and the expected outcome of the Brexit vote. According to BER and the 2017 Budget review GDP is expected to grow at levels higher than 1 per cent from 2017. This growth can be attributed to several developments which include improved labour relations, stabilisation of electricity supply, improved global conditions and rising consumer and business confidence.

The Rand ended 2016 at a substantially stronger level than projected which according to BER is as a result of SA's investment grade credit rating remaining intact, better performance of exports commodity prices, stability in the euro-dollar exchange rate and the improved current account deficit. The 2017 R/\$ exchange rate is projected at R13.74/US\$.

A rise in Brent crude oil was evident towards the end of last year after the oil cartel agreed to reduce output. It is however expected that that the OPEC output for 2017 may not be much different to the output experienced in 2016 and US oil output could make a comeback in 2017. BER projects that Brent crude oil will reach around \$60/bbl. by the end of 2017. The oil price will further be affected by the 2017 Budget review. At the 2017 budget speech it was announced that the general fuel levy will increase by 30c/litre which will affect the end consumer price of oil further.

Inflation outlook for the years ahead is also projected to improve. BER forecasts that the CPI inflation rate of 6.8% recorded in December 2016 will be the peak for the current cycle. Improved grain crops, a stable currency and revised weights for CPI is expected to ensure a more favourable inflation outcome. CPI is therefore projected below 6% over the future years. The City's CPI projection is based on BER calendar years' projection of 5.8% for 2017, 5.6% for 2018 and 5.4% for 2019.

National and Provincial influences

Attention was given to National and Provincial influences and guidelines. National Treasury issued two circulars to guide municipalities on the preparation of the 2017/18 Medium Term Revenue and Expenditure Framework (MTREF) and should be read with previous annual budget circulars.

a) National Treasury MFMA circular No. 85 issued December 2016

The key focus of the circular is the implementation of municipal Standard Chart of Accounts (mSCOA) and addressing municipal revenue generation challenges.

Some of the key points from the circular:

- The tabled 2017/18 MTREF budget & IDP will be assessed in March 2017 for mSCOA compliance.
- With regards to the Integrated Development Plan (IDP):
 - IDP should be drafted taking into account key global and national policies and priorities including the Sustainable Development Goals, the NDP, the Integrated Urban Development Framework and the Back-to-Basics Programme
 - IDP should reflect catalytic programmes and projects to be implemented by all spheres as well as SOE.
 - On the Revenue Budget, municipalities to maintain tariff increases:
 - at levels that reflect appropriate balance between affordability and sustainability and increases higher than CPI to be justified
 - Attention to differential incidence of tariff increases across all consumer groups
 - On funding choices and management issues, with the current declining trend of the ability of customers to pay for services, municipalities must consider:
 - effectiveness of revenue management processes and procedures
 - pay special attention to cost containment measures
 - the affordability of providing FBS to all households
 - curb consumption of Water and Electricity by indigents, not to exceed their allocation

b) National Treasury MFMA circular No. 86 issued March 2017

The key focus of the circular is the implementation of municipal Standard Chart of Accounts (mSCOA) and the grant allocations as per the 2017 Budget Review.

Some of the key points from the circular:

- Local government conditional grants and additional allocations as per the Division of Revenue Bill to be included in municipalities budgets
 - The impact of the updated Eskom bulk tariff increases to be included in the municipalities budgets
 - mSCOA compliance in respect of the tabled 2017/18 MTREF and IDP submission required the data string uploaded to the LG Database portal to meet the following requirements:
 - no mapping;
 - correct use of all segments;
 - seamless integration of core system with sub-systems
 - integrated budgeting facility directly linked to the IDP and SDBIP facilities on the system
- c) Updated MFMA Circular 82 on Cost Containment measures were also issued and considered in the preparation of the 2017/18 budget. The amendment refers to rates set for domestic hotel accommodation and flights.
- d) Various mSCOA circulars have been issued in the 2016/17 financial year to prepare municipalities in ensuring compliance at the prescribed dates.
- e) The latest Division of Revenue Bill information was incorporated in the 2017/18 MTREF.

2.5.4 Expenditure analysis – a three-year preview

The City adopted a differentiated budgeting approach for the 2017/18 MTREF. The principles of cost containment and elimination of wasteful expenditure, reprioritisation of spending and attainment of savings were the technical themes of the budget. The approach in differentiation was supported by expenditure trends and considering impending needs to support City strategy.

The following assumptions and parameters were made in the drafting of the 2017/18 MTREF:

a) General inflation outlook and its impact on municipal activities

CPI projected for the City is 5.7% for 2017/18 and 5.5% for the two outer years of the MTREF period. These projections are based on the BER and are lower than National Treasury's projections of 6.4% for the 2017/18 financial year. These levels are within the South African Reserve Bank (SARB) inflation targeting range of between 3% to 6% range.

b) Contracted Services, Overtime and Operational Cost

A differentiated approach in applying parameters to expenditure elements in the abovementioned categories were introduced in the 2017/18 MTREF.

This included the reduction of the 2016/17 base on some elements and CPI or no growth for the 2017/18 financial year. The differentiated was based on the nature of the work that the service provides and expenditure trends.

c) Interest rates for borrowing and investment of funds

Borrowing interest rates are factored in at a rate of 12% over the 2017/18 MTREF and an average investment rate of 7% is forecast over the 2017/18 MTREF period.

d) Collection rate for Property Rates and Service charges

In accordance with relevant legislation and national directives, the City’s projected revenue recovery rates are based on realistic and sustainable trends. In calculating the debt impairment, the following collection rates were applied to Property Rates and Service charges:

Table 38 Collection Rates

Service	Base Budget 2016/17	Budget Year 2017/18	Budget Year +1	Budget Year +2
Rates	96.0%	96.0%	96.0%	96.0%
Electricity	98.0%	98.0%	98.0%	98.0%
Water	88.0%	82.0%	82.0%	82.0%
Sanitation	89.0%	86.0%	86.0%	86.0%
Refuse	92.0%	93.0%	93.0%	93.0%

The Electricity collection rate remains constant at 98% over the 2017/18 MTREF. This is mainly attributed to the vigorous implementation of prepaid meters and the revenue protection initiative.

It is projected that the Refuse collection rate will improve from 92% in 2016/17 to 93% over the 2017/18 MTREF. This is due to ongoing debt management initiatives implemented.

Water and Sanitation actual collection rate outcome over the past years was lower than anticipated. The budgeted collection rate for both Water and Sanitation was therefore reduced to more realistic rates for the 2017/18 MTREF. The projected collection rate for Water is 82% and Sanitation is 86% over the MTREF period.

The Property Rates collection rate is projected to remain at 96% this is supported by previous years’ outcomes.

e) Salary increases

Salaries, wages and related staff cost expenses

The three-year salary and wage collective agreement concluded in 2015 comes to an end in the 2017/18 financial year.

In terms of the agreement, the salary and wage increases are to be annually calculated for all three years using the average CPI for the period 1 February of the previous year to 31 January of the forecasted budget year + 1%. This formula was used in determining the staff cost provisions of the MTREF. In addition, provision was made for an incremental allowance of 2% to cater for performance and other notch increases.

In the absence of an agreement for the outer years the same methodology was applied to project the salary increases for future years, the forecasted increases are:

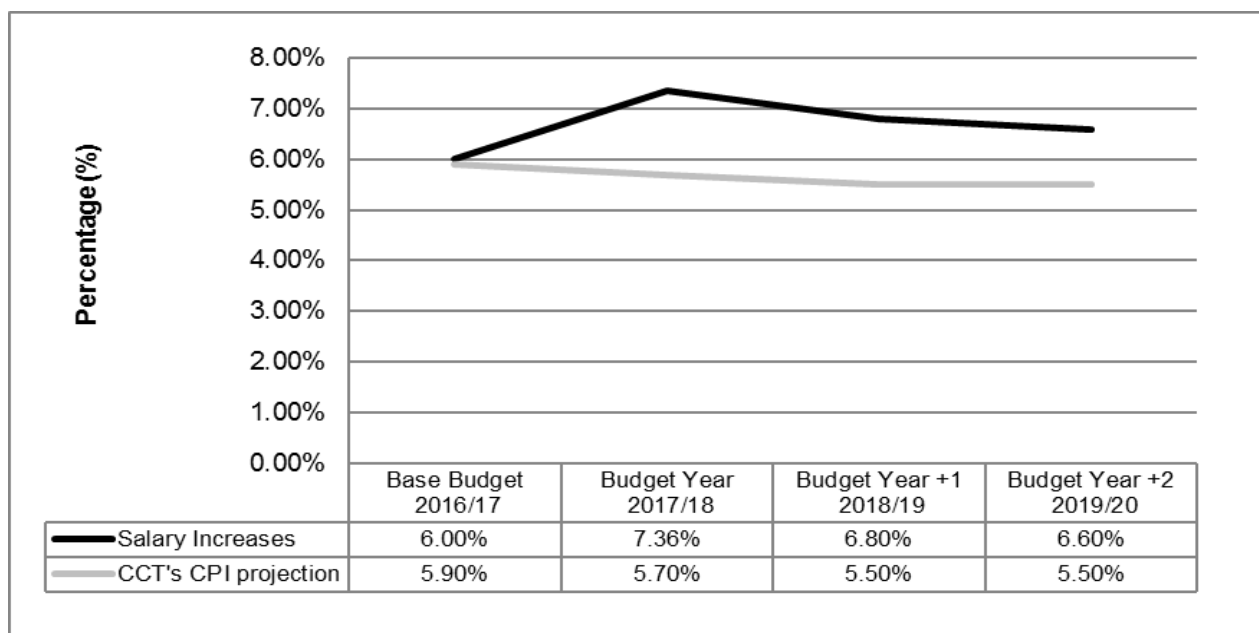


Figure 8 Correlation between the City’s CPI and the salary increase over the MTREF

f) Ensuring maintenance of existing assets

A differentiated approach in applying parameters to expenditure elements relating to repairs and maintenance were introduced in the 2017/18 MTREF. This was differentiated based on the nature of the work that the service provides. The following varying parameters were applied:

- 10% reduction to 2016/17 base with no increase for 2017/18 financial year – to support services
- A CPI increase to services which although their main function is not providing repairs & maintenance the nature of their business and facilities requires a proper maintenance provision
- CPI + 1% applied to services which requires the securing the health of their assets.

National Treasury circulars 55 and 70 set the ratio of operational repairs and maintenance to asset value (write down value of the municipality’s property, plant and equipment (PPE) at 8%. The City averages 9.1% over the 2017/18 MTREF.

g) Operating financing of capital

Depreciation

Calculation of depreciation on new capital expenditure is based on variables such as asset class and lifespan, depending on the nature of the asset. An annual capital expenditure implementation rate of 100% was assumed. Depreciation of existing assets is calculated based on simulated SAP data that reflect actual values per annum. Assets under construction (AUC) are calculated based on asset class lifespan and projected capitalisation dates.

Borrowing and credit rating outlook

The City’s borrowing is done in terms of chapter 6 of the MFMA and the City’s borrowing policy, where a long term loan will only be entered into if it’s affordable and sustainable. It is influenced by the capital investment requirement over the 2017/18 MTREF. The City needs a credit rating to demonstrate its ability to meet its short and long term financial obligations. Potential lenders also use it to assess the City’s credit risk, which in turn affects the pricing of any subsequent loans taken. Factors used to evaluate the creditworthiness of municipalities include the economy, debt, finances, politics, management and institutional framework.

On 4 April 2017, Moody's placed the City of Cape Town's long-term global scale issuer rating on review for downgrade. The decision reflects the close operational and financial linkages between the national government and municipalities and follows the potential weakening of the South African government's credit profile, in particular in the country's institutional, economic and fiscal strength, as captured by Moody's recent decision to place South Africa's Baa2 government bond ratings on review for downgrade. The City of Cape Town's national scale ratings of Aaa.za/P-1.za were not affected by the action.

The City is rated at the high end of the range of South African municipalities rated by Moody's. The City's relative position reflects debt levels that are lower than the median of other metropolitan cities. Cape Town compares favourably with the other metros in South Africa in terms of budgetary performance and management, and displays robust cash holdings. The City's rating outlook is as follows:

Table 39 Credit rating outlook

Category	Currency	Current Rating 6 April 2017	Previous Rating 13 January 2017	Previous Rating 11 May 2016
Outlook	-	Rating under review	Negative	Negative
NSR Issuer Rating	Rand	Aaa.za	Aaa.za	Aaa.za
NSR ST Issuer Rating	Rand	P-1.za	P-1.za	P-1.za
NSR Senior Unsecured	Rand	Aaa.za	Aaa.za	Aaa.za

The definitions of the rating categories are:

- Stable Outlook – reflects that a credit rating assigned to an issuer is unlikely to change;
- Negative Outlook - reflects that a credit rating assigned to an issuer which may be lowered;
- Rating under Review - a review indicates that a rating is under consideration for a change in the near term;
- NSR Issuer Rating – Aaa.za - Issuers or issues rated Aaa.za demonstrate the strongest creditworthiness relative to other domestic issuers;
- NSR ST Issuer Rating – P-1.za – Issuers (or supporting institutions) rated Prime-1 have the strongest ability to repay short-term senior unsecured debt obligations relative to other domestic issuers; and
- NSR Senior Unsecured – Aaa.za - Issuers or issues rated Aaa.za demonstrate the strongest creditworthiness relative to other domestic issuers.

Capital investment

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

h) Capital Expenditure

The total capital budget included for the MTREF period is as follows:

Table 40 Capital Budget over MTREF

Capital funding R thousands	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital Grants & Donations (CGD)	2,353,735	2,188,936	2,294,102
Capital Replacement Reserve (CRR)	1,620,674	951,125	916,164
External Financing Fund (EFF)	2,899,823	19,986	22,646
Revenue (Internal funding source)	89,834	3,503,855	3,707,679
TOTAL	6,964,066	6,663,902	6,940,591

2.5.5 Revenue analysis – a three-year preview

a) Growth or decline in municipal tax base

Electricity

Electricity has projected shrinkage in sales revenue over the 2017/18 MTREF, shrinkage of 1% is projected for 2017/18 and 0.5% for the two outer years. The shrinkage is as a result of continued expected energy saving plans thus reducing consumption.

Refuse

The average growth over the last 3 years shows that a 2% service growth for Refuse is sustainable over the 2017/18 MTREF. The growth is driven by the growth in the requirement for this service.

Water and Sanitation

Growth projected for Water and Sanitation over the next two years has been projected at negative growth of 0.33% for 2017/18 and 0.55% for 2018/19. The projected shrinkage is due to the expected physical reduction in water usage as a result of the current water restrictions and permanent reductions that is expected to follow due to actions taken by customers during the current period of drought.

No growth is projected for 2019/20. Future population growth is due to be offset by:

- Continued roll-out of Water Demand Management Device allowing customers to manage their water use; and
- Sales of Treated Effluent for irrigation purposes.

Property Rates

The Rates growth parameter is attributed to a revenue quantum increase of 6% and a growth of 0.5% for 2017/18. The revenue quantum increase is as a result of the impact of the General Valuation, the over provision of objections and the benefit of the implementation of real time supplemental valuations. The growth in property value is expected to be 0.5% over the MTREF period.

b) Major tariffs and charges: Rates and Trading services

The adverse impact of the current economic climate, the demand for new and upgraded infrastructure, savings initiatives and lower demand for services made tariff increases at higher-than-CPI levels inevitable.

National Treasury Circular 85 of December 2016 stated the following: “National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation has, however, breached the upper limit of the 3 to 6 per cent target band; therefore, municipalities are now required to justify all increases in excess of the 6.1 per cent projected inflation target in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer groups”.

The circular also requires municipalities to ensure that any drought penalty tariffs are provided for in their tariff policy and / or to incorporate the penalty tariffs in the Inclining Block Tariff (IBT) structure. With the City being in the throes of a disaster due to the drought conditions, restriction tariffs have already been implemented in the 2016/17 financial year and will continue into the 2017/18 financial year.

In addition, National Treasury encourages municipalities to ensure tariffs that are cost-reflective. The City has therefore included the following revenue increases in the 2017/18 MTREF:

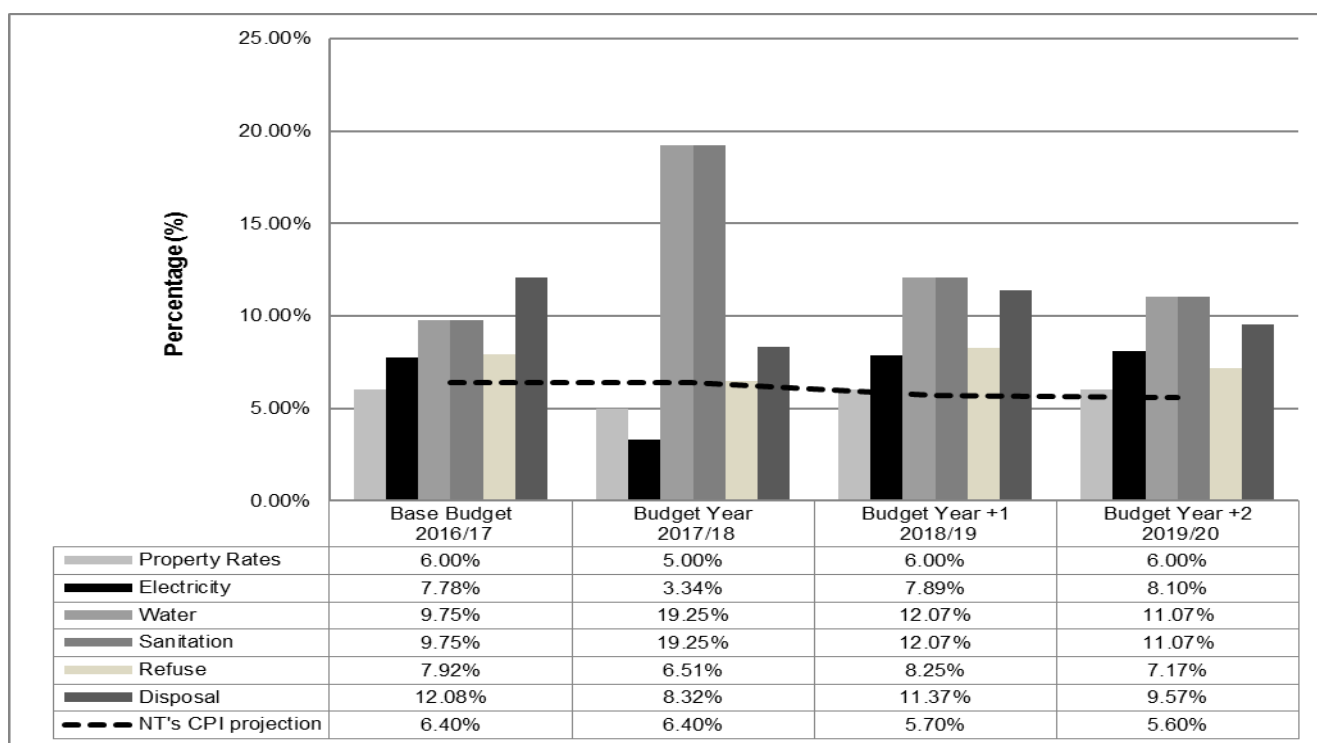


Figure 9 Revenue parameters for 2017/18 MTREF period

Electricity

NERSA approved a 2.2% Eskom increase for the last year of the Third Multi-Year Price Determination (MYPD3) period 2017/18. The reason for the lower percentage increase is due to the base adjustments made in the preceding years as a result of the approved Regulatory Clearing Account (RCA) balances for Eskom. As a result of the RCA 12.7% was approved for 2015/16 and 9.4% for 2016/17 instead of the annual 8% increase which was provided for in the MYPD3. The approved 2.2% therefore takes into account the adjustments already provided for in previous years thus maintaining the allowable revenue increases of the MYPD3. Eskom can still make application to NERSA should it foresee financial sustainability risks considering the increase approved.

The nature of business for this service is the purchasing and redistribution of electricity, where bulk purchases averages 61.6% of the service's total budget. The electricity average tariff increase is therefore partly attributed to the NERSA approved Eskom increase on bulk purchases, which is 0.31% for the 2017/18 financial year and in the absence of an agreement 8% for the two outer years. In addition, the higher than CPI increases on other expenditure items and the reducing Electricity sales place a further financial strain on the service.

Based on this and to ensure affordability the electricity average increases are 3.34%, 7.89% and 8.10%, respectively, over the 2017/18 MTREF. These increases will also further cater for the continual operating costs of the service and for the investments in new infrastructure.

Solid Waste

Solid Waste consists of 3 services of which two are Tariff funded and one funded by Property Rates. The tariff funded services consists of Disposal and Refuse.

The Disposal average increase for 2017/18 is at 8.32% the increase for the two outer years are 11.37% and 9.57% respectively. This increase is required for capital investment and its related operating expenses. The capital investment includes amongst other, the development of material recovery facilities, landfill and transfer station infrastructure, the construction of a drop off site and the purchasing of land for the regional land fill site. Operational cost included for material recovery facilities, Swartklip and Faure drop offs and regional landfill site.

The Refuse average increase for 2017/18 is 6.51%, 8.25% for 2018/19 and 7.17% for 2019/20. The average increase will allow, amongst other, the service to comply with the NEMWA waste minimisation requirements by increasing the removal of recycling at the source and upgrade the solid waste depot facilities.

Water and Sanitation

In light of MFMA Circular 85, current drought condition experienced and other budgetary requirements the Water and Sanitation average increases are set at 19.25% for 2017/18, 12.07% for 2018/19 and 11.07% for 2019/20. The higher than CPI increases is due to various factors, including:

- Continuing aggressive capital programmes to ensure water security, implementation of augmentation schemes, extensions to wastewater treatment plants, appropriate capacity levels and asset replacements programmes to ensure proper asset management;
- The lower collection ratio;
- The anticipated shrinkage in sales; and
- Acceleration of the repairs and maintenance programme as well as staffing strategy to ensure that service delivery and responsiveness expectations are met.

In addition, due to the current climatic conditions, Water and Sanitation is recommending level 4 restriction tariff for the 2017/18 Operating Budget submission to Council in May 2017. The revenue neutral status has been maintained. Should additional funding materialise, this will be earmarked for once-off emergency expenditure, potential impact of the increases on the collection rate as well as Contribution to Capital Replacement Reserve (CRR) to fund future capital programmes.

Finally, to buffer the average increases the free basic Water and Sanitation allocation currently provided to non-indigent customers have been discontinued. The pricing for step 1 of the Domestic category will be phased in over the next two years.

Property Rates

An average Property Rates increase of 5% is proposed for the 2017/18 financial year with an increase of 6% proposed for the two outer years. This lower than CPI increase is as a result of the increase in the Property Rates revenue quantum achieved with the 2015 General valuation and supplemental valuations. The increase allows for recurring operating costs, budget realities and investments in new infrastructure for Rates funded services.

Housing rental (Council rental properties)

The monthly rental charge for the City's housing rental properties is based on a rate per square meter applied to the size of the unit being rented coupled with a set of premiums/deductions based on the location, maintenance level, facilities et al of the specific property for which the rent is charged.

Through addressing the economic challenges faced by many poorer communities residing in, particularly, the City's rental stock, the average total monthly rental charge percentage increase associated with the City's rental properties has been retained at an affordable level and is based on an annual increase of 6.25% (where the unit has a separate water meter) or 10.40% (for those units which include water in the rental charge) for 2017/18.

The annual rental charge percentage increase, acknowledging the ongoing multi-year implications of inflation on the costs associated with the management of rental properties including, inter alia, maintenance of the properties, administrative costs is not directly aligned to the full economic cost of operating the rental units and operates on a City of Cape Town subsidized basis for the financial differential between the economic cost recovery based rental (CPI linked) and the actual amount charged.

Tenants who were in occupation of the City's rental properties in 2007 receive a subsidy of 20% of the rental charge being the final portion of the phase out program which was not fully implemented by the City to facilitate affordability of long standing tenants. This key initiative, reflected within the City's Housing Debt Management Policy, supports affordable rentals to many poor communities and supports the City's initiatives in terms of its housing debt collection drives whilst supporting the City's housing debtor book that it does not unduly increase due to, potentially, unreachable charges.

The proposed 2017/18 housing rental charge is in line with previous annual rental increases and is again aimed at ensuring affordability for the City's poorer communities. The rental rate (per square meter per month) is R9.69 (where the unit has a separate water meter) or a rental charge (including water charge where applicable) of R14.76 per square meter per month.

The City's housing premiums and deductions charge structure addressing the variations in the City's diverse rental properties remains as follows:

Discounts on account

- Outside toilet (R20 per month)
- External Water (R30 per month)
- No ceiling (R15 per month)

Premiums on account

- Saleable unit (R4,50 per month)
- Well maintained (R5 per month)
- Local environment (R3,50 per month)
- Well located (R5 per month)
- Hot water cylinder (R4 per month).

A surcharge for tenants earning a monthly income above the rental income threshold (R3 500) is charged as follows at a stepped rate of 8% for those earning R3 501 – R7 500 and 10% for those earning R7 501 – R10 000. Tenants who earn more than R10 000 per month will pay a surcharge of 25% of any amount above R10 000. A two (2) year lease agreement will be signed which will not be renewed if the income remains more than R10 000.

2.5.6 2017 Division of Revenue Bill and Fuel Levy

Equitable Share

The reviewed Equitable Share formula provide a subsidy for the provision of free basic water, electricity, sanitation and refuse removal services for the poor. It also provides funds for the institutional costs of municipalities and a community services component which provides funding towards the provision of core municipal services not included under basic services. To ensure that the funds for institutional costs and non-trading services are targeted at poorer municipalities, the formula applies a revenue-adjustment factor reflecting municipalities' ability to generate their own revenue. The revised formula used data from the 2011 Census which are to be updated annually to reflect estimates of population growth and projected increases in the cost of services such as water and electricity.

Equitable share provisions included in the budget are based on the 2017 Division of Revenue Bill. The following equitable share amounts were allocated to the City:

2017/18 -	R2.293 billion
2018/19 -	R2.582 billion
2019/20 -	R2.836 billion

Fuel levy

The general fuel levy is legislated by the Taxation Laws Amendment Act, Act 17 of 2009 which provides that each metro's share should be announced in the Government Gazette. The amounts in respect of fuel levy sharing for each metro are therefore published annually by way of a notice in the Government Gazette.

The fuel levy allocation is based on the latest available fuel sales figures within the jurisdiction of the City as a metro. The following amounts were allocated to the City as per the 2017/18 allocation letter received from National Treasury:

2017/18 -	R2.418 billion
2018/19 -	R2.617 billion
2019/20 -	R2.825 billion

2.5.7 Major parameters

The following table summarises the major parameters applied to the Operating budget:

Table 41 Summary of parameters applied to Operating Budget

	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CPI	5.70%	5.50%	5.50%
COLLECTION RATES			
Rates	96.00%	96.00%	96.00%
Electricity	98.00%	98.00%	98.00%
Water	82.00%	82.00%	82.00%
Sanitation	86.00%	86.00%	86.00%
Refuse	93.00%	93.00%	93.00%
Housing	56.00%	57.00%	57.50%
REVENUE PARAMETERS			
Rates	5.00%	6.00%	6.00%
Electricity	3.34%	7.89%	8.10%
Water	19.25%	12.07%	11.07%
Sanitation	19.25%	12.07%	11.07%
Refuse	6.51%	8.25%	7.17%
Disposal	8.32%	11.37%	9.57%
GROWTH PARAMETERS			
Rates	6.50%	0.50%	0.50%
Electricity	-1.00%	-0.50%	-0.50%
Water	-0.33%	-0.55%	0.00%
Sanitation	-0.33%	-0.55%	0.00%
Refuse	2.00%	2.00%	2.00%
EXPENDITURE PARAMETERS:			
Salary increase			
Salary increase (SALGBC Agreement)	7.36%	6.80%	6.60%
Increment provision	2.00%	2.00%	2.00%
Operational cost	Differentiated	Differentiated	Differentiated
Repairs & Maintenance	Differentiated	Differentiated	Differentiated
Interest Rates			
Interest paid	12.00%	12.00%	12.00%
Interest on investment	7.00%	7.00%	7.00%
Other:			
Capital (EFF component) expenditure	R2.899bn	R3.504bn	R3.708bn
Equitable Share Allocation	R2.293bn	R2.582bn	R2.836bn
Fuel levy	R2.418bn	R2.617bn	R2.825bn

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 42 Breakdown of the operating revenue over the medium-term

Description	2017/18 Medium Term Revenue & Expenditure Framework					
	Budget Year 2017/18	%	Budget Year +1 2018/19	%	Budget Year +2 2019/20	%
Property Rates	8,757,241	22.9%	9,324,490	22.5%	9,928,483	22.2%
Service Charges	19,449,141	50.9%	21,220,770	51.3%	23,146,827	51.7%
Investment Revenue	773,657	2.0%	826,409	2.0%	857,479	1.9%
Transfers & Subsidies	6,455,942	16.9%	6,996,655	16.9%	7,635,571	17.1%
Other own revenue	2,806,001	7.3%	3,002,598	7.3%	3,167,565	7.1%
Total Revenue (excluding capital transfers and contributions)	38,241,983	100%	41,370,923	100%	44,735,926	100%

The following graph is a breakdown of the operational revenue per main category for 2017/18.

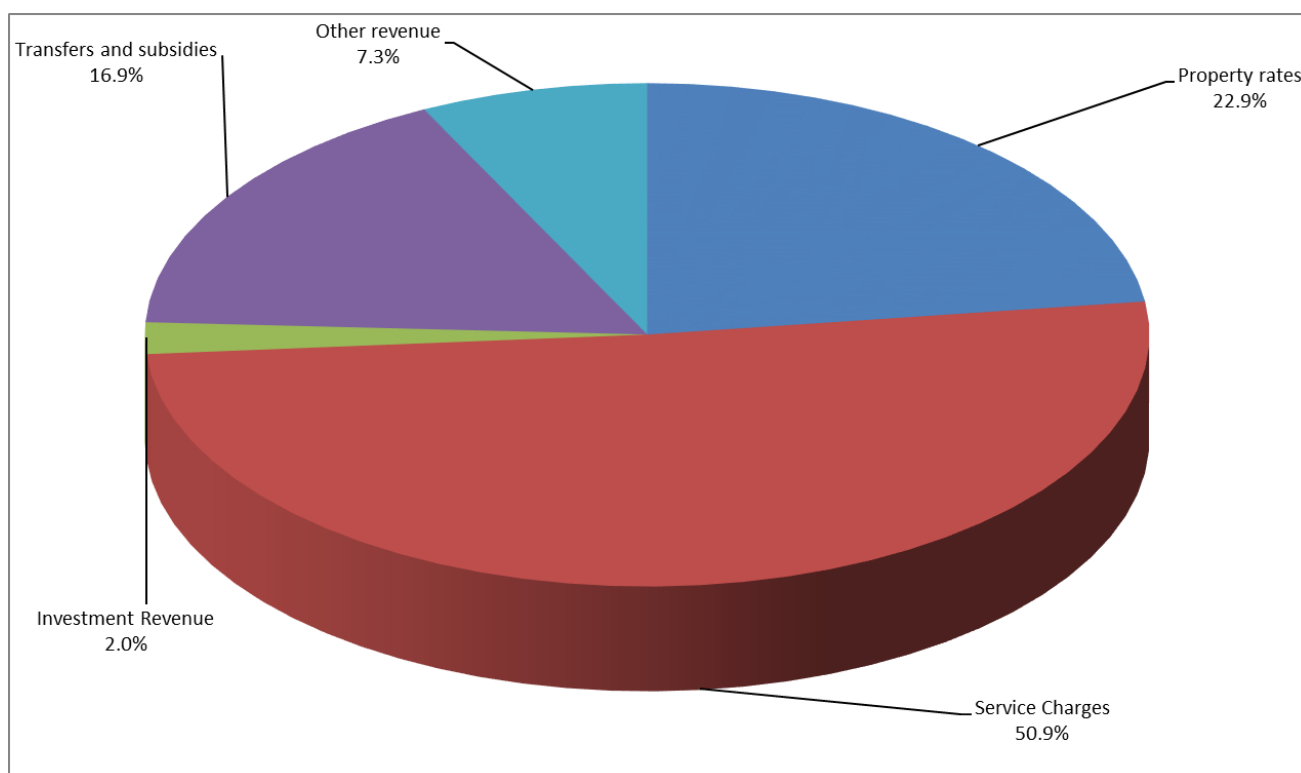


Figure 10 Breakdown of operating revenue over the 2017/18 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. To ensure an effective, efficient and well-run City, higher tariff increases are inevitable. Getting tariffs right assists in the compilation of a credible and funded budget.

The City derives most of its operational revenue from its service charges (50.9% of total revenue) i.e. provision of services such as water, electricity sanitation and solid waste removal. Property Rates (22.9%), Transfer recognised - Operational (16.9%), investment revenue (2%) and Other own revenue (minor charges i.e. building plan fees, licences, permits etc.) (7.3%) forms part of the 2017/18 revenue base.

The revenue strategy is a function of a number of key aspects such as:

- National Treasury Guidelines;
- General Economic Climate (Nationally and Local);
- City's Strategic Guidelines and Priorities;
- General Tariff Policy;
- Credit Control and Debt Collection Policy;
- Property Rates Policy;
- Total Municipal Account Modelling Process;
- Achievement of full recovery of cost for specific user charges; and a
- Credible collection ratio.

The principles as mentioned above guide and inform the annual increase of tariffs and rates charged to the consumers and ratepayers.

Revenue to be generated from Property Rates in 2017/18 amounts to R8 757 million and represents 23% of the operating revenue base of the City. It increases to R9 928 million in 2019/20.

Service Charges relating to electricity, water, sanitation and refuse removal constitute the biggest component of the revenue basket of the City totalling R19 449 million in 2017/18. For 2017/18, Service Charges are 51% of the total revenue base.

Transfers & Subsidies increases from R6 456 in 2017/18 to R7 636 million in 2019/20. This includes external allocations received from National- and Provincial Government, private sector funding and the Fuel Levy.

Table 43 MBRR Table SA15 - Detailed investment information

Investment type	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
R thousand									
Parent municipality									
Securities - National Government	60,900	69,820	76,655	82,000	82,000	82,000	88,000	88,000	94,000
Listed Corporate Bonds	-	-	-	-	-	-	-	-	-
Deposits - Bank	6,964,550	6,854,595	7,495,700	4,886,841	7,847,935	7,847,935	8,381,597	8,695,395	8,682,667
Deposits - Public Investment Commissioners	-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits	-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates	-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks	-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)	900,122	1,631,750	1,788,477	1,968,829	1,968,829	1,968,829	2,265,047	2,503,755	2,771,615
Repurchase Agreements - Banks	-	-	-	-	-	-	-	-	-
Municipal Bonds	-	-	-	-	-	-	-	-	-
TOTAL	7,925,572	8,556,165	9,360,832	6,937,670	9,898,764	9,898,764	10,734,644	11,287,150	11,548,282

Table 44 MBRR 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	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal	Investment Top Up	Closing Balance
	Yrs/Months/Days										
Parent municipality											
ABSA Bank	52	Fixed deposit	No	Fixed interest rate	7.3%	13-Apr-17	30,000	312	-	-	30,312
ABSA Bank	51	Fixed deposit	No	Fixed interest rate	7.3%	13-Apr-17	20,000	204	-	-	20,204
ABSA Bank	50	Fixed deposit	No	Fixed interest rate	7.3%	13-Apr-17	20,000	200	-	-	20,200
ABSA Bank	49	Fixed deposit	No	Fixed interest rate	7.3%	13-Apr-17	100,000	973	-	275,000	375,973
ABSA Bank	61	Fixed deposit	No	Fixed interest rate	7.4%	25-Apr-17	110,000	1,351	-	-	111,351
ABSA Bank	58	Fixed deposit	No	Fixed interest rate	7.3%	26-Apr-17	25,000	290	-	-	25,290
FirstRand	182	Fixed deposit	No	Fixed interest rate	8.3%	31-Mar-17	10,000	412	-	-	10,412
FirstRand	182	Fixed deposit	No	Fixed interest rate	8.3%	31-Mar-17	12,000	495	-	-	12,495
FirstRand	182	Fixed deposit	No	Fixed interest rate	8.3%	31-Mar-17	9,000	371	-	-	9,371
FirstRand	182	Fixed deposit	No	Fixed interest rate	8.3%	31-Mar-17	12,000	495	-	-	12,495
FirstRand	51	Fixed deposit	No	Fixed interest rate	7.1%	13-Apr-17	15,000	148	-	-	15,148
FirstRand	50	Fixed deposit	No	Fixed interest rate	7.0%	13-Apr-17	30,000	288	-	-	30,288
FirstRand	49	Fixed deposit	No	Fixed interest rate	7.0%	13-Apr-17	100,000	940	-	385,000	485,940
FirstRand	61	Fixed deposit	No	Fixed interest rate	7.1%	25-Apr-17	100,000	1,178	-	-	101,178
FirstRand	62	Fixed deposit	No	Fixed interest rate	7.1%	26-Apr-17	50,000	599	-	-	50,599
FirstRand	58	Fixed deposit	No	Fixed interest rate	7.0%	26-Apr-17	30,000	334	-	-	30,334
Investec Bank	50	Fixed deposit	No	Fixed interest rate	7.6%	13-Apr-17	15,000	155	-	-	15,155
Investec Bank	61	Fixed deposit	No	Fixed interest rate	7.4%	25-Apr-17	95,000	1,175	-	150,000	246,175
Investec Bank	58	Fixed deposit	No	Fixed interest rate	7.4%	26-Apr-17	15,000	176	-	-	15,176
Nedbank	52	Fixed deposit	No	Fixed interest rate	7.2%	13-Apr-17	35,000	359	-	-	35,359
Nedbank	51	Fixed deposit	No	Fixed interest rate	7.2%	13-Apr-17	20,000	201	-	-	20,201
Nedbank	50	Fixed deposit	No	Fixed interest rate	7.2%	13-Apr-17	15,000	148	-	-	15,148
Nedbank	49	Fixed deposit	No	Fixed interest rate	7.2%	13-Apr-17	100,000	967	-	335,000	435,967
Nedbank	61	Fixed deposit	No	Fixed interest rate	7.3%	25-Apr-17	115,000	1,393	-	-	116,393
Nedbank	58	Fixed deposit	No	Fixed interest rate	7.3%	26-Apr-17	25,000	288	-	-	25,288
Standard Bank	51	Fixed deposit	No	Fixed interest rate	7.2%	13-Apr-17	20,000	201	-	-	20,201
Standard Bank	50	Fixed deposit	No	Fixed interest rate	7.2%	13-Apr-17	20,000	197	-	-	20,197
Standard Bank	49	Fixed deposit	No	Fixed interest rate	7.2%	13-Apr-17	110,000	1,056	-	-	111,056
Standard Bank	61	Fixed deposit	No	Fixed interest rate	7.2%	25-Apr-17	100,000	1,203	-	375,000	476,203
Standard Bank	62	Fixed deposit	No	Fixed interest rate	7.2%	26-Apr-17	60,000	734	-	-	60,734
Standard Bank	58	Fixed deposit	No	Fixed interest rate	7.2%	26-Apr-17	50,000	572	-	-	50,572
ABSA Call account		Notice deposit	No		6.9%		256,680	46,079	-	-	302,759
FirstRand Call account		Notice deposit	No		6.6%		190,527	-	-	-	190,527
Investec Call account		Notice deposit	No		6.8%		170,202	-	-	-	170,202
Nedbank Call account		Notice deposit	No		6.6%		195,527	-	-	-	195,527
Standard Bank Call account		Notice deposit	No		6.6%		175,895	-	-	-	175,895
ABSA current account			No		6.6%		92,460	-	-	-	92,460
Fund Managers			No				4,718,895	31,061	(538,626)	-	4,211,331
Liberty, RMB and Nedbank sinking fund			Yes				2,052,139	212,908	-	-	2,265,047
Cash in transit			0				25,741	11,740	-	-	37,481
Government bonds			0				88,000	-	-	-	88,000
TOTAL INVESTMENTS AND INTEREST							9,434,067	319,203	(538,626)	1,520,000	10,734,644

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2017/18 medium-term capital programme:

Table 45 Sources of capital revenue over the MTREF

Vote Description	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2017/18	%	Budget Year +1 2018/19	%	Budget Year +2 2019/20	%
Funded by:								
National Government	2,152,751		2,189,832		1,976,411		2,152,358	
Provincial Government	52,320		79,002		125,325		51,144	
Other transfers and grants	-		-		-		-	
Transfers recognised - capital	2,205,071	34.7%	2,268,835	32.6%	2,101,736	31.5%	2,203,502	31.7%
Public contributions & donations	81,341	1.3%	84,900	1.2%	87,200	1.3%	90,600	1.3%
Borrowing	2,917,150	45.9%	2,899,823	41.6%	3,503,855	52.6%	3,707,679	53.4%
Internally generated funds	1,155,845	18.2%	1,710,509	24.6%	971,111	14.6%	938,810	13.5%
Total Capital Funding	6,359,407	100.0%	6,964,066	100.0%	6,663,902	100.0%	6,940,591	100.0%

Sources of capital revenue for the 2017/18 financial year are graphically represented below.

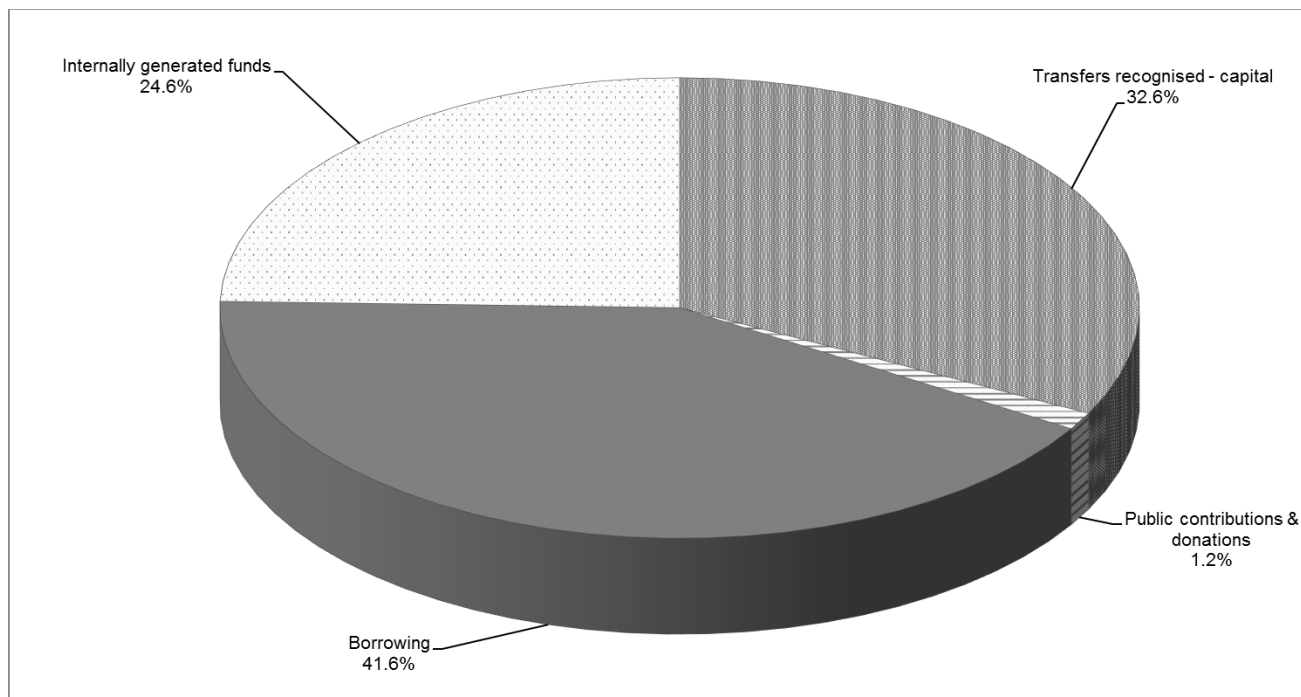


Figure 11 Sources of capital revenue for the 2017/18 financial year

Grants from national and provincial governments as well as other external sources still remain a significant funding source for the 2017/18 - 2019/20 capital budget. Transfers recognised – capital represents R2 269 million in 2017/18, R2 102 million in 2018/19 and R2 204 million in 2019/20, decreases from 32.6% to 31.7% as a percentage of the total capital budget over the MTREF period. Borrowing continues to be a major source of funding of the 2017/18 - 2019/20 capital budget. The borrowing amount reflected in the table above for the 2017/18 financial year includes certain rollovers where directorates have already indicated that they will not be able to spend the full 2016/17 budgetary allocation by year-end. The additional amount has however been included during the modelling phase of the MTREF.

An analysis of the City’s borrowing liability is contained in table 46 below.

Table 46 MBRR Table SA17 - Detail of borrowing

Borrowing - Categorized by type R thousand	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
Parent municipality									
Annuity and Bullet Loans	-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)	2,466,138	2,215,498	1,836,904	3,858,439	3,858,439	3,858,439	3,570,343	5,398,579	7,244,450
Local registered stock	-	-	-	-	-	-	-	-	-
Instalment Credit	-	-	-	-	-	-	-	-	-
Financial Leases	-	-	-	-	-	-	-	-	-
PPP liabilities	-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier	-	-	-	-	-	-	-	-	-
Marketable Bonds	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000
Non-Marketable Bonds	-	-	-	-	-	-	-	-	-
Bankers Acceptances	-	-	-	-	-	-	-	-	-
Financial derivatives	-	-	-	-	-	-	-	-	-
Other Securities	-	-	-	-	-	-	-	-	-
Total Borrowing	6,666,138	6,415,498	6,036,904	8,058,439	8,058,439	8,058,439	7,770,343	9,598,579	11,444,450

The following graph illustrates the growth in outstanding borrowing for the 2017/18 to 2019/20 period.

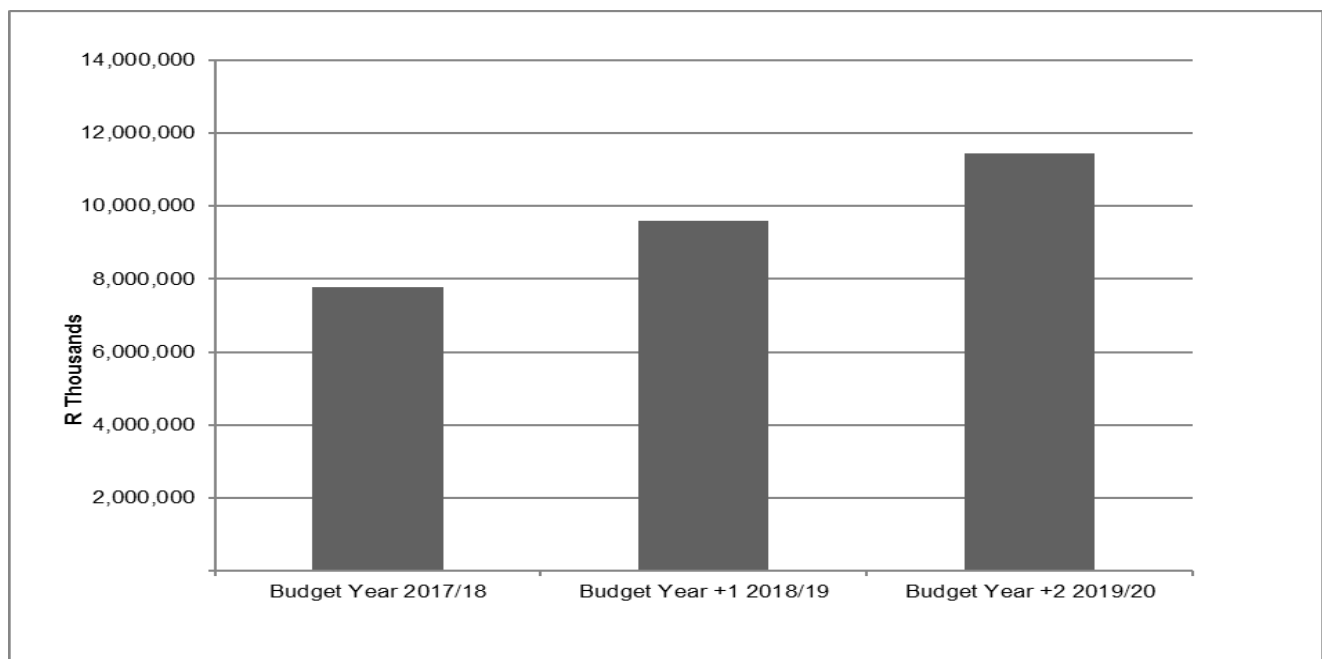


Figure 12 Growth in outstanding borrowings (long-term liabilities)

Internally generated funds are funded in accordance with Section 18 of the MFMA, which requires that the annual budget must be funded from amongst others cash-backed accumulated funds from previous years' surpluses not committed for other purposes.

The internally-funded component of the capital budget is mainly funded from:

- previous years' accumulated surpluses;
- contributions made to a Capital Replacement Reserve (CRR) in the previous year's operating budget; and
- Bulk Infrastructure Contribution Levies already collected.
- The levels of contributions made to the CRR on the previous year's operating budget are considered within the MTREF process to determine affordability and sustainability. Internally generated funds amount to R1 711 million, R971 million and R939 million respectively, over the MTREF. The allocation in 2017/18 is due to favourable cash position in 2016/17, which resulted in higher than normal CRR funds allocated to service enhancements.

The percentage of internally generated funds in relation to the total annual budget decreases from 24.6% in 2017/18, 14.6% in 2018/19 and 13.5% in 2019/20.

Table 47 MBRR Table SA18 - Capital transfers and grants receipts

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	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital Transfers and Grants	-	-	-	-	-	-	-	-	-
National Government:	2,206,483	2,520,974	2,381,397	2,079,122	2,152,751	2,105,295	2,189,832	1,976,411	2,152,358
Department of Environmental Affairs & Tourism: Marine & Coastal Management	245	-	-	-	-	-	-	-	-
Minerals and Energy: Energy Efficiency and Demand Side Management Grant	16,000	-	12,000	14,400	14,400	14,400	9,600	19,400	10,000
Minerals and Energy: Integrated National Electrification Programme (Municipal) Grant	24,500	5,000	5,000	-	-	-	5,000	5,000	19,000
National Treasury: Expanded Public Works Programme	-	-	-	400	400	400	400	-	-
National Treasury: Infrastructure Skills Development Grant	-	-	-	-	1,000	1,000	1,000	1,000	-
National Treasury: Integrated City Development Grant	-	57,171	50,826	38,084	38,084	37,071	52,319	56,740	59,917
National Treasury: Local Government Restructuring Grant	-	-	-	-	275	275	50	-	-
National Treasury: Neighbourhood Development Partnership Grant	26,000	30,784	44,310	12,215	25,180	25,180	2,109	30,000	58,093
National Treasury: Other	-	-	-	-	2,194	2,194	-	-	-
National Treasury: Urban Settlements Development Grant	1,193,497	1,358,879	1,387,760	1,193,513	1,350,939	1,295,294	1,278,988	1,352,963	1,440,120
Transport: Public Transport Infrastructure & Systems Grant	-	-	-	120,000	40,000	40,000	128,875	2,021	2,681
Transport: Public Transport Infrastructure Grant	946,241	1,069,140	-	-	-	-	-	-	-
Transport: Public Transport Network Grant	-	-	881,501	700,509	680,279	689,482	711,492	509,287	562,547
Provincial Government:	-	10,700	12,298	92,418	52,320	51,511	79,002	125,325	51,144
Cultural Affairs and Sport: Library Services (Conditional Grant)	-	-	-	11,150	14,126	14,126	15,850	-	-
Cultural Affairs and Sport: Library Services: Metro Library Grant	-	-	5,000	7,500	8,537	8,537	10,000	10,000	10,000
Economic Development and Tourism: Public Access Centres	-	-	-	-	127	127	-	-	-
Housing: Integrated Housing and Human Settlement Development Grant	-	-	-	58,873	10,547	9,738	53,002	115,175	40,994
Housing: Previous years' Gazetted allocations	-	-	-	-	20	20	-	-	-
Provincial Government: Community Development Workers (CDW) Operational Grant Support	-	-	-	295	150	150	150	150	150
Provincial Government: Fibre Optic Broadband Roll Out	-	10,700	7,298	-	-	-	-	-	-
Provincial Government: Transport Safety and Compliance - Rail Safety	-	-	-	-	3,594	3,594	-	-	-
Transport and Public Works: Planning, Maintenance and Rehabilitation of Transport System and Infrastructure	-	-	-	14,600	15,219	15,219	-	-	-
Other grant providers:	32,675	44,412	47,088	93,300	81,341	76,566	84,900	87,200	90,600
Other: Other	32,675	44,412	47,088	93,300	81,341	76,566	84,900	87,200	90,600
Total Capital Transfers and Grants	2,239,158	2,576,086	2,440,783	2,264,840	2,286,412	2,233,372	2,353,735	2,188,936	2,294,102

2.6.3 Cash Flow Management

Table 48 MBRR Table A7 - Budgeted cash flow statement

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property rates	8,438,931	8,977,120	9,552,583
Service charges	17,624,047	19,260,634	21,050,610
Other revenue	1,358,006	1,463,831	1,534,931
Government - operating	6,455,942	6,996,655	7,635,571
Government - capital	2,353,735	2,188,936	2,294,102
Interest	773,657	826,409	857,479
Dividends	-	-	-
Payments			
Suppliers and employees	(30,109,398)	(33,360,393)	(36,054,504)
Finance charges	(981,827)	(1,394,604)	(1,761,705)
Transfers and Grants	(140,985)	(147,473)	(155,584)
NET CASH FROM/(USED) OPERATING ACTIVITIES	5,772,108	4,811,114	4,953,481
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on disposal of PPE	41,500	43,263	45,643
Decrease (Increase) in non-current debtors	-	-	-
Decrease (increase) other non-current receivables	2,456	2,333	2,216
Decrease (increase) in non-current investments	(212,908)	(238,708)	(267,859)
Payments			
Capital assets	(6,869,892)	(6,012,538)	(6,503,720)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(7,038,845)	(6,205,650)	(6,723,720)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Short term loans	-	-	-
Borrowing long term/refinancing	2,500,000	2,500,000	2,700,000
Increase (decrease) in consumer deposits	35,710	39,281	43,209
Payments			
Repayment of borrowing	(432,586)	(549,253)	(712,345)
NET CASH FROM/(USED) FINANCING ACTIVITIES	2,103,124	1,990,028	2,030,864
NET INCREASE/ (DECREASE) IN CASH HELD	836,387	595,492	260,625
Cash/cash equivalents at the year begin:	3,880,811	4,717,198	5,312,690
Cash/cash equivalents at the year end:	4,717,198	5,312,690	5,573,315

The above table shows the cash and cash equivalents of the City with the tabled 2017/18 MTREF. The City continues to embark on an extensive debt collection process to boost cash levels. These initiatives and interventions have translated into a positive cash position for the City.

For the 2017/18 MTREF, the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to exceed R4 717 million by 2017/18, R5 312 million by 2018/19 and R5 573 million by 2019/20.

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

The 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 those 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.

Table 49 MBRR Table A8 - Cash backed reserves / accumulated surplus reconciliation

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Cash and investments available			
Cash/cash equivalents at the year end	4,717,198	5,312,690	5,573,315
Other current investments > 90 days	2,278,775	2,040,067	1,772,208
Non current assets - Investments	3,842,589	4,081,297	4,349,156
Cash and investments available:	10,838,562	11,434,054	11,694,679
Application of cash and investments			
Unspent conditional transfers	680,263	660,382	390,280
Unspent borrowing	-	-	-
Statutory requirements	-	-	-
Other working capital requirements	1,989,160	842,687	(312,457)
Other provisions	-	-	-
Long term investments committed	2,265,047	2,503,755	2,771,615
Reserves to be backed by cash/investments	3,154,228	3,358,656	3,570,819
Total Application of cash and investments:	8,088,699	7,365,480	6,420,256
Surplus(shortfall)	2,749,863	4,068,574	5,274,423

From the above table it can be seen that the cash and investments available total R10 839 million in 2017/18 and progressively increases to R11 695 million by 2019/20, including 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) - These include amounts rolled over relating mainly to existing multi-year projects (e.g. IRT).
- Unspent borrowing - There is no unspent borrowing from previous years. Only 41.6% of the 2017/18 capital expenditure budget will be funded from new borrowings.
- Provisions for statutory requirements – There are no statutory requirements.
- Other working capital and other provisions - The main purpose of other working capital / other provisions is to ensure that sufficient funds are available to meet obligations as they fall due. A provision equivalent to one and a half times the monthly operational expenditure has been provided for.
- Long term investments committed - Long term investments consist of the sinking funds for the repayment of current and future borrowings. This amount is “held to maturity” and is not available for spending.
- Reserves to be backed by cash / investments - Although the cash-backing of reserve funds is discretionary in nature and need not be fully cash backed, the City’s reserve funds are fully cash-backed.

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

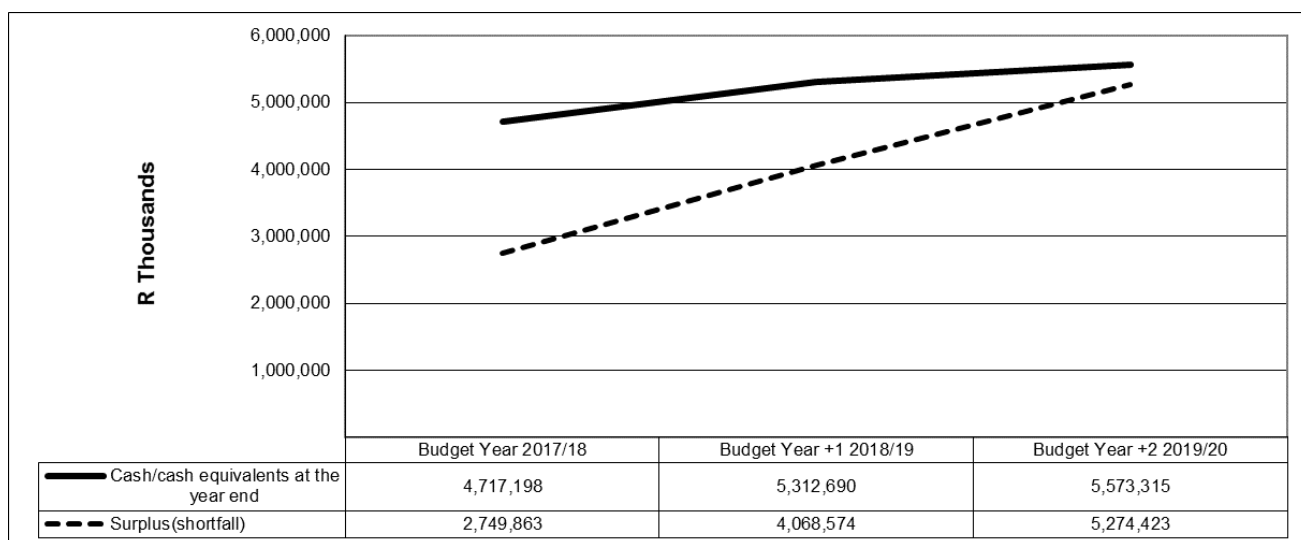


Figure 13 Cash and cash equivalents / cash backed reserves and accumulated funds

2.6.5 Funding Compliance Measurement

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous years’ surpluses not committed for other purposes; and
- Borrowed funds, but only for the capital budget referred to in section 19 of the MFMA.

To give effect to the above MFMA requirements, municipalities are required to assess their proposed budget against fourteen different measures developed by NT. The measures evaluate various financial health aspects of a municipality’s budget and are made up of information sourced from the budget document. The City’s funding compliance outcome in respect of these measures are presented in Table 50 MBRR Table SA10 - Funding Compliance measurement and discussed below.

Table 50 MBRR Table SA10 - Funding Compliance measurement

Description	MFMA section	2017/18 Medium Term Revenue & Expenditure Framework		
		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	4,717,198	5,312,690	5,573,315
Cash + investments at the yr end less applications - R'000	18(1)b	2,749,863	4,068,574	5,274,423
Cash year end/monthly employee/supplier payments	18(1)b	1.8	1.8	1.8
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	3,263,609	2,978,537	3,098,959
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	(6.0%)	2.3%	2.3%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	88.5%	88.6%	88.8%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	8.9%	8.9%	8.8%
Capital payments % of capital expenditure	18(1)c;19	98.6%	90.2%	93.7%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	53.2%	54.8%	57.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	142.5%	140.8%	140.7%
Current consumer debtors % change - incr(decr)	18(1)a	6.8%	6.9%	7.1%
Long term receivables % change - incr(decr)	18(1)a	(5.0%)	(5.0%)	(5.0%)
R&M % of Property Plant & Equipment	20(1)(vi)	9.0%	9.1%	9.1%
Asset renewal % of capital budget	20(1)(vi)	20.5%	24.7%	26.4%

2.6.5.1 Cash/cash equivalent position

A positive cash position is shown over the forecasted 2017/18 MTREF, indicating that the medium term budget is sustainable.

2.6.5.2 Cash plus investment less application of funds

This measure shows how a municipality applies its available cash and investments. Total of cash plus investment less applications is more than the commitments for each corresponding year of the 2017/18 MTREF which shows that the City is able to afford its commitments over the medium term.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

This measure outlines the level of financial risk, should the municipality be under stress, i.e. it indicates the number of times average monthly payments are covered. This ratio outcome averages 1.8% over the MTREF.

2.6.5.4 Surplus/deficit excluding depreciation offsets

The purpose of this measure is to highlight whether revenue levels are sufficient to conclude that the community is making a significant contribution towards the municipal resources consumed each year. The outcome shows a surplus over the MTREF, which means that the community is making an adequate contribution towards the economic benefits being consumed by the City.

2.6.5.5 Property rates/service charge revenue as a percentage increase less macro inflation target

This measure tests whether the municipality is contributing appropriately to the achievement of the national inflation targets. The revenue increases applied can be substantiated by motivating the individual services' increases, which are as follows:

- **Rates:**

The year on year increase for Property Rates shows higher than CPI. This is as a result of the high growth parameter. The Property Rates revenue increase is 5% for the 2017/18 financial year with an increase of 6% proposed for the two outer years. This lower than CPI increase is as a result of the increase in the Property Rates revenue quantum achieved with the 2015 General valuation and supplemental valuations. The increase allows for recurring operating costs, budget realities and investments in new infrastructure for Rates funded services.
- **Electricity:**

The nature of business for this service is the purchasing and redistribution of electricity, where bulk purchases averages 61.6% of the service's total budget. The electricity average revenue increase is therefore partly attributed to the NERSA approved Eskom increase on bulk purchases, which is 0.31% for the 2017/18 financial year and in the absence of an agreement 8% for the two outer years. In addition, the higher than CPI increases on other expenditure items and the reducing Electricity sales place a further financial strain on the service. Based on this and to ensure affordability the electricity average increases are 3.34%, 7.89% and 8.10%, respectively, over the 2017/18 MTREF. These increases will also further cater for the continual operating costs of the service and for the investments in new infrastructure.
- **Water and Sanitation:**

The Water and Sanitation average increases are set at 19.25% for 2017/18, 12.07% for 2018/19 and 11.07% for 2019/20. The higher than CPI increases is due to various factors, including:

 - Continuing aggressive capital programmes to ensure water security, implementation of augmentation schemes, extensions to wastewater treatment plants, appropriate capacity levels and asset replacements programmes to ensure proper asset management;
 - The lower collection ratio;
 - The anticipated shrinkage in sales; and
 - Acceleration of the repairs and maintenance programme as well as staffing strategy to ensure that service delivery and responsiveness expectations are met.

In addition, due to the current climatic conditions, Water and Sanitation is recommending level 4 restriction tariff for the 2017/18 Operating Budget submission to Council in May 2017. The revenue neutral status has been maintained. Should additional funding materialise, this will be earmarked for once-off emergency expenditure, potential impact of the increases on the collection rate as well as Contribution to Capital Replacement Reserve (CRR) to fund future capital programmes.
- **Refuse Removal:**

Solid Waste consists of 3 services of which two are Tariff funded and one funded by Property Rates. The tariff funded services consists of Disposal and Refuse.

The Disposal average increase for 2017/18 is at 8.32%; the increase for the two outer years is 11.37% and 9.57% respectively. This increase is required for capital investment and its related operating expenses. The capital investment includes amongst other, the development of material recovery facilities, landfill and transfer station infrastructure, the construction of a drop off site and

the purchasing of land for the regional land fill site. Operational cost is included for material recovery facilities, Swartklip and Faure drop offs and regional landfill site.

The Refuse average increase for 2017/18 is 6.51%, 8.25% for 2018/19 and 7.17% for 2019/20. The average increase will allow, amongst other, the service to comply with the NEMWA waste minimisation requirements by increasing the removal of recycling at the source and upgrade the solid waste depot facilities.

2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

This ratio is calculated by dividing Property Rates, Service charges and Other revenue on the Cash Flow (MBRR Table A7) by the revenue sources on the Financial Performance (MBRR Table A4) and excludes Interest, Transfers and subsidies and gains on disposal of PPE. The ratio outcome is low as it includes amongst others fines and the reduced service charges reflected on the cash flow. These service charges are not only reduced by debt impairment but also by the Indigent Relief provision, which is an expenditure item on the Financial Performance.

2.6.5.7 Debt impairment expense as a percentage of billable revenue

This ratio is used to measure whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment has to be increased to offset under-collection. This ratio outcome is distorted as it considers total debt impairment as a percentage of Rates and Service charges, where total debt impairment includes a provision for other revenue sources e.g. fines.

2.6.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to understand whether the timing of payments is being taken into consideration when forecasting the cash position. A lower than 100% ratio is shown over the forecasted MTREF, due to capital funding sources in the cash flow projected at 85% and unspent capital grants of previous years' being included.

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

The purpose of this measure is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds. The City's long term borrowing is done in terms of chapter 6 of the MFMA, where a long term loan will only be entered into if it's affordable and sustainable. The ratio shows an outcome of 55% over the MTREF, showing that the City is borrowing less than capital expenditure, therefore sustainable and compliant to the MFMA.

2.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measure is to ensure that all available transfers from all spheres of government have been included in the budget. The City's budget was compiled using the 2017 DoRB and 2017/18 MTREF Provincial Government gazette. The mSCOA MBRR format (Table A4) includes the Fuel Levy as part of grants and subsidies thus distorting the outcome of the ratio.

The ratio outcome for 2017/18 should be 103%. The higher than gazetted amount is due to interest and an allocation from Provincial Government which was not gazetted but where a MOA was signed.

2.6.5.11 Consumer debtors change (current and non-current)

The purpose of this measure is to ascertain whether budgeted reductions in outstanding debtors are realistic. The increase in this ratio is driven by the increase in consumer debtors, other debtors and long term receivables.

2.6.5.12 Long term receivables % change

The purpose of this measure is to ascertain whether budgeted reductions in outstanding debtors are realistic. Long term receivables include 'arrangement debtors' to be paid by the debtor over an extended period of time. Long term receivable is projected to reduce by an average of 5% annually over the MTREF.

2.6.5.13 Repairs and maintenance expenditure level

This ratio is to indicate whether sufficient provision is made, in respect of repairs and maintenance for property, plant and equipment. The outcome of this ratio averages 9.1% over the MTREF and is higher than the National Treasury benchmark of 8%.

2.6.5.14 Asset renewal % of capital budget

This measure focuses on the credibility of the levels of asset renewal plans. The objective is to summarise and understand the proportion of budgets being provided for new assets, as well as asset sustainability.

The mSCOA MBRR format split the previously known renewal of existing assets between renewal of existing assets and upgrading of existing assets. This ratio now only takes into consideration the renewal of existing assets portion over the total capital budget and shows an outcome averaging 23.9% over the MTREF. Renewal and upgrading of existing assets over the total capital budget shows an average outcome of 50% over the MTREF.

2.7 Ward Allocations

It is proposed that the City allocates budgetary resources for projects, programmes or other initiatives' application at sub council level. While these resources will be spent by line departments, sub councils identify and recommend ward allocation adoption (following sundry internal line departmental input and liaison) by Mayco and Council.

Since the Local Government Elections of August 2016, the City has 116 demarcated wards which forms part of 24 sub councils. These sub councils serve the residents by engaging with them on municipal issues. The total amount available to each ward for the 2016/17 financial year was set at R700 000 per year per ward. It is proposed that a further R150 000 be made available to each ward in the 2017/18 budget, which will result in a total allocation of R850 000 per year per ward going forward, which could be spent on either capital or operating projects/programmes.

A ward allocation project must form part of the core business activities and assets of the lead department and must be aligned with the Service Delivery Business Implementation Plan (SDBIP) of the directorate. Ward allocation projects must, as far as possible, be completed within the financial year in which they are approved. However, unspent capital funds may be rolled over to the next financial year, where compelling reasons exist for such roll-over.

2.8 Expenditure on transfers and grant programmes

Table 51 MBRR Table SA19 - Expenditure on transfers and grant programmes

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	Budget Year +1 2018/19	Budget Year +2 2019/20
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	420,240	671,249	594,660	2,566,742	2,646,092	2,646,092	2,849,944	3,125,985	3,375,682
Equitable share	376	6,294	1,281	2,012,945	2,012,945	2,012,945	2,292,908	2,582,306	2,835,569
Finance Management grant	219	973	1,050	1,050	1,050	1,050	1,050	1,000	1,000
Urban Settlements Development Grant	57,826	162,977	171,610	229,991	222,103	222,103	215,798	217,189	218,631
Energy Efficiency and Demand Side Management Grant	1,728	599	424	600	600	600	400	600	-
Dept. of Environ Affairs and Tourism	224	4,326	4,613	4,432	7,127	7,127	-	-	-
Expanded Public Works Programme	38,192	23,552	23,216	31,340	31,340	31,340	13,783	-	-
Integrated City Development Grant	864	3,116	2,915	6,721	6,721	6,721	8,944	-	-
Public Transport Infrastructure & Systems Grant	56,119	-	20,998	20,694	85,728	85,728	19,636	16,122	16,783
Infrastructure Skills Development	-	2,763	6,932	9,416	8,416	8,416	9,393	10,633	12,265
Department of Water Affairs & Forestry: Water Affairs & Forestry Grant	-	697	-	-	88	88	-	-	-
Public Transport Network Grant	-	-	283,209	249,554	269,784	269,784	288,032	298,135	291,434
Department of Public Service and Administration	-	-	1,183	-	190	190	-	-	-
Public Transport Infrastructure Grant	-	79,844	(83)	-	-	-	-	-	-
2014 African Nations Championship Host City Operating Grant	45,060	(26)	-	-	-	-	-	-	-
Natural Resource Management	2,474	-	-	-	-	-	-	-	-
Public Transport Network Operations Grant	217,101	367,748	58,569	-	-	-	-	-	-
Housing Accreditation	57	23	-	-	-	-	-	-	-
Municipal Human Settlements Capacity Grant	-	18,363	18,743	-	-	-	-	-	-
Provincial Government:	573,197	730,253	772,723	1,204,425	1,602,845	1,602,845	1,176,026	1,251,664	1,434,651
Cultural Affairs and Sport - Provincial Library Services	22,008	28,874	32,142	38,515	39,815	39,815	37,449	44,640	41,900
Cultural Affairs and Sport - Library Services: Transfer funding to enable City of Cape Town to procure periodicals and newspapers	-	-	-	-	-	-	4,500	4,950	5,445
Human Settlements - Human Settlement Development Grant	299,584	411,253	428,773	688,585	1,064,306	1,064,306	592,286	614,534	753,806
Human Settlements - Municipal Accreditation Assistance	3,690	3,989	6,584	10,000	11,264	11,264	5,000	5,000	-
Human Settlement - Settlement Assistance	712	-	-	1,500	1,740	1,740	1,500	1,500	1,500
Health - TB	11,807	17,206	24,535	25,626	25,626	25,626	27,112	28,684	30,048
Health - Global Fund	35,296	37,936	-	-	-	-	-	-	-
Health - ARV	88,613	109,584	162,829	169,844	179,967	179,967	217,701	246,227	272,560
Health - Nutrition	4,385	4,065	4,169	5,208	5,208	5,208	5,572	5,880	6,116
Health - Vaccines	66,724	65,565	71,152	77,631	80,874	80,874	82,134	86,899	91,661
Comprehensive Health	-	-	-	170,203	170,203	170,203	188,146	198,166	204,590
Transport and Public Works - Provision for persons with special needs	1,895	10,075	10,112	10,000	10,089	10,089	10,000	10,000	10,000
Transport Safety and Compliance - Rail Safety	-	2,197	48	-	116	116	-	-	-
Community Development Workers	367	741	1,446	794	939	939	886	886	886
Planning, Maintenance and Rehabilitation of Transport Systems and Infrastructure	-	5,353	7,527	3,400	9,074	9,074	-	-	11,500
Community Safety - Law Enforcement Auxiliary Services	27,228	19,384	21,715	3,000	3,280	3,280	3,500	3,938	4,159
Western Cape Financial Management Support Grant	-	300	303	-	224	224	-	-	-
Finance Management Capacity Building Grant	-	-	-	120	120	120	240	360	480
Municipal Land Transport Fund	10,888	12,514	-	-	-	-	-	-	-
Local Government - Compliance	-	467	-	-	-	-	-	-	-
Economic Development and Tourism	-	500	-	-	-	-	-	-	-
Cultural Affairs and Sport - Three Anchor Bay Tennis Court	-	250	1,196	-	-	-	-	-	-
City of Cape Town - Public access centres	-	-	43	-	-	-	-	-	-
Library Service: Metro Library Grant	-	-	147	-	-	-	-	-	-
Other grant providers:	12,864	12,811	29,326	31,773	47,829	47,829	12,337	2,401	68
Tourism	-	1,918	222	2,000	1,730	1,730	2,000	1,068	68
CMTF	3,264	-	-	200	10,370	10,370	2,575	-	-
CID	2,764	2,839	2,908	3,709	4,585	4,585	3,572	-	-
Century City Property Owners Association	438	468	553	788	788	788	837	-	-
Traffic Free Flow (Pty) Ltd	1,417	1,017	1,123	-	1,009	1,009	-	-	-
DBSA - Green Fund	-	-	22,550	25,000	25,000	25,000	-	-	-
Stellenbosch University	51	505	839	-	929	929	-	-	-

Table continues on next page.

City of Cape Town –2017/18 Budget

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	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand									
Sustainable Energy Africa	-	-	-	-	424	424	-	-	-
V&A Waterfront Holdings (Pty) Ltd	-	134	268	-	509	509	772	-	-
Rusgenberg Girls	-	-	-	38	38	38	41	-	-
Westcott Primary	-	-	-	38	38	38	41	-	-
Acucap Investment (Pty) Ltd	-	-	-	-	307	307	-	-	-
Airports Company South Africa SOC Ltd	-	-	-	-	1,333	1,333	1,333	1,333	-
Rockefeller Philanthropy Advisor's Inc	-	-	-	-	-	-	1,166	-	-
Big Bay Master Property Owners Association	-	-	-	-	146	146	-	-	-
Camps Bay Business Forum	-	-	-	-	172	172	-	-	-
University of Connecticut	-	-	-	-	451	451	-	-	-
Mamre Fencing	46	-	17	-	-	-	-	-	-
Agency Francaise de Development (AFD)	-	308	-	-	-	-	-	-	-
UN Women	-	125	-	-	-	-	-	-	-
NGK Ceramic Company	686	-	-	-	-	-	-	-	-
Finnish Government	112	-	-	-	-	-	-	-	-
City for Climate Protection	144	-	-	-	-	-	-	-	-
ICLEI Carbon Taxes	111	-	-	-	-	-	-	-	-
South African National Biodiversity Institute	2,244	3,544	-	-	-	-	-	-	-
Afrikaanse Taal en Kultuur Vereniging	5	-	-	-	-	-	-	-	-
Carnegie	1,583	1,953	846	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:	1,006,301	1,414,313	1,396,709	3,802,940	4,296,766	4,296,766	4,038,307	4,380,050	4,810,400
Capital expenditure of Transfers and Grants									
National Government:	1,768,879	2,186,882	1,974,475	2,079,122	2,139,786	2,139,786	2,157,832	1,976,411	2,152,358
Minerals and Energy: Energy Efficiency and Demand Side Management Grant	7,683	5,989	11,217	14,400	14,400	14,400	9,600	19,400	10,000
Minerals and Energy: Integrated National Electrification Programme (Municipal) Grant	7,276	22,224	4,997	-	-	-	5,000	5,000	19,000
National Treasury: Expanded Public Works Programme	412	400	454	400	400	400	400	-	-
National Treasury: Financial Management Grant	841	598	-	-	-	-	-	-	-
National Treasury: Infrastructure Skills Development Grant	99	299	497	-	1,000	1,000	1,000	1,000	-
National Treasury: Integrated City Development Grant	-	53,517	51,365	38,084	38,084	38,084	52,319	56,740	59,917
National Treasury: Local Government Restructuring Grant	-	1,341	100	-	275	275	50	-	-
National Treasury: Municipal Disaster Grant	3,589	1,366	-	-	-	-	-	-	-
National Treasury: Accreditation Development Support	-	179	-	-	-	-	-	-	-
National Treasury: Municipal Human Settlements Capacity Grant	-	428	465	-	-	-	-	-	-
National Treasury: Neighbourhood Development Partnership Grant	24,551	9,448	38,179	12,215	12,215	12,215	2,109	30,000	58,093
National Treasury: Other	15,387	265	-	-	2,194	2,194	-	-	-
National Treasury: Urban Renewal	-	1,695	643	-	-	-	-	-	-
National Treasury: Urban Settlements Development Grant	915,400	1,246,923	1,080,570	1,193,513	1,350,939	1,350,939	1,278,988	1,352,963	1,440,120
Sport & Recreation SA: 2010 Fifa World Cup Stadiums Development Grant	3,891	-	-	-	-	-	-	-	-
Sport Recreation: 2014 African Nation Championship Host City Operating Grant	3,942	-	-	-	-	-	-	-	-
Transport: Public Transport Infrastructure & Systems Grant	131,296	-	(55,622)	120,000	40,000	40,000	96,875	2,021	2,681
Transport: Public Transport Infrastructure Grant	654,511	842,210	407,069	-	-	-	-	-	-
Transport: Public Transport Network Grant	-	-	434,540	700,509	680,279	680,279	711,492	509,287	562,547
Transport: Public Transport Network Operations Grant	1	-	-	-	-	-	-	-	-
Provincial Government:	283,880	284,184	157,062	92,418	52,320	52,320	78,743	125,325	41,144
Cultural Affairs and Sport: Library Services (Conditional Grant)	2,263	8,027	9,140	11,150	14,126	14,126	15,591	-	-
Cultural Affairs and Sport: Library Services: Metro Library Grant	-	-	3,938	7,500	8,537	8,537	10,000	10,000	-
Cultural Affairs and Sport: Three Anchor Bay Tennis Court	-	139	126	-	-	-	-	-	-
Economic Development and Tourism: False Bay Ecology	243	850	-	-	-	-	-	-	-
Economic Development and Tourism: Public Access Centres	-	2,296	50	-	127	127	-	-	-
Housing: Integrated Housing and Human Settlement Development Grant	252,825	254,030	115,556	58,873	10,547	10,547	53,002	115,175	40,994
Housing: Previous years' Gazetted allocations	979	-	-	-	20	20	-	-	-
Provincial Government: Community Development Workers (CDW) Operational Grant Support	-	300	291	295	150	150	150	150	150
Provincial Government: Fibre Optic Broadband Roll Out	4,860	6,417	10,181	-	-	-	-	-	-
Provincial Government: Transport Safety and Compliance - Rail Safety	-	-	406	-	3,594	3,594	-	-	-
Provincial Government: Community Safety Law Enforcement	200	-	-	-	-	-	-	-	-
Transport: Municipal Land Transport Fund	139	-	-	-	-	-	-	-	-
Transport and Public Works: Implementation of Impound Facilities	1,318	343	-	-	-	-	-	-	-
Transport and Public Works: Cape Metropolitan Transport Fund	21,053	1,892	333	-	-	-	-	-	-
Transport and Public Works: Planning, Maintenance and Rehabilitation of Transport System and Infrastructure	-	9,890	17,041	14,600	15,219	15,219	-	-	-
Other grant providers:	43,022	44,219	61,488	93,300	81,341	76,566	84,900	87,200	90,600
Other: Other	43,022	44,219	61,488	93,300	81,341	76,566	84,900	87,200	90,600
Total capital expenditure of Transfers and Grants	2,095,781	2,515,285	2,193,025	2,264,840	2,273,447	2,268,672	2,321,475	2,188,936	2,284,102
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	3,102,082	3,929,598	3,589,733	6,067,780	6,570,213	6,565,438	6,359,783	6,568,986	7,094,502

2.9 Allocations and grants made by the municipality

Transfers and Grants are allocations of funds, from the City's approved budget, to outside organisations or bodies. These allocations are gratuitous or unrequited transfers by the City to the grantee organisations and are not payments made in compliance with any commercial or other business transaction. All transfers and grants are disbursed in terms of section 67 of the Municipal Finance Management Act. Application in respect of S 67 grant and grant- in aid allocations are approved by the City's Grants Committee and event related sponsorships by the Executive Mayor as per the City's System of delegations.

The Grant Committee approves grants applications in terms of the City's Grant Policy and the members of the Committee are officials of the City appointed by the CFO. The Committee will co-ordinate, administer, and control the Screening Process in respect of applications recommended by line departments & sub-councils to ensure that all recommended grants complies with City's Grant Policy, the Constitution and relevant legislation.

A Section 80 Special Events Committee was established in March 2013 to facilitate the selection of events and recommend to the Mayor which events the City wishes to support in terms of the Integrated Development Plan (IDP) and Council's Events Policy. The Committee is chaired by the Deputy Mayor and includes the following members: Executive Mayor, Mayco Member: Safety and Security, Mayco Member: Finance, Mayco Member: Area Based Oversight (North), Mayco Member: Assets & Facilities and Mayco Member: Area Based Oversight (South).

The Committee meets as and when required. The Committee invites the MAYCO member/s who is/are not a member/s of this Committee to participate in the meeting where an event/s that falls within the functional area of such MAYCO member.

Full disclosure on transfers and grants to external organisations by the City can be found in Annexure 13.

2.10 Councillor and Staff benefits

Table 52 MBRR Table SA22 – Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Councillors (Political Office Bearers plus Other)			
Basic Salaries and Wages	138,588	147,597	157,190
Pension and UIF Contributions	–	–	–
Medical Aid Contributions	–	–	–
Motor Vehicle Allowance	–	–	–
Cellphone Allowance	5,640	6,007	6,397
Housing Allowances	–	–	–
Other benefits and allowances	11,558	12,309	13,110
Sub Total - Councillors	155,786	165,913	176,697
% increase	–	6.5%	6.5%
Senior Managers of the Municipality			
Basic Salaries and Wages	27,665	29,546	31,496
Pension and UIF Contributions	1,580	1,687	1,798
Medical Aid Contributions	151	161	171
Overtime	–	–	–
Performance Bonus	–	–	–
Motor Vehicle Allowance	284	303	324
Cellphone Allowance	184	196	209
Housing Allowances	–	–	–
Other benefits and allowances	63	69	73
Payments in lieu of leave	–	–	–
Long service awards	–	–	–
Post-retirement benefit obligations	–	–	–
Sub Total - Senior Managers of Municipality	29,927	31,962	34,071
% increase	–	6.8%	6.6%
Other Municipal Staff			
Basic Salaries and Wages	8,295,797	8,868,704	9,629,103
Pension and UIF Contributions	1,571,082	1,700,400	1,846,668
Medical Aid Contributions	729,604	793,808	862,074
Overtime	495,298	575,554	677,876
Performance Bonus	–	–	–
Motor Vehicle Allowance	206,029	223,158	241,667
Cellphone Allowance	17,502	18,950	20,583
Housing Allowances	56,026	60,956	66,199
Other benefits and allowances	227,271	247,665	268,966
Payments in lieu of leave	122,318	133,082	144,527
Long service awards	68,288	74,297	80,686
Post-retirement benefit obligations	231,548	244,348	257,853
Sub Total - Other Municipal Staff	12,020,763	12,940,922	14,096,202
% increase	–	7.7%	8.9%
TOTAL SALARY, ALLOWANCES & BENEFITS	12,206,476	13,138,797	14,306,970
% increase	–	7.6%	8.9%
TOTAL MANAGERS AND STAFF	12,050,690	12,972,884	14,130,273

Table 53 MBRR Table SA23 - Salaries, allowances and benefits (political office bearers / councillors / senior officials) for the 2017/18 financial year

Disclosure of Salaries, Allowances & Benefits	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum							
Councillors							
Speaker	1	1,063,597	–	43,248	–	–	1,106,845
Chief Whip	1	997,121	–	24,168	–	–	1,021,289
Executive Mayor	1	1,316,954	–	43,248	–	–	1,360,202
Deputy Executive Mayor	1	1,063,597	–	43,248	–	–	1,106,845
Executive Committee	10	9,971,208	–	241,680	–	–	10,212,888
Total for all other councillors	217	124,175,835	–	16,802,632	–	–	140,978,467
Total Councillors	231	138,588,312	–	17,198,224	–	–	155,786,536
Senior Managers of the Municipality							
Municipal Manager (MM)	1	3,006,046	449,872	16,704	–	–	3,472,622
Chief Finance Officer	1	2,371,933	338,856	97,704	–	–	2,808,493
Executive Director: Area-Based Service Delivery	1	1,974,683	1,916	16,704	–	–	1,993,303
Executive Director: Assets and Facilities Management	1	1,974,683	1,916	16,704	–	–	1,993,303
Executive Director: Corporate Services	1	2,488,360	303,429	16,704	–	–	2,808,493
Executive Director: Dictorate of the Mayor	1	2,789,873	1,916	16,704	–	–	2,808,493
Executive Director: Energy	1	2,789,873	1,916	16,704	–	–	2,808,493
Executive Director: Informal Settlements, Water and Waste Services	1	2,647,363	36,426	124,704	–	–	2,808,493
Executive Director: Safety & Security	1	2,392,948	303,429	112,116	–	–	2,808,493
Executive Director: Social Services	1	2,439,164	352,625	16,704	–	–	2,808,493
Commissioner: Transport and Urban Development Authority	1	2,789,873	1,916	16,704	–	–	2,808,493
Total Senior Managers of the Municipality	11	27,664,799	1,794,217	468,156	–	–	29,927,172
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	242	166,253,111	1,794,217	17,666,380	–	–	185,713,708

Table 54 MBRR Table SA24 - Summary of personnel numbers

Summary of Personnel Numbers Number	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									
Councillors (Political Office Bearers plus Other Councillors)	221	–	221	221	–	221	242	–	242
Municipal employees									
Municipal Manager and Senior Managers	13	–	13	12	–	12	11	–	11
Other Managers	881	860	21	912	895	17	769	760	9
Professionals	2,185	2,040	145	1,180	1,069	111	1,090	1,071	19
<i>Finance</i>	196	195	1	113	111	2	63	62	1
<i>Spatial/town planning</i>	46	40	6	32	31	1	158	158	–
<i>Information Technology</i>	137	136	1	54	54	–	80	78	2
<i>Roads</i>	33	30	3	17	17	–	43	43	–
<i>Electricity</i>	215	211	4	119	117	2	110	110	–
<i>Water</i>	236	234	2	140	140	–	153	142	11
<i>Sanitation</i>	10	9	1	18	18	–	–	–	–
<i>Refuse</i>	43	42	1	12	12	–	11	11	–
<i>Other</i>	1,269	1,143	126	675	569	106	472	467	5
Technicians	3,560	3,222	338	3,843	3,589	254	3,523	3,457	66
<i>Finance</i>	135	131	4	200	199	1	111	109	2
<i>Spatial/town planning</i>	33	22	11	27	27	–	313	304	9
<i>Information Technology</i>	169	165	4	280	274	6	244	239	5
<i>Roads</i>	15	11	4	15	15	–	54	53	1
<i>Electricity</i>	257	257	–	261	261	–	261	261	–
<i>Water</i>	317	296	21	330	298	32	305	277	28
<i>Sanitation</i>	2	2	–	11	11	–	–	–	–
<i>Refuse</i>	68	68	–	76	76	–	66	66	–
<i>Other</i>	2,564	2,270	294	2,643	2,428	215	2,169	2,148	21
Clerks (Clerical and administrative)	6,712	6,491	221	6,817	6,609	208	6,346	6,314	32
Service and sales workers	3,742	3,195	547	4,229	3,405	824	3,555	3,322	233
Skilled agricultural and fishery workers	–	–	–	–	–	–	–	–	–
Craft and related trades	2,854	2,664	190	2,726	2,721	5	2,419	2,419	–
Plant and Machine Operators	3,768	3,738	30	3,737	3,730	7	3,319	3,314	5
Elementary Occupations	5,813	5,697	116	5,818	5,791	27	5,422	5,413	9
TOTAL PERSONNEL NUMBERS	29,749	27,907	1,842	29,495	27,809	1,686	26,696	26,070	626
% increase				(0.9%)	(0.4%)	(8.5%)	(9.5%)	(6.3%)	(62.9%)
Total municipal employees headcount	26,275	25,138	1,137	29,274	27,809	1,465	26,696	26,070	626
Finance personnel headcount	1,648	1,637	11	1,752	1,738	14	1,453	1,448	5
Human Resources personnel headcount	326	317	9	337	323	14	229	227	2

2.11 Monthly targets for revenue, expenditure and cash flow

Table 55 MBRR Table SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source															
Property rates	643,792	739,641	794,360	673,648	747,887	742,405	735,310	726,587	668,270	607,245	831,265	846,831	8,757,241	9,324,490	9,928,483
Service charges - electricity revenue	1,061,145	1,068,908	1,089,966	996,399	971,701	935,117	1,028,835	964,004	959,812	989,916	970,902	1,044,842	12,081,546	13,034,784	14,090,590
Service charges - water revenue	224,969	258,750	228,618	300,409	310,539	323,398	417,141	449,599	392,626	399,150	314,977	312,692	3,932,868	4,382,084	4,867,180
Service charges - sanitation revenue	127,523	147,637	131,954	162,842	172,823	175,091	216,180	213,677	196,647	203,913	171,755	172,231	2,092,272	2,332,091	2,589,072
Service charges - refuse revenue	111,824	111,824	111,824	111,824	111,824	111,824	111,824	111,824	111,824	111,824	111,824	111,824	1,341,882	1,471,173	1,599,278
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	573	573	638	707
Rental of facilities and equipment	33,327	32,856	34,213	30,461	33,536	47,342	34,846	34,435	34,100	32,187	33,706	37,001	418,011	469,470	495,290
Interest earned - external investments	64,471	64,471	64,471	64,471	64,471	64,471	64,471	64,471	64,471	64,471	64,471	64,471	773,657	826,409	857,479
Interest earned - outstanding debtors	23,129	24,137	24,554	23,957	24,880	24,073	25,762	16,244	14,038	14,128	14,399	54,831	284,131	299,860	316,164
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2,885	104,076	103,790	103,890	103,835	103,783	103,792	103,784	103,784	103,784	103,784	105,229	1,146,414	1,209,461	1,275,982
Licences and permits	3,303	3,588	3,831	4,398	6,842	3,105	3,119	3,119	3,111	3,106	3,100	3,128	43,749	46,154	48,692
Agency services	10,716	14,764	19,179	14,867	15,869	14,808	15,839	14,808	15,839	14,808	10,221	1,054	162,771	171,818	181,267
Transfers and subsidies	1,039,682	926,768	116,381	114,060	116,095	1,695,106	107,204	117,898	1,504,317	129,374	123,043	466,014	6,455,942	6,996,655	7,635,571
Other revenue	54,475	54,515	56,637	58,946	58,748	54,040	55,335	56,258	55,897	58,704	58,188	87,682	709,425	762,573	804,527
Gains on disposal of PPE	3,208	3,208	3,208	3,208	3,208	3,208	3,701	4,306	3,219	3,219	3,228	4,578	41,500	43,263	45,643
Total Revenue (excluding capital transfers and contributions)	3,404,447	3,555,143	2,782,984	2,663,381	2,742,258	4,297,770	2,923,359	2,881,014	4,127,953	2,735,828	2,814,862	3,312,983	38,241,983	41,370,923	44,735,926

Table continues on next page.

City of Cape Town –2017/18 Budget

Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand															
Expenditure By Type															
Employee related costs	951,959	960,886	963,453	961,001	1,417,159	964,708	966,998	969,328	964,671	966,337	964,746	999,443	12,050,690	12,972,883	14,130,273
Remuneration of councillors	12,982	12,982	12,982	12,982	12,982	12,982	12,982	12,982	12,982	12,982	12,982	12,982	155,787	165,913	176,697
Debt impairment	101,422	101,422	101,422	101,422	101,422	101,422	147,766	147,766	147,766	147,766	147,766	1,161,318	2,508,680	2,704,796	2,900,682
Depreciation & asset impairment	214,551	214,551	214,551	214,551	214,551	214,551	214,551	214,551	214,551	214,551	214,551	214,551	2,574,607	2,734,705	2,814,573
Finance charges	68,123	85,097	61,914	85,167	106,320	105,040	92,088	92,790	92,761	94,459	92,891	154,361	1,131,010	1,576,120	1,949,703
Bulk purchases	39,677	1,053,308	1,005,574	629,568	605,495	611,176	565,066	622,038	563,054	609,106	591,591	1,644,481	8,540,135	9,227,384	9,967,635
Other materials	77,972	92,434	100,844	98,898	99,530	94,530	93,943	98,972	98,893	101,466	102,464	130,230	1,190,177	1,271,125	1,354,022
Contracted services	210,594	362,691	415,314	439,182	424,294	442,289	433,655	500,993	527,976	548,809	554,179	1,226,635	6,086,610	6,649,779	7,170,612
Transfers and subsidies	3,062	6,605	4,619	2,870	3,256	2,295	11,552	6,138	5,271	8,574	2,295	84,447	140,985	147,473	155,584
Other expenditure	184,604	256,620	216,061	205,985	222,369	232,309	209,449	230,321	256,225	229,237	237,205	472,656	2,953,040	3,130,734	3,310,855
Loss on disposal of PPE	23	31	30	28	28	34	27	27	27	27	27	79	387	409	431
Total Expenditure	1,864,967	3,146,627	3,096,763	2,751,655	3,207,405	2,781,336	2,748,077	2,895,906	2,884,177	2,933,314	2,920,697	6,101,184	37,332,109	40,581,322	43,931,069
Surplus/(Deficit)	1,539,480	408,515	(313,779)	(88,273)	(465,147)	1,516,435	175,282	(14,892)	1,243,776	(197,486)	(105,835)	(2,788,200)	909,874	789,601	804,856
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	34,986	120,590	150,989	156,491	144,556	151,467	93,279	161,323	202,590	276,290	226,823	549,451	2,268,835	2,101,736	2,203,502
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	2,900	4,200	5,600	6,600	6,400	4,050	2,150	6,950	11,900	12,950	10,900	10,300	84,900	87,200	90,600
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	1,577,365	533,305	(157,190)	74,818	(314,191)	1,671,952	270,711	153,381	1,458,266	91,754	131,888	(2,228,450)	3,263,609	2,978,537	3,098,959
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1,577,365	533,305	(157,190)	74,818	(314,191)	1,671,952	270,711	153,381	1,458,266	91,754	131,888	(2,228,450)	3,263,609	2,978,537	3,098,959

Table 56 MBRR Table SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
Revenue by Vote																
Vote 1 - Area-Based Service Delivery	16,933	16,989	16,811	16,811	16,911	16,811	16,811	16,811	16,861	16,811	16,811	18,920	204,290	243,262	283,027	
Vote 2 - Assets & Facilities Management	36,553	36,052	37,496	33,660	36,744	50,116	37,538	37,077	36,742	35,004	36,319	40,286	453,587	507,676	535,388	
Vote 3 - Corporate Services	2,767	2,880	3,337	3,308	4,008	4,352	4,527	5,041	5,166	7,743	8,693	16,251	68,073	72,592	76,677	
Vote 4 - City Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 5 - Directorate of the Mayor	104	2,112	105	105	112	112	112	112	112	112	112	113	3,324	1,235	244	
Vote 6 - Energy	1,077,997	1,090,665	1,112,123	1,021,606	996,608	962,274	1,047,292	985,136	987,169	1,018,048	1,002,359	1,094,640	12,395,918	13,401,653	14,535,941	
Vote 7 - Finance	1,645,363	1,633,179	886,040	765,479	836,017	2,352,244	823,414	805,128	2,098,818	685,759	905,031	965,671	14,402,141	15,497,022	16,586,946	
Vote 8 - Informal Settlements, Water & Waste Services	485,416	550,712	514,311	618,809	642,420	669,246	786,649	820,199	764,204	837,541	678,120	844,995	8,212,622	9,124,638	9,891,330	
Vote 9 - Safety & Security	7,758	112,175	121,560	112,647	112,620	113,661	110,686	113,657	117,653	112,424	114,601	118,185	1,267,627	1,280,617	1,349,809	
Vote 10 - Social Services	76,491	54,950	55,313	56,789	65,038	129,189	56,826	62,224	91,234	79,144	74,588	102,877	904,664	934,834	940,536	
Vote 11 - Transport & Urban Development Authority	92,950	180,218	192,479	197,259	182,737	155,281	134,933	203,901	224,484	232,482	215,952	670,796	2,683,471	2,496,331	2,830,130	
Total Revenue by Vote	3,442,333	3,679,933	2,939,573	2,826,472	2,893,214	4,453,288	3,018,788	3,049,287	4,342,443	3,025,068	3,052,585	3,872,734	40,595,717	43,559,859	47,030,028	
Expenditure by Vote to be appropriated																
Vote 1 - Area-Based Service Delivery	41,862	41,651	42,182	42,911	51,056	46,533	43,782	43,341	43,662	46,279	45,540	58,209	547,009	600,999	642,132	
Vote 2 - Assets & Facilities Management	128,704	132,444	137,631	136,830	159,898	136,129	140,055	136,685	136,610	138,322	136,475	331,727	1,851,509	1,973,889	2,089,607	
Vote 3 - Corporate Services	123,467	121,675	118,940	116,858	153,961	133,209	122,822	148,639	160,843	142,958	146,433	251,744	1,741,551	1,872,190	1,994,576	
Vote 4 - City Manager	734	762	13,738	733	921	755	752	759	761	745	743	796	22,198	23,629	25,186	
Vote 5 - Directorate of the Mayor	30,402	37,788	36,941	46,703	46,431	40,681	42,568	40,857	44,869	40,374	37,910	112,141	557,664	594,705	634,773	
Vote 6 - Energy	205,359	1,205,008	1,166,690	769,741	808,439	751,242	716,325	754,032	707,401	746,601	737,891	1,787,022	10,355,750	11,188,113	12,065,949	
Vote 7 - Finance	227,133	291,414	236,342	261,867	316,655	291,334	271,186	271,115	283,358	276,873	277,888	339,423	3,344,589	3,912,117	4,439,566	
Vote 8 - Informal Settlements, Water & Waste Services	490,778	571,993	585,886	599,018	668,429	607,572	635,947	685,347	668,971	691,277	691,425	842,654	7,739,299	8,513,136	9,205,318	
Vote 9 - Safety & Security	162,960	176,549	178,755	175,606	255,369	179,969	190,823	189,532	186,670	188,738	180,523	1,083,018	3,148,512	3,354,695	3,595,786	
Vote 10 - Social Services	232,838	252,411	263,021	272,307	370,064	270,351	276,656	284,451	286,364	288,708	280,457	385,524	3,463,150	3,799,844	4,079,694	
Vote 11 - Transport & Urban Development Authority	220,730	314,933	316,638	329,081	376,182	323,561	307,161	341,147	364,669	372,439	385,412	908,926	4,560,879	4,748,004	5,158,484	
Total Expenditure by Vote	1,864,967	3,146,627	3,096,763	2,751,655	3,207,405	2,781,336	2,748,077	2,895,906	2,884,177	2,933,314	2,920,697	6,101,184	37,332,109	40,581,322	43,931,069	
Surplus/(Deficit) before assoc.	1,577,365	533,305	(157,190)	74,818	(314,191)	1,671,952	270,711	153,381	1,458,266	91,754	131,888	(2,228,450)	3,263,609	2,978,537	3,098,959	
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit)	1,577,365	533,305	(157,190)	74,818	(314,191)	1,671,952	270,711	153,381	1,458,266	91,754	131,888	(2,228,450)	3,263,609	2,978,537	3,098,959	

Table 57 MBRR Table SA27 - Budgeted monthly revenue and expenditure (functional classification)

Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional															
Governance and administration	1,700,041	1,665,074	922,225	798,207	873,515	2,451,152	860,458	843,930	2,167,443	726,724	946,422	1,022,633	14,977,825	16,140,771	17,240,909
Executive and council	17	95	92	93	193	94	98	98	148	98	98	2,004	3,126	3,240	3,362
Finance and administration	1,700,024	1,664,979	922,132	798,114	873,322	2,451,057	860,360	843,832	2,167,295	726,626	946,324	1,020,628	14,974,692	16,137,523	17,237,539
Internal audit	1	1	1	1	1	1	1	1	1	1	1	2	8	8	9
Community and public safety	104,293	112,753	117,501	117,711	121,038	130,735	98,775	134,568	143,957	166,220	168,065	540,914	1,956,529	2,067,634	2,213,043
Community and social services	8,717	8,766	8,614	8,887	8,848	8,451	8,486	12,461	12,561	12,408	12,749	10,026	120,972	120,361	118,907
Sport and recreation	2,865	3,621	4,006	4,669	3,970	27,335	4,271	4,407	4,882	15,150	15,447	23,706	114,329	76,740	60,312
Public safety	842	1,342	1,342	1,342	1,342	1,399	1,424	2,414	3,414	3,162	3,359	912	22,293	11,168	11,783
Housing	64,664	71,472	75,616	74,324	70,367	65,033	55,826	85,565	93,493	99,562	105,855	466,815	1,328,591	1,435,979	1,593,372
Health	27,206	27,552	27,924	28,489	36,512	28,517	28,767	29,720	29,607	35,938	30,656	39,455	370,343	423,385	428,669
Economic and environmental services	79,450	266,653	285,568	282,807	274,275	252,998	228,434	282,064	296,317	293,668	277,630	404,595	3,224,458	2,972,859	3,213,414
Planning and development	29,808	28,254	28,914	32,003	27,934	27,365	26,582	27,106	26,958	26,849	26,039	34,221	342,034	392,979	485,490
Road transport	49,474	238,232	256,486	250,637	246,174	225,465	201,685	254,791	269,192	266,652	251,424	370,207	2,880,418	2,577,764	2,725,691
Environmental protection	167	167	167	167	167	167	167	167	167	167	167	167	2,006	2,116	2,232
Trading services	1,558,154	1,633,052	1,613,885	1,627,353	1,623,983	1,618,000	1,830,718	1,788,322	1,734,323	1,838,053	1,660,065	1,904,189	20,430,096	22,372,454	24,357,243
Energy sources	1,077,987	1,090,655	1,112,113	1,021,596	996,598	962,264	1,047,282	985,126	987,159	1,018,038	1,002,349	1,094,630	12,395,796	13,401,524	14,535,806
Water management	233,971	270,707	241,540	312,326	324,236	335,255	429,746	461,573	407,852	415,104	331,514	359,545	4,123,369	4,704,907	5,261,945
Waste water management	132,690	158,184	146,726	179,924	189,643	206,975	240,183	228,116	225,806	291,405	212,696	335,195	2,547,543	2,772,140	2,936,233
Waste management	113,506	113,506	113,506	113,506	113,506	113,506	113,506	113,506	113,506	113,506	113,506	114,819	1,363,387	1,493,882	1,623,259
Other	395	2,402	395	395	403	403	403	403	403	403	403	403	6,809	6,140	5,419
Total Revenue - Functional	3,442,333	3,679,933	2,939,573	2,826,472	2,893,214	4,453,288	3,018,788	3,049,287	4,342,443	3,025,068	3,052,585	3,872,734	40,595,717	43,559,859	47,030,028

Table continues on next page.

Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Expenditure - Functional															
Governance and administration	590,697	676,511	631,678	646,561	797,556	702,072	669,249	698,037	722,340	695,468	701,714	997,579	8,529,460	9,515,724	10,431,939
Executive and council	32,541	32,342	46,190	33,163	39,917	35,192	34,650	34,518	34,986	35,165	35,742	49,193	443,599	481,337	512,954
Finance and administration	554,238	640,215	581,488	609,450	752,645	661,932	630,673	659,541	683,304	656,377	661,911	943,441	8,035,215	8,979,379	9,859,416
Internal audit	3,918	3,954	4,000	3,948	4,994	4,947	3,925	3,978	4,050	3,926	4,061	4,944	50,646	55,008	59,569
Community and public safety	335,948	360,082	375,779	378,053	495,582	372,599	385,408	400,938	411,678	414,547	410,476	977,812	5,318,902	5,686,027	6,175,420
Community and social services	62,987	67,984	71,363	73,799	103,548	71,887	70,510	76,286	75,661	74,202	74,956	108,528	931,712	973,551	1,039,958
Sport and recreation	72,903	81,524	93,583	95,224	119,335	92,419	101,366	98,827	100,184	99,342	98,575	159,541	1,212,821	1,282,162	1,346,335
Public safety	43,876	44,341	45,742	44,475	66,460	48,188	50,483	52,634	52,972	51,465	49,984	50,256	600,875	652,483	705,757
Housing	77,549	80,729	79,606	78,936	86,021	74,227	76,704	86,628	96,588	97,565	100,684	563,610	1,498,847	1,605,391	1,812,330
Health	78,633	85,505	85,484	85,619	120,219	85,878	86,345	86,563	86,273	91,973	86,277	95,877	1,074,647	1,172,441	1,271,040
Economic and environmental services	324,499	414,111	417,505	439,408	531,904	431,203	421,126	440,281	450,464	452,409	448,933	1,579,974	6,351,817	6,763,465	7,187,829
Planning and development	71,620	79,395	75,595	87,530	97,431	77,923	80,389	76,427	80,545	78,554	74,947	162,433	1,042,789	1,234,121	1,319,286
Road transport	245,372	325,984	333,080	342,106	421,301	343,931	331,046	354,020	358,986	362,867	363,161	1,404,715	5,186,569	5,411,988	5,742,032
Environmental protection	7,507	8,731	8,830	9,773	13,172	9,350	9,690	9,834	10,933	10,987	10,826	12,826	122,458	117,356	126,511
Trading services	608,221	1,684,654	1,664,216	1,280,602	1,374,037	1,268,731	1,258,841	1,346,897	1,291,233	1,357,462	1,354,230	2,537,742	17,026,865	18,505,037	20,018,575
Energy sources	177,734	1,170,043	1,131,622	735,006	765,177	716,799	682,042	719,829	673,191	712,067	701,631	1,744,185	9,929,327	10,727,822	11,573,196
Water management	209,065	239,601	239,001	253,071	280,411	251,230	267,274	291,907	276,637	285,506	291,808	340,386	3,225,897	3,577,694	3,906,221
Waste water management	106,565	139,226	157,766	155,777	160,761	154,650	162,814	165,614	171,622	189,947	190,503	235,638	1,990,882	2,191,214	2,417,010
Waste management	114,857	135,784	135,827	136,748	167,687	146,052	146,710	169,546	169,783	169,943	170,289	217,533	1,880,759	2,008,307	2,122,148
Other	11,206	22,538	15,171	14,062	16,652	13,461	26,907	19,506	16,924	26,856	10,690	(88,910)	105,064	111,068	117,305
Total Expenditure - Functional	1,870,571	3,157,896	3,104,349	2,758,686	3,215,731	2,788,066	2,761,530	2,905,659	2,892,639	2,946,742	2,926,042	6,004,197	37,332,109	40,581,322	43,931,069
Surplus/(Deficit) before assoc.	1,571,762	522,036	(164,775)	67,787	(322,517)	1,665,221	257,257	143,628	1,449,804	78,326	126,543	(2,131,463)	3,263,609	2,978,537	3,098,959
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1,571,762	522,036	(164,775)	67,787	(322,517)	1,665,221	257,257	143,628	1,449,804	78,326	126,543	(2,131,463)	3,263,609	2,978,537	3,098,959

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

Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	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 - Area-Based Service Delivery	–	165	956	854	1,525	230	490	2,840	2,900	2,150	1,850	25,470	39,430	73,970	105,763
Vote 2 - Assets & Facilities Management	9,094	10,421	13,296	22,641	27,632	25,717	75,974	26,595	46,840	52,090	43,488	46,571	400,359	281,917	265,214
Vote 3 - Corporate Services	–	230	1,960	5,640	12,703	11,675	11,615	17,460	39,333	62,809	75,466	112,796	351,686	339,446	338,046
Vote 4 - City Manager	–	–	–	52	–	–	–	60	–	20	20	70	222	222	222
Vote 5 - Directorate of the Mayor	35	1,149	2,125	1,141	1,396	1,266	1,757	1,017	1,249	1,582	1,159	3,232	17,108	2,238	2,158
Vote 6 - Energy	62,120	93,765	101,668	99,529	115,932	60,181	60,170	94,428	109,892	112,563	110,450	272,116	1,292,814	1,413,174	1,705,351
Vote 7 - Finance	360	686	908	3,081	2,684	2,099	2,698	1,700	780	978	805	358	17,136	15,249	16,419
Vote 8 - Informal Settlements, Water & Waste Services	9,200	65,524	112,946	113,928	109,030	148,120	91,264	135,716	249,723	278,065	283,287	848,436	2,445,238	2,535,665	2,518,546
Vote 9 - Safety & Security	379	1,024	10,065	5,140	20,400	20,669	12,579	35,817	24,876	19,069	21,945	19,156	191,120	105,722	50,515
Vote 10 - Social Services	5,292	5,834	8,277	12,583	14,445	42,156	10,018	27,376	26,086	36,017	40,998	54,332	283,413	198,834	128,598
Vote 11 - Transport & Urban Development Authority	25,330	121,196	145,842	154,166	150,696	92,975	91,103	183,370	196,876	205,168	187,762	371,055	1,925,540	1,697,466	1,809,758
Total Capital Expenditure	111,810	299,993	398,042	418,755	456,442	405,089	357,667	526,379	698,554	770,512	767,231	1,753,592	6,964,066	6,663,902	6,940,591

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

Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	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
Capital Expenditure - Functional															
Governance and administration	18,340	40,060	72,711	67,063	71,099	75,085	118,050	104,037	134,365	153,064	147,019	243,541	1,244,434	900,122	822,493
Executive and council	–	110	145	310	485	15	140	644	500	345	206	695	3,594	2,380	3,380
Finance and administration	18,335	39,950	72,321	66,729	70,564	75,054	117,910	103,135	133,851	152,519	146,797	242,717	1,239,881	897,610	818,981
Internal audit	5	–	245	25	50	16	–	258	14	201	16	129	959	131	131
Community and public safety	33,219	38,569	48,618	58,728	72,989	86,059	38,415	87,821	88,446	96,844	113,613	181,221	944,543	785,823	784,686
Community and social services	4,491	4,661	5,416	8,132	15,363	8,976	9,093	26,965	16,485	16,721	19,646	15,321	151,270	101,890	83,546
Sport and recreation	–	25	1,897	7,607	4,727	27,641	2,040	6,177	5,948	16,808	17,584	20,599	111,052	37,026	14,503
Public safety	–	500	1,300	2,440	7,440	600	1,151	2,040	13,752	3,390	12,186	2,000	46,799	7,659	7,659
Housing	27,927	32,235	38,486	38,325	42,542	46,273	22,877	47,952	47,792	54,576	58,465	132,789	590,239	579,578	647,182
Health	802	1,147	1,519	2,225	2,917	2,569	3,254	4,687	4,469	5,349	5,732	10,512	45,183	59,671	31,796
Economic and environmental services	7,437	101,969	133,572	134,958	137,804	81,391	82,869	170,908	180,163	176,043	159,551	296,037	1,662,703	1,361,972	1,451,403
Planning and development	1,094	2,711	3,544	4,095	3,601	2,343	5,680	8,461	1,831	1,633	1,080	8,713	44,786	77,349	155,469
Road transport	4,550	97,465	128,235	129,070	132,330	78,462	76,189	159,798	176,284	173,820	158,044	285,641	1,599,888	1,262,241	1,285,562
Environmental protection	1,793	1,793	1,793	1,793	1,873	586	1,000	2,650	2,048	590	428	1,683	18,028	22,381	10,373
Trading services	52,434	118,991	142,742	157,126	173,747	161,839	117,854	162,834	294,827	344,082	346,319	1,032,161	3,104,956	3,605,996	3,876,819
Energy sources	47,430	78,341	88,798	88,800	102,799	52,293	48,380	86,966	102,493	108,864	109,000	269,707	1,183,872	1,336,334	1,631,151
Water management	1,146	24,745	32,897	26,904	27,408	41,989	19,421	27,353	95,529	62,349	82,626	411,600	853,967	968,222	1,145,900
Waste water management	3,858	13,705	13,697	28,572	23,290	47,078	24,483	13,985	47,525	111,438	86,287	270,658	684,576	854,201	781,149
Waste management	–	2,200	7,350	12,850	20,250	20,480	25,570	34,530	49,280	61,430	68,405	80,195	382,541	447,239	318,619
Other	379	404	399	879	804	714	479	779	754	479	729	633	7,432	9,990	5,190
Total Capital Expenditure - Functional	111,810	299,993	398,042	418,755	456,442	405,089	357,667	526,379	698,554	770,512	767,231	1,753,592	6,964,066	6,663,902	6,940,591

Table 60 MBRR Table SA30 - Budgeted monthly cash flow

R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash Receipts By Source															
Property rates	653,093	769,245	760,389	651,503	710,262	691,893	717,769	701,496	694,265	705,096	680,440	703,479	8,438,931	8,977,120	9,552,583
Service charges - electricity revenue	950,796	1,136,054	1,092,358	1,064,076	968,013	952,411	956,393	991,329	981,262	969,706	980,413	881,124	11,923,936	12,865,618	13,909,765
Service charges - water revenue	239,834	258,338	235,452	241,644	261,843	237,492	256,400	251,325	247,298	261,426	273,580	225,237	2,989,867	3,367,030	3,779,839
Service charges - sanitation revenue	152,199	148,360	140,356	139,732	151,068	143,604	153,097	159,528	140,730	158,926	166,167	199,771	1,853,539	2,071,563	2,307,146
Service charges - refuse revenue	83,962	79,756	78,500	82,938	74,243	85,992	83,630	78,267	82,409	86,909	82,298	(42,199)	856,705	956,423	1,053,860
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	8,279	8,487	8,560	8,483	8,459	8,678	8,419	8,276	8,895	9,082	8,838	(36,574)	57,881	77,978	72,842
Interest earned - external investments	52,136	53,382	51,908	54,102	54,190	50,538	51,111	54,519	53,844	53,479	52,569	191,878	773,657	826,409	857,479
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	18,889	18,439	18,917	18,181	19,572	19,347	19,474	19,280	19,337	19,455	18,622	19,770	229,283	241,892	255,196
Licences and permits	12,144	23,917	12,175	25,764	15,969	21,641	20,009	16,128	17,746	14,303	11,855	14,871	206,520	217,971	229,960
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	920,224	1,103,132	84,956	89,505	649,088	1,348,281	249,269	525,847	1,485,639	-	-	0	6,455,942	6,996,655	7,635,571
Other revenue	88,863	28,745	95,287	43,237	85,981	34,152	54,301	102,137	18,142	59,618	70,560	183,298	864,322	925,990	976,932
Cash Receipts by Source	3,180,419	3,627,854	2,578,859	2,419,166	2,998,688	3,594,029	2,569,873	2,908,131	3,749,568	2,338,000	2,345,343	2,340,655	34,650,584	37,524,649	40,631,173
Other Cash Flows by Source															
Transfer receipts - capital	605,690	83,129	120,776	227,043	114,377	93,762	81,448	802,800	192,451	-	-	32,259	2,353,735	2,188,936	2,294,102
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	41,500	41,500	43,263	45,643
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	1,000,000	-	-	-	-	-	-	-	-	-	-	1,500,000	2,500,000	2,500,000	2,700,000
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	35,710	35,710	39,281	43,209
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	2,456	2,456	2,333	2,216
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	(212,908)	(212,908)	(238,708)	(267,859)
Total Cash Receipts by Source	4,786,109	3,710,984	2,699,635	2,646,209	3,113,065	3,687,791	2,651,321	3,710,931	3,942,018	2,338,000	2,345,343	3,739,671	39,371,076	42,059,754	45,448,483

Table continues on next page.

City of Cape Town –2017/18 Budget

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash Payments by Type																
Employee related costs	887,320	885,663	888,459	880,314	1,612,898	888,707	892,238	928,570	942,397	923,926	934,339	1,317,571	11,982,402	12,898,587	14,049,587	
Remuneration of councillors	12,679	12,673	12,635	12,628	12,683	12,698	12,894	12,801	12,833	12,898	14,220	14,145	155,787	165,913	176,697	
Finance charges	-	-	172,773	-	-	316,152	-	-	169,674	-	-	323,228	981,827	1,394,604	1,761,705	
Bulk purchases - Electricity	1,062,671	984,981	588,179	583,422	568,963	540,351	572,975	526,434	565,475	543,595	691,000	866,754	8,094,800	8,742,384	9,441,775	
Bulk purchases - Water & Sewer	34,125	34,076	32,952	31,726	35,034	35,843	34,251	43,000	40,175	43,404	40,403	40,348	445,335	485,000	525,860	
Other materials	135,447	107,185	104,190	99,420	105,358	104,892	89,534	88,380	84,106	92,990	86,404	92,174	1,190,079	1,271,125	1,354,022	
Contracted services	736,486	582,812	566,525	540,589	572,879	570,343	486,838	480,561	457,322	505,627	469,817	115,761	6,085,559	6,649,457	7,170,612	
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	140,985	140,985	147,473	155,584	
Other expenditure	363,181	287,400	279,368	266,579	282,502	281,251	240,073	236,977	225,517	249,338	231,679	(788,428)	2,155,436	3,147,928	3,335,951	
Cash Payments by Type	3,231,909	2,894,790	2,645,082	2,414,677	3,190,315	2,750,235	2,328,803	2,316,722	2,497,499	2,371,778	2,467,861	2,122,539	31,232,210	34,902,471	37,971,794	
Other Cash Flows/Payments by Type																
Capital assets	794,360	180,693	200,315	145,364	345,685	595,739	206,559	167,866	414,797	467,205	611,726	2,739,583	6,869,892	6,012,538	6,503,720	
Repayment of borrowing	-	-	89,481	-	-	130,291	-	-	89,481	-	-	123,333	432,586	549,253	712,345	
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Cash Payments by Type	4,026,268	3,075,483	2,934,878	2,560,041	3,536,000	3,476,266	2,535,362	2,484,588	3,001,777	2,838,983	3,079,588	4,985,455	38,534,689	41,464,262	45,187,858	
NET INCREASE/(DECREASE) IN CASH HELD	759,840	635,501	(235,243)	86,168	(422,935)	211,526	115,959	1,226,343	940,242	(500,984)	(734,245)	(1,245,783)	836,387	595,492	260,625	
Cash/cash equivalents at the month/year begin:	3,880,811	4,640,651	5,276,152	5,040,909	5,127,076	4,704,141	4,915,667	5,031,626	6,257,969	7,198,210	6,697,227	5,962,982	3,880,811	4,717,198	5,312,690	
Cash/cash equivalents at the month/year end:	4,640,651	5,276,152	5,040,909	5,127,076	4,704,141	4,915,667	5,031,626	6,257,969	7,198,210	6,697,227	5,962,982	4,717,198	4,717,198	5,312,690	5,573,315	

2.12 Annual budgets – internal departments

2.12.1 Area Based Service Delivery (Vote 1)

The Area Based Service Delivery directorate was established on 1 January 2017 through the Organisational Development & Transformation Programme (ODTP).

The directorate aims to embed a customer-centred service delivery improvement programme aimed at:

- improving service delivery at a local level through an integrated customer-centric service delivery model; and
- improve area coordination and management of service delivery in a specified area with agreed upon area boundaries.

This will ensure that all City services are operational, functional and measurable in line with the five strategic pillars within 4 demarcated geographical areas.

Departments/Functions include:

- Sustainable Communities
 - Customer Relations
 - Public Participation
 - Mayoral Urban Regeneration Programmes (MURP)
 - Inter Directorate Sub Council Governance
 - Programme Management Wards
- Four Area Directors
 - Sub-councils
 - Area Economic Development (Informal Trading & Local Tourism)

Sustainable communities' departments

- Customer Relations
The Customer Relations (CR) unit provides an effective and efficient customer relations service to the City's customers to address their requirements in terms of access to municipal service delivery, thereby creating a positive image of the City.

The goal of the unit is to provide a contact centre service to the City's residents and businesses that will ensure a speedy and effective response to customer enquiries and service requests relating to accounts enquiries, general enquiries and service delivery, thereby supporting a customer centric organisation. This is in line with Strategic Focus Area (SFA) 4 of the IDP - "An inclusive City". The focus is to improve the overall customer experience while engaging with the City.

- Public Participation
This unit is responsible for co-ordinating, advising and executing public participation across the City. The functions have been included within the Area Based Service Delivery directorate in order to allow for improved interactions with the local community in respect of matters such as organising, advising, coordination, communication and distribution of information as Public Participation focus on involvement of the local community in the affairs of the City.

- **Mayoral Urban Regeneration Programmes (MURP)**
MURP is tasked to facilitate, co-ordinate and support interventions aimed at addressing nodal priorities as identified by communities and directed by strategic intents of the City. The main purpose of the function is to uplift former neglected, dysfunctional CBDs, Town Centres and Community Nodes by improving safety, quality of life and socio-economic situation, with a focus on the public and shared environment. It also seeks to introduce sustainable integrated urban management of public infrastructure in partnership with communities, public and private sector stakeholders.

Area departments

- **Sub Councils**
The department renders strategic, operational and specialist support to the decision-making structures within the City. It establishes institutes and manages the activities of Sub Councils and Ward Participatory Mechanisms. It undertakes transversal management through the Area Based Service Delivery Model implemented across the four Areas.
- **Area Economic Development**
This unit is responsible for local tourism development as well as informal trading. The main purpose is the coordination and development of amenities, facilities, products and services that support host communities to deliver quality experiences for visitors and residents well-being. It will also tap into the collective wisdom of local operator's knowledge, facilitate new tourism, partnership and investment and ensure that growth benefits the poor and is accepted by the wider community. The unit will also be responsible for the day-to-day management of informal traders and markets.

Table 61 Area Based Service Delivery (Vote 1) - operating revenue by source, expenditure by type and total capital expenditure

Directorate: Area-Based Service Delivery			
Budgeted Financial Performance (revenue and expenditure)			
Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Operating Revenue By Source			
Property rates	198,921	209,880	221,423
Service charges - electricity revenue	–	–	–
Service charges - water revenue	–	–	–
Service charges - sanitation revenue	–	–	–
Service charges - refuse revenue	–	–	–
Service charges - other	–	–	–
Rental of facilities and equipment	–	–	–
Interest earned - external investments	–	–	–
Interest earned - outstanding debtors	0	0	0
Dividends received	–	–	–
Fines, penalties and forfeits	–	–	–
Licences and permits	–	–	–
Agency services	–	–	–
Transfers and subsidies	886	886	886
Other revenue	2,224	2,346	2,475
Gains on disposal of PPE	–	–	–
Total Operating Revenue (excluding capital transfers and contributions)	202,031	213,112	224,784
Operating Expenditure By Type			
Employee related costs	230,656	243,261	264,110
Remuneration of councillors	–	–	–
Debt impairment	5,910	6,235	6,578
Depreciation & asset impairment	10,314	10,470	11,310
Finance charges	1,074	9	10
Bulk purchases	–	–	–
Other materials	8,583	9,059	9,506
Contracted services	72,192	87,663	92,593
Transfers and subsidies	5,312	18,074	19,069
Other expenditure	212,969	226,226	238,958
Loss on disposal of PPE	–	–	–
Total Operating Expenditure	547,009	600,999	642,132
Surplus/(Deficit)	(344,978)	(387,887)	(417,348)
Transfers & subsidies capital NT & PT	2,259	30,150	58,243
Transfers & subsidies capital agency, oth	–	–	–
Transfers & subsidies capital in-kind	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(342,719)	(357,737)	(359,105)
Taxation	–	–	–
Surplus/(Deficit) after taxation	(342,719)	(357,737)	(359,105)
Attributable to minorities	–	–	–
Surplus/(Deficit) attributable to municipality	(342,719)	(357,737)	(359,105)
Share of surplus/ (deficit) of associate	–	–	–
Surplus/(Deficit) for the year	(342,719)	(357,737)	(359,105)
Capital Expenditure	39,430	73,970	105,763

2.12.2 Assets & Facilities Management (Vote 2)

The Assets & Facilities Management directorate was established with the intention to engage in the complete asset lifecycle management including the phases of planning, acquisition, holding and disposal. Due to the fact that the City has a substantial portfolio of assets, the efficient and effective distribution and management of these assets is critical to the sustained service delivery objectives of the City and the community it serves.

The core functions and objectives of this directorate are:

- **Property Management**

The purpose of the Property Management department is to ensure a sustained and cost effective Real Estate, Property Development and Immovable Property Asset Management Functionality. Property Management as the custodian of immovable property is accountable for oversight of the deployment, use and performance of all immovable property assets as well as the creation and retirement of immovable assets. The purpose of the Priority Assets branch in Property Management is to ensure the financial sustainability of key City assets and the utilisation of these assets in promoting Cape Town as a premier events destination.

- **Home Ownership Transfer, Tenancy Management and Staff Housing**

The Home Ownership Transfer, Tenancy Management and Staff Housing department is responsible to direct, manage and control the operations with regards to the transfer of City's Public Housing Assets as well as for tenancy transfer and management. The department is also responsible for the development and implementation of maintenance plans by assessing conditions, maintenance costing, and roll-out. The department also manages and administers properties envisaged to be retained as operational staff housing.

- **Facilities Management**

The Facilities Management department will provide Transversal Facilities Management and Maintenance Services to the directorate and to devolved asset users and will develop a facilities management and maintenance support strategy, facilitate period tenders, assist with tender specifications and quality control.

- **Fleet Management**

The main function of the Fleet Management department is to provide a comprehensive fleet management service to fulfil the City's vehicles, plant and workshop requirements. Approximately 4000 Fleet (Vehicles and Plant Equipment) and the devolved fleets (self – owned vehicles and plant) are managed by this section, i.e.

- Attend to special projects, emergencies in support of Disaster Management Services and other directorates (e.g. emergencies, whale recoveries, informal housing fires etc.)
- Ensure availability of fleet
- Procurement and disposal of fleet
- Repairs and maintenance of fleet
- On road fuelling of the fleet
- Introduce fuel saving projects
- Private hire management of fleet
- Legislative compliance
- Fleet utilisation

- **Cape Town Stadium and Sea Point Precincts**

The Cape Town Stadium and Sea Point Precincts department will be responsible to provide the City with a strategic competitive advantage, to profile and position Brand Cape Town on a global platform, to act as an enabler and leverage in the City's tourism, travel, events and investment strategies to optimally activate commercial opportunities and to provide facilities for the City's inhabitants to interact in a way that will promote and foster social integration.

Significant capital projects to be undertaken over the medium term include, amongst others:

- Facilities Management Rehabilitation of the Cape Town Civic Centre, which includes the upgrading of the Podium Hall and ablution facilities as well as the new entrance
- Establishment of Municipal Courts
- Security hardening of various facilities
- Specialised vehicles – replacement of aged fleet
- Replacement of vehicles / Plant and associated equipment
- Upgrading of priority assets such Athlone Stadium, City Hall and Grand Parade
- Acquisition of land for municipal purposes
- Major upgrading of housing rental stock

Table 62 Assets & Facilities Management (Vote 2) - operating revenue by source, expenditure by type and total capital expenditure

Directorate: Assets & Facilities Management			
Budgeted Financial Performance (revenue and expenditure)			
Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Operating Revenue By Source			
Property rates	–	–	–
Service charges - electricity revenue	–	–	–
Service charges - water revenue	532	594	659
Service charges - sanitation revenue	–	–	–
Service charges - refuse revenue	–	–	–
Service charges - other	–	–	–
Rental of facilities and equipment	388,531	438,958	463,100
Interest earned - external investments	95	100	105
Interest earned - outstanding debtors	9,606	10,242	10,616
Dividends received	–	–	–
Fines, penalties and forfeits	–	–	–
Licences and permits	–	–	–
Agency services	–	–	–
Transfers and subsidies	1,000	1,000	1,000
Other revenue	19,823	20,913	22,064
Gains on disposal of PPE	34,000	35,870	37,843
Total Operating Revenue (excluding capital transfers and contributions)	453,587	507,676	535,388
Expenditure By Type			
Employee related costs	660,219	712,590	773,779
Remuneration of councillors	–	–	–
Debt impairment	159,259	168,018	177,259
Depreciation & asset impairment	372,706	392,282	394,943
Finance charges	30,959	32,662	34,458
Bulk purchases	–	–	–
Other materials	41,976	44,523	47,133
Contracted services	389,921	413,594	438,904
Transfers and subsidies	1,500	1,583	1,670
Other expenditure	194,940	208,608	221,430
Loss on disposal of PPE	28	30	31
Total Operating Expenditure	1,851,509	1,973,889	2,089,607
Surplus/(Deficit)	(1,397,922)	(1,466,213)	(1,554,219)
Transfers & subsidies capital NT & PT	–	–	–
Transfers & subsidies capital agency, oth	–	–	–
Transfers & subsidies capital in-kind	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(1,397,922)	(1,466,213)	(1,554,219)
Taxation	–	–	–
Surplus/(Deficit) after taxation	(1,397,922)	(1,466,213)	(1,554,219)
Attributable to minorities	–	–	–
Surplus/(Deficit) attributable to municipality	(1,397,922)	(1,466,213)	(1,554,219)
Share of surplus/ (deficit) of associate	–	–	–
Surplus/(Deficit) for the year	(1,397,922)	(1,466,213)	(1,554,219)
Capital Expenditure	400,359	281,917	265,214

2.12.3 Corporate Services (Vote 3)

The Corporate Services directorate is a transversal directorate by nature. Its core purpose is to provide multi-disciplinary services and professional partnerships to directorates, supporting and enabling service delivery for the City through value adding programmes, systems, processes, policies and knowledge management.

The core functions and objectives of this directorate are:

- **Executive and Council Support**

The department provides an interface between the executive and decision-making structures and the organisation through effective and efficient facilitation of the decision-making process.

To this end, the department drives, develops, manages and maintains sound governance systems, processes and procedures as key components of the professional support given to Council and its committees, the Executive Mayor, the Mayoral Committee, the City Manager and his Executive Management Team, and the organisation as a whole. It also drives the implementation of the City's Language Policy as well as the promotion of multilingualism.

Its Councillor Support branch provides operational and institutional support to all councillors.

- **Legal Services**

The department provides an effective and efficient legal support service to Council in order to enable it to comply with its Constitutional Mandate and within the relevant legislative framework, so as to manage and limit the legal risks of the City.

- **Human Resources**

The purpose of Human Resources is to render an efficient and effective value adding service to all our clients within and external to the City, through the multiple roles of strategic business partner, administrative and subject matter expert, employee champion and change agent, across all the areas of specialisation within the HR function.

- **Information Systems & Technology**

Deploys its Digital City Strategy to maximize the use of Information and Communication Technologies (ICT) within the City and thereby improve services to officials, citizens, visitors and other stakeholders. As a strategic partner to Council and its various business lines it aims to be a catalyst for the transformation of public services and to continue enable the City to become a more efficient and effective local government authority. As a technology leader the IS & T Department positions itself as a dependable and trusted change agent serving as the forefront of technological progress and innovation in order to render the City more sustainable for all its stakeholders.

- **Information and Knowledge Management**

Responsible, at a corporate level, for ensuring that relevant institutional information, knowledge and records are managed, retained and shared across the organisation, in order to support planning, service delivery and more efficient management. The department also provides information, knowledge and records management related support services to City departments including spatial data management, map production, aerial photography, information analysis, survey and research support and records management services.

Significant capital projects to be undertaken over the medium term include, amongst others:

- Construction of a Metro Area Fibre Optic Network
- Enhance Corporate Business Systems
- Renew ICT Infrastructure
- Update of aerial photography for municipal area

The following additional key programmes and projects will be undertaken:

- Staff Engagement Survey
- Customer/Community Satisfaction Survey
- Enhancement of the Web-based Knowledge Hub
- Records Management Programme including the enabling of Electronic Records Management, as well as a city wide project for the safe-keeping of legal records
- Occupational Health and Safety Management programme
- Enable Mobile Government
- Enable Corporate Business Services
- e-HR Programme
- Talent Management Programme
- Internal Management Processes Programme (MAP)
- External Skills Development programme (including external bursaries, learnerships, in-service training and apprenticeships)

Table 63 Corporate Services (Vote 3) - operating revenue by source, expenditure by type and total capital expenditure

Directorate: Corporate Services			
Budgeted Financial Performance (revenue and expenditure)			
Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Operating Revenue By Source			
Property rates	–	–	–
Service charges - electricity revenue	–	–	–
Service charges - water revenue	–	–	–
Service charges - sanitation revenue	–	–	–
Service charges - refuse revenue	–	–	–
Service charges - other	–	–	–
Rental of facilities and equipment	–	–	–
Interest earned - external investments	–	–	–
Interest earned - outstanding debtors	25	26	28
Dividends received	–	–	–
Fines, penalties and forfeits	1	4	4
Licences and permits	–	–	–
Agency services	–	–	–
Transfers and subsidies	9,633	10,993	12,745
Other revenue	57,414	60,569	63,901
Gains on disposal of PPE	–	–	–
Total Operating Revenue (excluding capital transfers and contributions)	67,073	71,592	76,677
Expenditure By Type			
Employee related costs	784,755	853,700	927,005
Remuneration of councillors	150,918	160,728	171,175
Debt impairment	–	–	–
Depreciation & asset impairment	157,912	154,328	152,981
Finance charges	14,695	15,504	16,356
Bulk purchases	–	–	–
Other materials	26,237	27,860	29,513
Contracted services	138,281	146,509	155,452
Transfers and subsidies	–	–	–
Other expenditure	468,689	513,494	542,023
Loss on disposal of PPE	64	67	71
Total Operating Expenditure	1,741,551	1,872,190	1,994,576
Surplus/(Deficit)	(1,674,477)	(1,800,597)	(1,917,898)
Transfers & subsidies capital NT & PT	1,000	1,000	–
Transfers & subsidies capital agency, oth	–	–	–
Transfers & subsidies capital in-kind	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(1,673,477)	(1,799,597)	(1,917,898)
Taxation	–	–	–
Surplus/(Deficit) after taxation	(1,673,477)	(1,799,597)	(1,917,898)
Attributable to minorities	–	–	–
Surplus/(Deficit) attributable to municipality	(1,673,477)	(1,799,597)	(1,917,898)
Share of surplus/ (deficit) of associate	–	–	–
Surplus/(Deficit) for the year	(1,673,477)	(1,799,597)	(1,917,898)
Capital Expenditure	351,686	339,446	338,046

2.12.4 City Manager (Vote 4)

The City Manager heads the administration of the City and chairs the Executive Management Team (EMT) of the City, whose primary responsibility is advising the City Manager on strategy and policy. The EMT also supports the City Manager by driving the implementation of strategic programmes within the 5-year Integrated Development Plan (IDP).

Contained within the Office of the City Manager are two strategic functionaries that advise the City Manager on policy decisions and ensures compliance.

Table 64 City Manager (Vote 4) - operating revenue by source, expenditure by type and total capital expenditure

Directorate: City Manager			
Budgeted Financial Performance (revenue and expenditure)			
Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Operating Revenue By Source			
Property rates	–	–	–
Service charges - electricity revenue	–	–	–
Service charges - water revenue	–	–	–
Service charges - sanitation revenue	–	–	–
Service charges - refuse revenue	–	–	–
Service charges - other	–	–	–
Rental of facilities and equipment	–	–	–
Interest earned - external investments	–	–	–
Interest earned - outstanding debtors	–	–	–
Dividends received	–	–	–
Fines, penalties and forfeits	–	–	–
Licences and permits	–	–	–
Agency services	–	–	–
Transfers and subsidies	–	–	–
Other revenue	–	–	–
Gains on disposal of PPE	–	–	–
Total Operating Revenue (excluding capital transfers and contributions)	–	–	–
Expenditure By Type			
Employee related costs	8,066	8,774	9,527
Remuneration of councillors	–	–	–
Debt impairment	–	–	–
Depreciation & asset impairment	183	200	193
Finance charges	–	–	–
Bulk purchases	–	–	–
Other materials	300	317	334
Contracted services	189	200	213
Transfers and subsidies	–	–	–
Other expenditure	13,460	14,138	14,918
Loss on disposal of PPE	–	–	–
Total Operating Expenditure	22,198	23,629	25,186
Surplus/(Deficit)	(22,198)	(23,629)	(25,186)
Transfers & subsidies capital NT & PT	–	–	–
Transfers & subsidies capital agency, oth	–	–	–
Transfers & subsidies capital in-kind	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(22,198)	(23,629)	(25,186)
Taxation	–	–	–
Surplus/(Deficit) after taxation	(22,198)	(23,629)	(25,186)
Attributable to minorities	–	–	–
Surplus/(Deficit) attributable to municipality	(22,198)	(23,629)	(25,186)
Share of surplus/ (deficit) of associate	–	–	–
Surplus/(Deficit) for the year	(22,198)	(23,629)	(25,186)
Capital Expenditure	222	222	222

2.12.5 Directorate of the Mayor (Vote 5)

The purpose of this directorate is to operate as the strategic function of the organization that will lead and guide the City's strategy and policy and monitor and evaluate organisational performance to ensure the highest standards of governance and service delivery.

Further, the directorate is responsible for driving strategic transversal initiatives that will enable the organisation to adapt its business practices to create public value of complex products.

The directorate consists of the following functional areas:

- **Organisational Effectiveness**

The department is a Centre of Excellence established to provide the organisation with strategies, tools and resources through its focus in driving Strategic change; Operational excellence and Innovation in order to create an engaged workforce, improve service delivery and for effective engagement with customers. Ultimately the department must drive the City's Government Modernization initiatives to prepare the City for future challenges and opportunities.

The department also provides strategic direction and develops corporate guidelines for the implementation of the City's Employment Equity Policy and EE Plan, which forms the basis of the City's transformation agenda.

- **Communications**

The department provides a range of specialist communication services to all departments of the City around all facets pertaining to the communication field. One of the main deliverables involves the City's Corporate Brand Strategy and execution thereof, which in turn builds toward positive perceptions and reputation for the City.

Services provided include: media, communication strategy and campaign development, publications, electronic communications, photography, videography and audio-visual services.

The dimensions of the department's activities are defined by the Corporate Brand Strategy, Brand Architecture and the Media and Communication Strategies of the City.

- **Probity**

To provide independent, objective and reliable assurance and advisory services, which is designed to add value and improve the City's operations. It assists the City to accomplish its objectives by bringing about a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes, forensics, ethics, integrity and other investigations.

- **Enterprise and Investment**

The department is concerned with creating and sustaining the enabling environment required to attract investment into the City for the purpose of generating economic growth and job creation.

The department develops strategies for catalytic economic sectors and works with sector organisations on specific deliverables in value chains, clustering and partnerships. It advises on incentives for investors and performs “one-stop-shop” investment facilitation services for both firm-level investors and larger property investors. It runs the Atlantis Investment Facilitation office, which offers facilitation services in a targeted geographical area that.

It offers support services to Small Medium and Micro Enterprises (SMMEs) and coordinates efforts to ease the cost of doing business in the city. It works on destination marketing, with specific emphasis on growing the investment and tourism brands of the city. It engages with both internal and external clients to ensure that infrastructure such as the port and airport are supportive of increasing trade and investment.

The department also coordinates the international relations function of the City and works closely with Wesgro, the trade and investment promotion agency of Cape Town and the Western Cape.

- **Organisation Performance Management**

To manage and monitor the City’s performance and benchmark the City’s organisational performance management against international best practise in order to improve service delivery quality, accountability and create a mind-set of continuous improvement through performance systems and processes.

- **Organisational Policy and Planning**

The department has the role of leading, managing and supporting the organisation’s policy and planning processes including the City’s corporate policy process, the development of the Integrated Development Plan, the development and review of by-laws and the provision of legal comments on draft national and provincial legislation, and research and evidence gathering and analysis to support decision-making. Through the Project Portfolio Management System, the implementation of the City’s projects is supported and managed and service delivery enhanced. The Department also provides administrative support for the transversal management systems and processes in the City, including for the offices of the Executive Leadership.

Selected initiatives in the 2017/18 financial year

- Preparation of the City’s Strategic policy agenda
- Preparation of the approved IDP for corporate publication
- Facilitation and management of the IDP 2018/2019 review and amendment process
- Annual Customer/Community Satisfaction Survey
- Backyard information project
- Quarterly reports of the State of the Cape Town economy
- State of Cape Town report 2018
- Project Portfolio Management: Organisational Development and Transformation Project enhancements
- The roll-out of information sessions on King IV and its supplements to Local Government to the City’s Leadership and Line Management in the various Directorates in order to contribute towards the continuous improvements to the Governance and the control environment of the City.

- Develop a range of multi-faceted communication campaigns to inform and educate residents on a range of city matters that affect them.
- Support smaller, more focused initiatives to inform and educate specific target audiences on various City services matters; at a local level.
- Leverage the city's corporate identity – logo and payoff line in a wide range of products to identify and showcase the work the city does.
- Document City business visually – be it photographs or video, to showcase what the city does.

Table 65 Directorate of the Mayor (Vote 5) - operating revenue by source, expenditure by type and total capital expenditure

Directorate: Directorate of the Mayor			
Budgeted Financial Performance (revenue and expenditure)			
Description	2017/18 Medium Term Revenue & Expenditure		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Operating Revenue By Source			
Property rates	–	–	–
Service charges - electricity revenue	–	–	–
Service charges - water revenue	–	–	–
Service charges - sanitation revenue	–	–	–
Service charges - refuse revenue	–	–	–
Service charges - other	–	–	–
Rental of facilities and equipment	74	78	82
Interest earned - external investments	–	–	–
Interest earned - outstanding debtors	5	5	5
Dividends received	–	–	–
Fines, penalties and forfeits	–	–	–
Licences and permits	–	–	–
Agency services	–	–	–
Transfers and subsidies	3,166	1,068	68
Other revenue	80	84	89
Gains on disposal of PPE	–	–	–
Total Operating Revenue (excluding capital transfers and contributions)	3,324	1,235	244
Expenditure By Type			
Employee related costs	298,778	324,918	352,619
Remuneration of councillors	4,868	5,185	5,522
Debt impairment	–	–	–
Depreciation & asset impairment	8,643	12,607	11,758
Finance charges	2,365	3,618	3,817
Bulk purchases	–	–	–
Other materials	8,755	9,174	9,678
Contracted services	87,571	90,103	94,012
Transfers and subsidies	71,515	69,873	73,716
Other expenditure	75,157	79,214	83,636
Loss on disposal of PPE	13	14	15
Total Operating Expenditure	557,664	594,705	634,773
Surplus/(Deficit)	(554,340)	(593,471)	(634,529)
Transfers & subsidies capital NT & PT	–	–	–
Transfers & subsidies capital agency, oth	–	–	–
Transfers & subsidies capital in-kind	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(554,340)	(593,471)	(634,529)
Taxation	–	–	–
Surplus/(Deficit) after taxation	(554,340)	(593,471)	(634,529)
Attributable to minorities	–	–	–
Surplus/(Deficit) attributable to municipality	(554,340)	(593,471)	(634,529)
Share of surplus/ (deficit) of associate	–	–	–
Surplus/(Deficit) for the year	(554,340)	(593,471)	(634,529)
Capital Expenditure	17,108	2,238	2,158

2.12.6 Energy (Vote 6)

The Constitution stipulates that an object of local government is to ensure the provision of services to communities in a sustainable manner. It also provides that a municipality has executive authority in respect of, and has the right to administer local government matters listed in Part B of Schedule 4 and Part B of Schedule 5. Electricity reticulation is a Schedule 4B function and street lighting is schedule 5B function, both of which the City has elected to exercise its authority and rights.

To meet this responsibility, the Energy directorate must ensure the provision of effective electricity reticulation and street lighting services in a sustainable manner through effective management of natural resources and service delivery infrastructure.

Electricity Generation and Distribution

The City's Cape Town Electricity Generation and Distribution department reticulates electricity to residential and commercial/industrial customers in the City's electricity area of supply. The department holds a distribution licence from the National Energy Regulator of South Africa (NERSA). Under the NERSA licence, the standard of services provided must meet the requirements as set out in the national standards NRS047 and NRS048.

The operating budget of which the largest component is electrical energy costs also supports the operation, maintenance, growth and refurbishment of the electricity distribution network that is the backbone for the provision of electricity reticulation services. Asset management plans where infrastructure projects are evaluated and graded on a risk matrix inform the capital budget.

Access to electricity services for new consumers is achieved through the demand driven capital programme funded through shared network cost contributions for non-subsidized residential and commercial consumers. In the case of housing developments which consist of dwellings for which the beneficiaries are eligible for Government housing subsidies, access to electricity services is subsidized via the Integrated National Electrification Plan (INEP) or Urban Settlements Development Grant (USDG) funding. In the case of informal housing, access to electricity services is undertaken through the department's electrification and backyarder plans which are also INEP and USDG funded.

The budget presented is based on a combination of zero as well as parameter based budgetary methods. The planned change is premised on the framework that will allow the finance function to add value to the business it serves. The financial plan is cognitive of the key cost drivers.

Unless otherwise stated, financial modelling is based on the assumptions listed below:

- Contribution to Rates Account = 10% of Electricity Sales (excluding FBE) plus 0.19% earmarked for the funding of Sustainable Energy Markets Department.
- System energy growth calculation based on recent and current energy consumptive patterns.
- CPIX as determined by Corporate Finance for the next three years.
- Effective Eskom increase is based on the NERSA approved multi-year pricing determination.
- Collection ratio of 98% for the next three years.

The capital budget is funded from a number of funding sources with the Capital Replacement Reserve (CRR), External Financing Fund (EFF) and Grants & Donations (CGD) being the largest. It is critically important to match the benchmark for the investment in refurbishment in accordance with international best practice to ensure good quality of supply and excellent customer and delivery service.

EFF envelopes are set by the Finance directorate and increases in capital charges related to this funding source have an impact on tariffs. Non-generating revenue projects in respect of infrastructure and refurbishment are earmarked to be funded from CRR (revenue) rather than from EFF (loans). This practice over an extended period will have the effect of reducing tariff increase requirements.

Legislated principles, which are in the long-term interests of the electricity consumer in South Africa, inform the City's annual tariff adjustment process. In terms of these, electricity tariffs should reflect the underlying costs of supply for the majority of consumers. This will ensure that consumers make rational decisions on electricity consumption, and that the correct levels of resources are, over time, dedicated to electricity supply in South Africa. Tariff structure adjustments shall be introduced in a phased manner in order to give consumers the opportunity to respond and adjust behaviour accordingly.

The department is also responsible for the provision of street and public lighting across the entire metro area of the City of Cape Town (both the City's and Eskom's electricity area of supply). This, however, excludes the provision of street- and public lighting on national and provincial roads.

Sustainable Energy Markets

The newly created Sustainable Energy Markets department's focus will be to make Cape Town more energy secure by exploring all available options to buy energy directly from Independent Power Producers; encouraging embedded generation; developing a revenue model that is less reliant on the sale of electricity; and working towards a more sustainable mix of energy sources with a greater emphasis on renewables. This will include coordinating the implementation and monitoring of the City's Sustainable Energy Action Plan with departments and stakeholders towards achieving the Cape Town Energy 2040 vision, ensuring the continuation of improving the City's own energy use and carbon footprint by retrofitting City buildings and operations and promoting renewable energy technologies (solar water heating) and energy efficiency.

Table 66 Energy (Vote 6) - operating revenue by source, expenditure by type and total capital expenditure

Directorate: Energy			
Budgeted Financial Performance (revenue and expenditure)			
Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Operating Revenue By Source			
Property rates	–	–	–
Service charges - electricity revenue	12,081,546	13,034,784	14,090,590
Service charges - water revenue	–	–	–
Service charges - sanitation revenue	–	–	–
Service charges - refuse revenue	–	–	–
Service charges - other	–	–	–
Rental of facilities and equipment	820	865	913
Interest earned - external investments	–	–	–
Interest earned - outstanding debtors	22,000	23,210	24,487
Dividends received	–	–	–
Fines, penalties and forfeits	–	–	–
Licences and permits	–	–	–
Agency services	–	–	–
Transfers and subsidies	1,400	1,600	1,000
Other revenue	100,152	105,661	111,473
Gains on disposal of PPE	2,500	2,637	2,783
Total Operating Revenue (excluding capital transfers and contributions)	12,208,418	13,168,758	14,231,246
Expenditure By Type			
Employee related costs	1,145,547	1,245,951	1,352,694
Remuneration of councillors	–	–	–
Debt impairment	171,106	180,517	190,445
Depreciation & asset impairment	315,958	353,158	374,870
Finance charges	278	293	309
Bulk purchases	8,094,800	8,742,384	9,441,775
Other materials	136,750	145,243	154,265
Contracted services	284,564	301,267	319,721
Transfers and subsidies	–	–	–
Other expenditure	206,564	219,107	231,665
Loss on disposal of PPE	184	194	205
Total Operating Expenditure	10,355,750	11,188,113	12,065,949
Surplus/(Deficit)	1,852,668	1,980,644	2,165,297
Transfers & subsidies capital NT & PT	134,600	177,695	246,096
Transfers & subsidies capital agency, oth	52,900	55,200	58,600
Transfers & subsidies capital in-kind	–	–	–
Surplus/(Deficit) after capital transfers & contributions	2,040,168	2,213,539	2,469,993
Taxation	–	–	–
Surplus/(Deficit) after taxation	2,040,168	2,213,539	2,469,993
Attributable to minorities	–	–	–
Surplus/(Deficit) attributable to municipality	2,040,168	2,213,539	2,469,993
Share of surplus/ (deficit) of associate	–	–	–
Surplus/(Deficit) for the year	2,040,168	2,213,539	2,469,993
Capital Expenditure	1,292,814	1,413,174	1,705,351

2.12.7 Finance (Vote 7)

The ultimate aim of the Finance directorate is to ensure that excellent financial governance is installed throughout the organisation, with clear internal controls, sustainable policies and standardised procedures that will ensure legislative compliance and minimise fraud and corruption.

The departmental structure within the directorate consists of the Chief Finance Officer and seven directors (Budgets, Expenditure, Revenue, Supply Chain Management, Treasury, Grant Funding and Valuations).

The projects contained within the capital budget of the Finance directorate support both financial control and service delivery and include a number of strategic projects - R16.5 million for 2017/18. The main projects are E-Tender Tracking System (R7 million), Furniture & IT equipment (R3.2 million) and Security at Cash/MVR offices (R2.1 million).

The various Departments in the Finance directorate are responsible, for inter alia:

- Budgeting – which gives financial effect to the strategic focus in the form of short, medium & long term financial planning which is credible, viable and sustainable.
- Maintaining accurate and complete financial records to enhance decision-making, thereby sustaining confidence in these records of the City.
- Managing the City's banking, investments, borrowings, and cash flow in the most effective, economical and efficient manner.
- Billing and collecting monies and funds due to the City.
- Monitoring and controlling all expenditure, in order to embed sound financial discipline and ensuring accountability for the use of public funds.
- Market related property valuations in order to equitably levy rates on all rateable properties for the provision of the unconditional revenue stream to finance non-tariff funded services.
- Payment of creditors in compliance with relevant legislation.
- The development and implementation of a comprehensive conditional grant fund, compliance and synergistic grant fund management structure for the City.
- Implementation of sound supply chain management policies and procedures.
- Development and reviewing of financial and finance-related policies.
- Ensuring compliance to relevant legislation, and the implementation and maintenance of good governance.
- Modelling the impact of the Total Municipal Account (TMA) on residents to ensure a fair distribution of the burden.

Table 67 Finance (Vote 7) - operating revenue by source, expenditure by type and total capital expenditure

Directorate: Finance			
Budgeted Financial Performance (revenue and expenditure)			
Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Operating Revenue By Source			
Property rates	8,558,320	9,114,611	9,707,060
Service charges - electricity revenue	–	–	–
Service charges - water revenue	–	–	–
Service charges - sanitation revenue	–	–	–
Service charges - refuse revenue	–	–	–
Service charges - other	–	–	–
Rental of facilities and equipment	2	2	2
Interest earned - external investments	773,468	826,210	857,268
Interest earned - outstanding debtors	98,344	103,751	109,457
Dividends received	–	–	–
Fines, penalties and forfeits	444	469	494
Licences and permits	–	–	–
Agency services	151,151	159,464	168,235
Transfers and subsidies	4,783,642	5,247,193	5,696,614
Other revenue	36,722	45,323	47,816
Gains on disposal of PPE	–	–	–
Total Operating Revenue (excluding capital transfers and contributions)	14,402,091	15,497,022	16,586,946
Expenditure By Type			
Employee related costs	896,376	961,277	1,038,143
Remuneration of councillors	–	–	–
Debt impairment	342,843	361,700	381,593
Depreciation & asset impairment	14,626	15,907	16,499
Finance charges	992,773	1,427,599	1,793,128
Bulk purchases	–	–	–
Other materials	16,026	16,853	17,782
Contracted services	75,484	68,437	72,341
Transfers and subsidies	2,114	2,230	2,353
Other expenditure	1,004,346	1,058,114	1,117,726
Loss on disposal of PPE	–	–	–
Total Operating Expenditure	3,344,589	3,912,117	4,439,566
Surplus/(Deficit)	11,057,502	11,584,904	12,147,380
Transfers & subsidies capital NT & PT	50	–	–
Transfers & subsidies capital agency, oth	–	–	–
Transfers & subsidies capital in-kind	–	–	–
Surplus/(Deficit) after capital transfers & contributions	11,057,552	11,584,904	12,147,380
Taxation	–	–	–
Surplus/(Deficit) after taxation	11,057,552	11,584,904	12,147,380
Attributable to minorities	–	–	–
Surplus/(Deficit) attributable to municipality	11,057,552	11,584,904	12,147,380
Share of surplus/ (deficit) of associate	–	–	–
Surplus/(Deficit) for the year	11,057,552	11,584,904	12,147,380
Capital Expenditure	17,136	15,249	16,419

2.12.8 Informal Settlements, Water and Waste Services (Vote 8)

The Constitution stipulates that the City has a responsibility to ensure that the citizens of Cape Town have access to basic services. Municipal powers and functions are dealt with in Section 156 (Schedules 4B and 5B) of the Constitution. Specific functions pertaining to water and sanitation are contained in Schedule 4B. Specific functions pertaining to cleansing, refuse removal, refuse dumps and solid waste disposal are contained in schedule 5B.

The Informal Settlements and Backyarders department leads the City's development of Informal Settlements and Backyarders by improving the overall living and upliftment of communities within the City, with specific focus on improving the livelihood of the poor. In this way, the department is supporting the National Outcome 8 imperatives and contributing tangibly to the upliftment of individuals, families and communities across Cape Town.

To meet this responsibility, the directorate must ensure the provision of effective and reliable water, sanitation, solid waste management and informal settlement & backyarder services through effective management of natural resources and service delivery infrastructure.

- **Informal Settlements & Backyarders**

The department's main focus is to consolidate the provision of bulk services, janitorial services, EPWP, taps and toilet installations. The department will also co-ordinate the management of ancillary services, such as environmental health and social services, including disaster and emergency services.

- **Solid Waste Management**

All formal households receive a refuse collection service that is rendered by the City's Solid Waste Management department or by a contractor on its behalf. Informal settlements receive a once a week bagged door-to-door waste collection service per dwelling that is wholly carried out by contractors on behalf of the City. Businesses on the other hand may opt to be serviced either by the City or by a private contractor that is accredited by the City as a waste collector. Due to its unique circumstances, the industrial sector, which in addition generates special and hazardous waste, is serviced exclusively by the private sector in terms of Council policy.

- **Water & Sanitation**

Most City of Cape Town customers have access to water and sanitation services through a metered water connection. With the exception of a few septic tank facilities, all formal residential households have full flush sanitation on site, as well as municipal water supply. In terms of informal settlements, the City meets national standards for water and sanitation service delivery.

2.12.8.1 Informal Settlements & Backyarders department

The department's main focus is to upgrade and improve informal settlements and to provide services to backyard dwellers and to consolidate the provision of bulk services, janitorial services, EPWP opportunities, taps and toilet installations. The department will also co-ordinate the management of ancillary services, such as environmental health and social services, including disaster and emergency services.

The main functions in the department are:

- Provision of basic services to informal settlements;
- Upgrading and formalisation of informal settlements;
- Provision of backyard services; and
- Provision of community engagement and liaison services, and rendering of humanitarian services in instances of disasters such as flooding and fires in informal settlements and backyards.

The benefits of the Informal Settlements & Backyarders department are:

- A streamlined and focused attention in the provision of services to people living in informal settlements and backyards;
- A streamlined and focused attention in the upgrading and formalisation of informal settlements;
- Focused budgeting and allocation of funds for the upgrading of and provision of services to informal settlements;
- Increased integration in the provision of services resulting in improved quality of service;
- Lead to enhanced planning;
- Better management, monitoring and evaluation of service delivery;
- Removes confusion in terms of overall accountability; and
- Improved service delivery.

The Housing Act (No.107 of 1997) places an obligation on the City, as part of its process of integrated development planning, to take all reasonable and necessary steps within the framework of the national and provincial housing policy to ensure that:

- The inhabitants of its area of jurisdiction have access to adequate housing on a progressive basis;
- Conditions not conducive to the health and safety of the inhabitants of its area of jurisdiction are prevented or removed; and
- Services in respect of water, sanitation, electricity, roads, storm water drainage and transport are provided in a manner, which is economically efficient.

In addition, the City is required to:

- Promote the resolution of conflicts arising in the housing development process;
- Provide bulk engineering services, and revenue generating services in so far as such services are not provided by specialist utility suppliers; and
- Plan and manage land use and development for human settlements.

In order to give greater effect to the above obligations, Council in February 2014 approved the Integrated Human Settlements Framework (IHSF) which calls for a transversal implementation and management approach to enable the delivery of significant more housing opportunities per annum.

The IHSF proposes, and will inform, the finalisation of a new and innovative long term Integrated Human Settlements Plan towards 2032 based on the City's broader human settlement delivery mandate and one that can holistically address the key challenges brought about by rapid urbanization. The long term plan will also be influenced and also influence the City's Growth Management Strategy, including the City's Built Environment Performance Plan. The IHSF proposes the following key strategy shifts and processes:

- **The regularisation and progressive upgrading of all informal settlements**
This should shift from a pipeline of comprehensive upgrade projects to a broad based (all settlements) ongoing improvement of services, public space and tenure provided while households formalise their top structures. Densities must be sufficient to minimise the need to relocate households.
- **Encourage and support the development of second dwellings** through regularising existing backyard dwellings and opening up new designated areas for formal backyard rental units. In addition, the upgrading and formalisation of existing backyard dwellings should be enabled.
- **Encourage and support further household densification** in designated areas by providing incentives and expediting sub-divisions of existing residential properties for the building of additional housing for sale and also the building by households of second dwellings (granny flats) for rental on their properties.
- **A focused communications programme should be undertaken to adjust the expectations of stakeholder.**

The City, as per the transversal mandate, has developed an implementation roadmap with respect to the Integrated Human Settlements Framework (IHSF).

Table 68 Informal Settlements & Backyarders department (Vote 8) - operating revenue by source, expenditure by type and total capital expenditure

Directorate: Informal Settlements, Water & Waste Serv			
Department: Informal Settlements & Backyarders			
Budgeted Financial Performance (revenue and expenditure)			
Description	2017/18 Medium Term Revenue & Expenditure		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Operating Revenue By Source			
Property rates	-	-	-
Service charges - electricity revenue	-	-	-
Service charges - water revenue	-	-	-
Service charges - sanitation revenue	-	-	-
Service charges - refuse revenue	-	-	-
Service charges - other	-	-	-
Rental of facilities and equipment	-	-	-
Interest earned - external investments	-	-	-
Interest earned - outstanding debtors	-	-	-
Dividends received	-	-	-
Fines, penalties and forfeits	-	-	-
Licences and permits	-	-	-
Agency services	-	-	-
Transfers and subsidies	48,643	62,510	42,841
Other revenue	-	-	-
Gains on disposal of PPE	-	-	-
Total Operating Revenue (excluding capital transfers and contributions)	48,643	62,510	42,841
Expenditure By Type			
Employee related costs	164,416	161,136	174,897
Remuneration of councillors	-	-	-
Debt impairment	-	-	-
Depreciation & asset impairment	23,133	30,891	34,050
Finance charges	1,500	1,500	1,500
Bulk purchases	-	-	-
Other materials	9,910	10,479	11,081
Contracted services	268,626	295,672	289,919
Transfers and subsidies	-	-	-
Other expenditure	34,033	35,154	36,346
Loss on disposal of PPE	-	-	-
Total Operating Expenditure	501,619	534,833	547,793
Surplus/(Deficit)	(452,976)	(472,323)	(504,952)
Transfers & subsidies capital NT & PT	144,790	90,370	28,000
Transfers & subsidies capital agency, oth	-	-	-
Transfers & subsidies capital in-kind	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(308,186)	(381,953)	(476,952)
Taxation	-	-	-
Surplus/(Deficit) after taxation	(308,186)	(381,953)	(476,952)
Attributable to minorities	-	-	-
Surplus/(Deficit) attributable to municipality	(308,186)	(381,953)	(476,952)
Share of surplus/ (deficit) of associate	-	-	-
Surplus/(Deficit) for the year	(308,186)	(381,953)	(476,952)
Capital Expenditure	196,528	123,609	135,239

2.12.8.2 Solid Waste Management department

The City's Solid Waste Management (SWM) department is the service authority and regulator of waste management activities in Cape Town as per the City's System of Delegations and the municipality's executive powers conferred on it by law. The City as a service authority or regulator is responsible for services in the metropolitan municipal area for:

- The management and minimisation of waste that will be collected, streamed, diverted, processed or treated and recycled.
- The management of waste that will be disposed of at a licensed, regulated landfill site inside the City's boundaries or any other waste management site under its direct control.
- All individuals residing or visiting the City and entities doing business or providing any form of private, public or community service requiring waste management services.
- All service providers operating in the waste management industry.
- The management and regulation of all waste that may include liquid or fluid waste, which are generated in the municipality with special provisions for the handling, processing, treatment and disposal of hazardous waste, as well as waste generated by the health services industry (including veterinary services).
- The regulation of waste crossing the City's boundaries to ensure proper management, recycling and control of all types of waste.

The long-term vision for the City's waste management services is to integrate waste management services in such a way that they are able to not only provide basic services, but to augment economic activity and minimise the effects of waste on human and environmental health.

National support and development is necessary as waste minimisation and recycling activities are not limited to Cape Town and involve processing- and manufacturing sectors on a national scale. It is apparent that this will not be an easy or a quick process. These are key influences on achieving the City's long-term waste management vision and objectives set by the department. The long-term vision for the Cape Town Waste Management sector is:

- To improve access to basic services for residents to as close to 100% as possible within the constraints of available funds and unplanned growth.
- To develop multiple integrated initiatives that will reduce waste and the associated impacts substantially as well as contribute to and support economic development.
- To generate other sources of funding for integrated waste management through Public-Private Partnerships (PPP) within the Cape Town municipal area.
- To improve income generated by the City's waste services.
- To optimise utilisation of the City's resources and capital.
- To regulate waste and the associated services, which will ensure sustainability and prevent the impact or harm to people and the environment.

The approved SWM Integrated Waste Management (IWM) Plan (5-year plan aligned with the IDP) along with the annual SWM Business Plan gives effect to our long-term vision. Recommendations to achieve large volume waste diversion from landfills, which will enable the City to comply with the provisions of NEMWA to consider waste minimisation in terms of ensuring service provisions, are embedded in the department's IWM Plan.

The basis of funding is determined by the nature and the type of service and related resources, fleet, plant, equipment or infrastructure and whether a fee can be used to recover the cost of the service (as determined by the City's Tariff Schedule). The following funding groups are provided for council's waste management functions in both the SWM IWM and the SWM tariff policies:

Tariffs

- Collection of refuse in formal residential areas and partly businesses.
- Waste treatment and disposal, including landfill sites, transfer stations and related waste handling and waste minimisation infrastructure.

Rates

- Cleansing services.
- Drop-off facilities.
- Waste planning, including waste minimisation.
- Support Services (incl. Human resources, administration, Finance & Commercial, Loss Control, Technical Services and management overheads).

In general, the funding provided for SWM specific integrated waste management aspects are:

- **Operating costs:** Defined as those costs expended by the SWM in managing and implementing the day-to-day operations required for SWM services rendered by the City. It also includes the cost of external service providers, consultants and contractors employed by the SWM, the costs of repairs and maintenance of existing infrastructure, plant and equipment.
- **Capital costs:** Includes, but are not limited to land acquisition, infrastructure development, vehicles, plant & equipment acquisition, new buildings and facilities (i.e. liners for landfills, transfer stations, drop-off or recycling centres, composting plants etc.).

(Source: Departmental Business Plan 2017/2018)

Table 69 Solid Waste Management department (Vote 8) - operating revenue by source, expenditure by type and total capital expenditure

Directorate: Informal Settlements, Water & Waste Serv			
Department: Solid Waste Management			
Budgeted Financial Performance (revenue and expenditure)			
Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Operating Revenue By Source			
Property rates	-	-	-
Service charges - electricity revenue	-	-	-
Service charges - water revenue	-	-	-
Service charges - sanitation revenue	-	-	-
Service charges - refuse revenue	1,341,882	1,471,173	1,599,278
Service charges - other	-	-	-
Rental of facilities and equipment	-	-	-
Interest earned - external investments	-	-	-
Interest earned - outstanding debtors	18,000	18,990	20,034
Dividends received	-	-	-
Fines, penalties and forfeits	-	-	-
Licences and permits	-	-	-
Agency services	-	-	-
Transfers and subsidies	1,928	2,055	2,191
Other revenue	1,577	1,664	1,756
Gains on disposal of PPE	2,000	2,110	2,226
Total Operating Revenue (excluding capital transfers and contributions)	1,365,387	1,495,992	1,625,485
Expenditure By Type			
Employee related costs	987,860	1,022,032	1,107,924
Remuneration of councillors	-	-	-
Debt impairment	80,546	84,976	89,650
Depreciation & asset impairment	144,576	145,898	147,217
Finance charges	41,392	46,381	48,932
Bulk purchases	-	-	-
Other materials	165,145	173,675	183,416
Contracted services	796,793	875,652	907,508
Transfers and subsidies	-	-	-
Other expenditure	92,704	101,019	106,904
Loss on disposal of PPE	43	46	48
Total Operating Expenditure	2,309,059	2,449,679	2,591,600
Surplus/(Deficit)	(943,671)	(953,687)	(966,115)
Transfers & subsidies capital NT & PT	-	-	-
Transfers & subsidies capital agency,oth	-	-	-
Transfers & subsidies capital in-kind	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(943,671)	(953,687)	(966,115)
Surplus/(Deficit) after taxation	(943,671)	(953,687)	(966,115)
Attributable to minorities	-	-	-
Surplus/(Deficit) attributable to municipality	(943,671)	(953,687)	(966,115)
Share of surplus/ (deficit) of associate	-	-	-
Surplus/(Deficit) for the year	(943,671)	(953,687)	(966,115)
Capital Expenditure	468,644	533,366	404,769

2.12.8.3 Water & Sanitation department

The core business of the Water & Sanitation department is to equitably and efficiently provide access to water and sanitation services to all citizens of the City in a sustainable, safe, reliable, environmentally friendly and financially viable way observing the dictates of sound good governance principles.

The department has made significant progress in providing water and sanitation services to the City residents since the formation of the one metro administration. All formal areas are adequately provided for with water and sanitation services, while services within informal settlement areas are continually being improved.

The principal challenge for the department is to maintain the existing water and sanitation services for the City, while also providing services for an ever-increasing number of households in a sustainable way. This has to be achieved in the context of providing basic needs, ensuring economic growth, maintaining an ageing infrastructure, limiting negative environmental impact, managing water resource scarcity and consolidating a transformed metro administrative infrastructure.

To ensure sustainable management of fair, equitable, reliable and financially viable provision of water and sanitation services, the department is implementing strategies that address the priorities as reflected e.g. in the City's scorecard, departmental Service Delivery and Budget Implementation Plan (SDBIP), as well as the Water Services Development Plan (WSDP). The strategies also seek to ensure compliance with the National Water Act, Water Services Act and related regulations, National and City policies.

Actual capital expenditure, combined with increased targeted spending (as reported in the SDBIP) reflects the department's commitment to infrastructure investment and maintenance. Over the past number of years, the City has invested the following amounts per financial year on growth, refurbishment and replacement of the City's water and sanitation infrastructure:

- 2015/16 actual - R1 260 million
- 2016/17 adjustment budget - R1 408.9 million
- 2017/18 proposed budget - R1 431.7 million

The City has further committed itself to upgrade and replace water and sewer pipes as part of the objective to maintain the City's water infrastructure. Investments into water and sewer network infrastructure per financial year amount to:

- 2015/16 actual - R98.2 million
- 2016/17 adjustment budget - R89.8 million
- 2017/18 proposed budget - R 124.6 million

Quarterly targets for the replacement of water and sewer mains are set and reported on in the City's SDBIP.

The City provides various sanitation service delivery options, including full flush toilets. The City complies fully in terms of meeting National Guidelines of adequate sanitation. All known and serviceable informal settlements have access to water and sanitation. Intermittently, some settlements or dwellings temporarily fall outside the national service standard for water services.

This is for example where settlements, as a whole, are being upgraded or as in the case of some new settlements or dwellings, where it takes time to put in the required infrastructure to be able to provide water services. In addition, there are from time to time settlements on e.g. private property where it is not possible to bring water services within the required national standards. Where feasible, the City investigates the possibility of acquiring such property or relocating the households. These situations are addressed as they arise.

The department conforms to the City's financial budgeting process, which forms part of the IDP and bases its budget formulation on some key strategic plans. The department plans ahead on a 10-year budget estimate, which is based on identifying current and potential future requirements for that period and beyond. The budget schedule contains three years of rolling approved budget projected to five years, plus another five years based on forward planning.

The Asset Management Plans of the various branches guide priorities for replacement, refurbishment and maintenance projects and programmes. Projects are developed, services are procured and projects are implemented with emphasis on best practice project management and engineering.

Operating budget

Challenges include the balancing of optimum levels of staff, while maintaining acceptable levels of infrastructure maintenance and carrying the impact of the capital programme within the financial constraints of the greater economic climate impacting of the collection of the amounts billed. Consequently, there may be pressure to increase annual tariffs at a rate above inflation.

Capital budget

The high requirement for infrastructure is driven largely by capacity requirements. This is due to growth and economic development, security of supply, the refurbishment of current infrastructure, as well as projects relating to system efficiency. This places severe pressure on the Department's capital budget. To achieve the required capital budget, it is necessary to maximise the use of grant funding and to make optimal use of the Capital Replacement Reserve (CRR) within the financial constraints.

Table 70 Water & Sanitation department (Vote 8) - operating revenue by source, expenditure by type and total capital expenditure

Directorate: Informal Settlements, Water & Waste Serv			
Department: Water & Sanitation			
Budgeted Financial Performance (revenue and expenditure)			
Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Operating Revenue By Source			
Property rates	–	–	–
Service charges - electricity revenue	–	–	–
Service charges - water revenue	3,932,868	4,382,084	4,867,180
Service charges - sanitation revenue	2,092,272	2,332,091	2,589,072
Service charges - refuse revenue	–	–	–
Service charges - other	–	–	–
Rental of facilities and equipment	127	134	142
Interest earned - external investments	–	–	–
Interest earned - outstanding debtors	135,000	142,425	150,258
Dividends received	–	–	–
Fines, penalties and forfeits	–	–	–
Licences and permits	807	851	898
Agency services	–	–	–
Transfers and subsidies	1,944	2,073	2,150
Other revenue	33,685	35,538	37,492
Gains on disposal of PPE	3,000	2,646	2,791
Total Operating Revenue (excluding capital transfers and contributions)	6,199,703	6,897,841	7,649,983
Expenditure By Type			
Employee related costs	1,621,218	1,799,790	2,006,645
Remuneration of councillors	–	–	–
Debt impairment	894,414	1,001,745	1,103,964
Depreciation & asset impairment	531,180	618,055	651,586
Finance charges	20,378	21,498	22,681
Bulk purchases	445,335	485,000	525,860
Other materials	307,337	325,402	344,081
Contracted services	834,365	993,989	1,108,214
Transfers and subsidies	–	–	–
Other expenditure	246,764	253,289	270,649
Loss on disposal of PPE	0	0	0
Total Operating Expenditure	4,900,990	5,498,769	6,033,679
Surplus/(Deficit)			
Transfers & subsidies capital NT & PT	440,975	564,727	531,744
Transfers & subsidies capital agency, oth	12,000	12,000	12,000
Transfers & subsidies capital in-kind	–	–	–
Surplus/(Deficit) after capital transfers & contributions	1,751,688	1,975,799	2,160,048
Taxation	–	–	–
Surplus/(Deficit) after taxation	1,751,688	1,975,799	2,160,048
Attributable to minorities	–	–	–
Surplus/(Deficit) attributable to municipality	1,751,688	1,975,799	2,160,048
Share of surplus/ (deficit) of associate	–	–	–
Surplus/(Deficit) for the year	1,751,688	1,975,799	2,160,048
Capital Expenditure	1,779,925	1,878,551	1,978,399

2.12.9 Safety & Security (Vote 9)

The directorate consist of six functional departments; Law Enforcement, Traffic Services and Coordination, Metropolitan Police Services, 107 Public Emergency Communication Centre, Fire and Rescue Services, Disaster Risk Management Centre and Events Department. The directorate is committed to ensure a safe and secure environment for all its residents, by combating crime and disorder, reduce vehicle speed and accidents on our roads, improve response time to emergency fire calls, reduce disasters risks in all communities within the City and supporting community events in order to create opportunities for communities and build social cohesion.

- **Law Enforcement, Traffic Services and Coordination**

- **Law Enforcement Services**

- The core function of the Law Enforcement Services is to enforce bylaws and regulations in terms of the Criminal Procedure Act. The department deals with general bylaw enforcement in residential areas and resorts as well as specialised enforcement through various units dealing with copper theft, informal trading, displaced people, land invasion, liquor control, problem buildings and the housing safety unit. This department plays a major role on beaches over festive seasons as well as other public events and actively supporting other directorates in land invasion actions. Major projects include purchasing of specialised equipment in the combating of land invasions, strike actions and reduce anti-social behaviour and illegal activities within the City's rental housing areas, building improvements to very old buildings, vehicle replacements and start on phase 2 of the in construction of the law enforcement volunteer base and dispatch centre.

- **Traffic Services**

- The department was established in terms of the National Road Traffic Act. It consists of two sections; the Operations Section and the Licensing Section. The Operations section deals with specialised and general activities, the enforcement on roads, while the Licensing Section deals with all learner and driver licence testing, card conversions and renewals. This section manages the traffic court division, public/private partnership agreement on traffic cameras. Major projects include replacement of vehicles, purchasing of specialised vehicles to assist during protest actions and strikes, improvements to various traffic and licensing centres and the acquisition of various traffic licensing equipment.

- **Metropolitan Police Services**

- Metro Police was established in terms of the South African Police Service Act. Its mandate is the enforcement of traffic laws, enforcement of bylaws and crime prevention. Its current operations include clamping down on drug and alcohol-related offences and addressing gang-related violence. To this end, the Gang and Drug Task Force has been established and is achieving significant operational successes. Other major initiatives include the expansion of the department's Neighbourhood Safety Teams to bring policing closer to the people of the City, the establishment of an integrated information management system (Project EPIC) and the expansion of the shot spotter programme to other areas within the City. Major projects include the increase in CCTV installations areas within the City based on the CCTV master plan for the City, CCTV installations in various wards across the City and the procurement of additional firearms, related equipment and replacement of vehicles.

- **107 Public Emergency Communication Centre**

The City has a single emergency number (107) to a call-taking and dispatching centre, which directs all calls to appropriate institutions and agencies. The centre is manned by well-trained quality-controlled operators. Key focus programmes includes education and public awareness campaigns at schools, old-age homes, frail-care facilities and shopping centres. Major projects include the installation of and upgrade of communication equipment.

- **Fire and Rescue Services**

The Fire and Rescue Services was established in terms of the Fire Brigade Services Act. The department has 30 fire stations operating on a 24-hour basis. Its core functions include responding to fires and emergencies as well as medical emergencies. The major programmes include educational programmes, raising awareness around fires, life safety on building, structures and events. Major projects include the replacement of fire vehicles to replace its aged fleet, replacement of fire-fighting, medical, communication and hazmat equipment, phase 2 of the upgrading of Khayelitsha and Lansdowne fire stations and phase 2 of the construction of Somerset West and Masiphumelele fire stations.

- **Disaster Risk Management Centre**

The core function of the department is the prevention and mitigation of the effect of disasters. To this end the department aims to identify, prevent and reduce the occurrence of disasters. It has a well-established volunteer corps, who plays a key role in event safety, co-ordination of corporate safety initiatives, festive season planning, winter preparedness planning, unrest, and service delivery protest. Key projects include the upgrading of various Disaster Management Centres, continuing phase 3 of the Integrated Emergency Information Management system (EPIC), replacement of IT equipment and procurement of vehicle for volunteers.

- **Events Department**

The core functions of the department include the support of community events in order to create economic opportunities for communities and to build social cohesion. The department seeks to establish Cape Town through improved strategic management, logistical coordination and support as the top events destination locally and regionally, and a premier events destination globally.

Significant capital projects for the 2017/18 MTREF

- Implementation of phase 3 of the Integrated Emergency Contact Centre (EPIC);
- Upgrading and improving the driving and licencing testing centres;
- Installation and upgrading of CCTV camera in various areas within the City, including the MURP areas and wards;
- Implementation of phase 2 of the online Event and filming application system;
- The acquisition and replacement of aged vehicles;
- Acquisition of vehicles and equipment for the Social Housing Unit;
- Replacement and acquisition of additional radios and equipment;
- Expansion of shot spotter installation in various areas within the City;
- Implementation of phase 2 of the construction of fire stations in Somerset West and Masiphumelele;

- Implementation of phase 2 in the construction of a Law Enforcement volunteer base and dispatch centre; and
- Acquisition of firearms and related equipment.

Table 71 Safety & Security (Vote 9) - operating revenue by source, expenditure by type and total capital expenditure

Directorate: Safety & Security			
Budgeted Financial Performance (revenue and expenditure)			
Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
<u>Operating Revenue By Source</u>			
Property rates	–	–	–
Service charges - electricity revenue	–	–	–
Service charges - water revenue	–	–	–
Service charges - sanitation revenue	–	–	–
Service charges - refuse revenue	–	–	–
Service charges - other	–	–	–
Rental of facilities and equipment	268	283	298
Interest earned - external investments	–	–	–
Interest earned - outstanding debtors	1,130	1,191	1,256
Dividends received	–	–	–
Fines, penalties and forfeits	1,140,262	1,202,969	1,269,132
Licences and permits	29,962	31,610	33,349
Agency services	11,620	12,353	13,033
Transfers and subsidies	47,931	19,811	19,658
Other revenue	11,754	12,400	13,082
Gains on disposal of PPE	–	–	–
Total Operating Revenue (excluding capital transfers and contributions)	1,242,927	1,280,617	1,349,809
<u>Expenditure By Type</u>			
Employee related costs	1,832,594	1,966,517	2,135,588
Remuneration of councillors	–	–	–
Debt impairment	854,602	901,605	951,193
Depreciation & asset impairment	66,630	79,812	79,093
Finance charges	4,999	5,274	5,564
Bulk purchases	–	–	–
Other materials	79,814	83,928	88,999
Contracted services	105,757	104,273	109,922
Transfers and subsidies	38,805	40,940	43,191
Other expenditure	165,276	172,310	182,200
Loss on disposal of PPE	34	35	37
Total Operating Expenditure	3,148,512	3,354,695	3,595,786
Surplus/(Deficit)	(1,905,585)	(2,074,078)	(2,245,978)
Transfers & subsidies capital NT & PT	24,700	–	–
Transfers & subsidies capital agency, oth	–	–	–
Transfers & subsidies capital in-kind	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(1,880,885)	(2,074,078)	(2,245,978)
Taxation	–	–	–
Surplus/(Deficit) after taxation	(1,880,885)	(2,074,078)	(2,245,978)
Attributable to minorities	–	–	–
Surplus/(Deficit) attributable to municipality	(1,880,885)	(2,074,078)	(2,245,978)
Share of surplus/ (deficit) of associate	–	–	–
Surplus/(Deficit) for the year	(1,880,885)	(2,074,078)	(2,245,978)
Capital Expenditure	191,120	105,722	50,515

2.12.10 Social Services (Vote 10)

A priority for the directorate is to focus on improving the access for poor communities to opportunities and to contribute in addressing the social ills as well as to support the vulnerable and marginalised groups. The aim of this approach is for people at community level to become capacitated to play a meaningful role in the social transformation and development of their communities and become inclusive, cohesive and sustainable.

Through the directorate's role in communicable diseases and infection outbreak control and the monitoring of access to safe water, food, air, and the general living environment, it is also a key contributor to a Safe City.

Further, Social Services is the lead implementer of the Social Development Strategy (SDS) and as such ensures co-ordination of same across all Directorates. As the key driver of the City's EPWP programme the Directorate is also a primary contributor to the Economic Growth Strategy (EGS).

Service delivery is achieved through four service delivery departments namely:

- Recreation and Parks
- City Health
- Social Development and Early Child Hood Development
- Library and Information Services

This Service Delivery and Budget Implementation Plan (SDBIP) has therefore been developed to ensure delivery on the City's strategies, priorities and objectives as set out in the IDP, SDS and EGS as well as to ensure that mandated core social service business is provided in an efficient, effective and sustainable manner.

The purpose of the Directorate: Social Services is to improve the, health and well-being of its citizens of Cape Town by delivering on specific City priorities set out in the IDP whilst also continuing to provide and maintain a range of core social services relating to Social Facilities, Services & Developmental Programmes. As a Caring City, the Social Services Directorate's key focus is to improve the living conditions, health and well-being of the City's communities and individuals through the provision of a range of social facilities, services and developmental programmes.

Within Strategic Focus Area (SFA) 4: Inclusive City it is recognised that there are deep social challenges in Cape Town linked to the country's historical roots, including substance abuse and gangsterism, with the youth being the most at risk of falling into the vicious cycle. Further, criminal activity appears to occur more often in areas of social deprivation and poverty.

The following City Objectives and Programmes have therefore been identified as a priority under this SFA for which Social Services is the key driver:

- Objective: Building Integrated Communities
- Programme: Substance Abuse
- Programme: Non-Government Substance Abuse Partnership
- Programme: Primary Healthcare
- Programme: Homeless People

As an Opportunity City, Economic Inclusion, the City's priority is to invest in the expanded public works (EPWP) and community works programs to support skills development in order to boost employability of participants and create the skills base required for a growing economy. The Directorate is responsible for driving out and mainstreaming the City's EPWP Programme within the City.

Further, through the directorate's four service delivery departments the broad social challenges and needs are addressed by providing and maintain a holistic and integrated range of mandated social facilities, services and developmental programmes.

This includes:

- The delivery of a comprehensive Primary Health Care Service that includes both personal Primary Health Care (commonly referred to as clinic services) and Municipal Health (also referred to as Environmental Health) Services).
- The provision of a number of targeted social development programmes focusing on substance abuse, street (homeless) people, youth development, early childhood development, poverty alleviation and vulnerable groups
- Providing access to the services and resources required for informational, educational, cultural and recreational needs through a free public library service that includes spaces and programmes for social development.
- Providing attractive, safe, accessible and sustainable social facilities and spaces where the citizens of Cape Town can engage in active and passive recreation.
- The provision of a dignified and efficient interment service.
- The provision of new Social Service facilities that are planned and developed in a joint, integrated, clustered and multifunctional manner in areas that maximise community use, ownership and pride. Protective measures will also be put in place to ensure that these facilities are safe and secure.
- Developing, implementing and maintaining community orientated arts, culture and heritage programmes, services, infrastructure and partnerships.

Strategic Alignment to the IDP

Social Services has a primary link to three of the IDP's SFAs and is the lead directorate for the following objectives and programmes within them as presented below.

SFA 1: Opportunity City

- Objective: Economic Inclusion.
 - Programme: EPWP Job Creation
The EPWP is a national government programme that aims to provide social protection through the creation of jobs. The programme's mandate is to contribute to development by providing work opportunities to poor and unemployed people in the labour-intensive delivery of public and community assets and services

SFA 3: Caring City

- Objective: Excellence in Basic Service Delivery
 - Programme: Social Services facility provision

The City endeavours to plan and deliver services across the various systems of public management that also includes a range of social services and programmes so as to represent a holistic commitment to improving the living conditions and health of residents and to promote individual and community welfare.

SFA 4: Inclusive City

- Objective: Building Integrated Communities
 - Programme: Substance Abuse

Substance abuse is a priority area, given the high incidence of drug and alcohol abuse in Cape Town. This programme is aligned to the approved “Prevention and Early Intervention of Alcohol and Other Drug Use” Policy, as well as the “Alcohol and Other Drug Harm Minimization and Mitigation” Strategy. The City will continue to collaborate at local and provincial level to offer initiatives that promote awareness of and provide support.
 - Programme: Non-Government Substance Abuse Partnership

Only a fraction of NGOs/NPOs that run substance abuse related programmes receive funding assistance from the City of Cape Town. This is because many NGOs lack the information on the process of engaging with the City or the strategies guiding substance abuse interventions within the City. A framework document will be compiled which will provide guiding information. Upon approval, the framework will be communicated and an implementation plan will be developed in collaboration with stakeholders.
 - Programme: Primary Healthcare

Although The National Health Act, No. 61 of 2003, allocates the responsibility of provision of personal Primary Health Care Services to the Provincial Health Department, schedule 4A of the Constitution allows those services to be assigned to Local Government via mutual agreement. The City is committed to working collaboratively with the province through the Service Level Agreement to ensure seamless delivery of health services to the vulnerable and poor. Further, the National Department of Health has introduced the “Ideal Clinic” which is aimed at improving quality of care and customer centricity approach to health service provision. These transformational national priorities are aimed at transforming health service provision to the citizens. The city commits to developing and implementing plans that will eventually result in clinics being declared ideal and compliant against these compulsory standards.
 - Programme: Homeless People

The programme is aligned to the approved “Street People” Policy. The aim is to reduce the number of people living/sleeping/surviving on the streets, and ensure that street people are given the necessary development assistance to achieve reintegration, accommodation and employment.

Areas of Business Improvement

The City is in the process of implementing a Transversal Management System (TMS) as a management device to improve integration and coordination of service delivery and planning. A area based approach will be deployed to ensure that services are coordinated and delivered on an area basis. The City is currently implementing Phase two of its ODTP process to enable this approach to be adopted as part of the corporately driven restructuring process. The directorate

will, however, explore areas where services can be improved through the use of technology and through IT modernization initiatives.

Table 72 Social Services (Vote 10) - operating revenue by source, expenditure by type and total capital expenditure

Directorate: Social Services			
Budgeted Financial Performance (revenue and expenditure)			
Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Operating Revenue By Source			
Property rates	–	–	–
Service charges - electricity revenue	41	44	48
Service charges - water revenue	–	–	–
Service charges - sanitation revenue	–	–	–
Service charges - refuse revenue	–	–	–
Service charges - other	–	–	–
Rental of facilities and equipment	21,171	21,746	22,942
Interest earned - external investments	–	–	–
Interest earned - outstanding debtors	–	–	–
Dividends received	–	–	–
Fines, penalties and forfeits	3,510	3,703	3,907
Licences and permits	1,316	1,389	1,465
Agency services	–	–	–
Transfers and subsidies	680,409	747,104	796,547
Other revenue	51,666	55,098	58,128
Gains on disposal of PPE	–	–	–
Total Operating Revenue (excluding capital transfers and contributions)	758,114	829,083	883,036
Expenditure By Type			
Employee related costs	2,120,985	2,265,310	2,458,780
Remuneration of councillors	–	–	–
Debt impairment	–	–	–
Depreciation & asset impairment	139,842	140,256	133,634
Finance charges	18,248	19,225	20,255
Bulk purchases	–	–	–
Other materials	304,019	334,259	362,545
Contracted services	759,841	912,387	967,573
Transfers and subsidies	12,861	13,568	14,315
Other expenditure	107,341	114,824	122,575
Loss on disposal of PPE	14	15	15
Total Operating Expenditure	3,463,150	3,799,844	4,079,694
Surplus/(Deficit)	(2,705,036)	(2,970,761)	(3,196,657)
Transfers & subsidies capital NT & PT	146,550	105,751	57,500
Transfers & subsidies capital agency, oth	–	–	–
Transfers & subsidies capital in-kind	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(2,558,486)	(2,865,010)	(3,139,157)
Taxation	–	–	–
Surplus/(Deficit) after taxation	(2,558,486)	(2,865,010)	(3,139,157)
Attributable to minorities	–	–	–
Surplus/(Deficit) attributable to municipality	(2,558,486)	(2,865,010)	(3,139,157)
Share of surplus/ (deficit) of associate	–	–	–
Surplus/(Deficit) for the year	(2,558,486)	(2,865,010)	(3,139,157)
Capital Expenditure	283,413	198,834	128,598

2.12.11 Transport & Urban Development Authority (Vote 11)

The Transport and Urban Development Authority (TDA) of Cape Town has the mandate in terms of Bylaw 7716 of 12 January 2017 to develop a strategy to reverse the effects of apartheid through the implementation of the transit oriented development strategy; the provision of an integrated transport network and human settlements; and urban development and environmental management to bring about social, economic and spatial transformation in the City. The functional areas in support of this mandate includes:

- Transport Planning Authority
- Contracting Authority
- Municipal Regulatory Entity
- TDA Business Management
- Investment Management
- Enforcement
- Liaison, Communication, Stakeholder Management
- Infrastructure Management
- Network Operations Management
- Urban Planning
- Human Settlements
- Urban Sustainability

Focus areas of the TDA for Cape Town are:

- Investment in the built environment and strategic management of assets and resources to unlock development, economic and social opportunities
- An integrated public transport network, road and storm water network that facilitate mobility and access
- Integrated human settlement development to support social integration and cohesion through inclusivity
- Improve urban design and management to drive transit oriented densities and intensities supported by efficient planning and building development management
- Manage the City's biodiversity and ecosystems, and promote the recreational and social opportunities of the natural environment.

Integrated Public Transport Network

- Strategic transportation planning, contract performance and network management across the City;
- The roll-out, management and enforcement of integrated intermodal transportation across the City, including the MyCiTi bus network, Public Transport Interchanges, Transport Information Centre, Transport Management Centre and other related facilities and services;
- Expand the integrated public transport network to the metro south-east
- Working towards an integrated time-tabling and ticketing system across all scheduled services
- Incorporation of commuter services into the public transport network
- Metered and mini-bus taxi management.
- Guiding the production of a business plan for Passenger Rail and roll-out of a process plan
- Strategic transportation planning, contract performance and network management across the City;
- Centralised communication and queries across all transportation modes

- Focus on public transport asset management
- Roll-out, upon assignment, of the Contracting Authority function as well as the Municipal Regulatory Entity function, as determined in the National Land Transport Act (NLTA), 2009.

Key Projects currently being undertaken include:

- Planning, design and implementation for Integrated Public Transport Network Phase 2 service to the Metro South East including the upgrading of Stock Road and Strandfontein Road
- The acquisition of electric busses in support of a low-carbon economy and green jobs
- Integrated Fare Revenue System and Advanced Public Transport Management System in support of the Integrated Public Transport Network
- Planning, design and construction of a number of strategic Public Transport Interchanges as determined by the Integrated Public Transport Network Plan.
- Roll-out of an extensive network of non-motorised transport routes throughout the City to promote a safe and user friendly environment for pedestrian and cycle usage.

Road and Storm Water Network

Improve road and storm water networks through investment, timeous maintenance and rehabilitation; upgrade the road network, especially in previously disadvantaged areas, to facilitate the improvement access to social and economic opportunities; working toward pro-active road maintenance across the entire network; freight management; overall strategic plan for upgrading of roads in residential areas and improvement of maintenance depot operational management.

Key Projects currently being undertaken include:

- Road traffic congestion alleviation programme, which include inter alia Saxdowne Road, Bottelary Road dualling, Amandel Road, Bottelary/R300 Interchange, Kommetjie Road dualling, Platteklouf Road Dualling Erica Drive, Sir Lawry's Pass, Broadway Blvd, Strand Str, Belhar Main Road, Jip de Jager
- Upgrading, rehabilitation and maintenance of major roads and storm water facilities.
- Upgrading of the road, pavement and storm water network in previously disadvantaged residential areas to an acceptable and unified standard.
- Reconstruction of Main Road, Muizenberg to Clovelly Phase 3, inclusive of underground service repairs and replacements.
- Commencement and development of a new Pavement, Bridge and Road management system for the City.
- Traffic calming, new sidewalks, footways and signage to ensure safety

Urban Development Investment

The focus is to investment catalytic projects that seek to unlock the development potential of well-located City-owned land in close proximity to public transport for mixed use mixed income development by the private sector and the social housing institutions. Investment and the leveraging of assets in terms of the City's Built Environment Performance Plan will be facilitated to drive inclusive development, urban efficiency and economic growth.

Partnering with neighbourhood stakeholders to stabilise areas and develop community action plans, providing the basis for short, medium and long term investment plans and a platform for effective private and public investment.

Support the Human Settlements directorate in the preparation of land for housing development by undertaking preliminary pre-feasibility analysis on land parcels as well as conceptual planning where necessary.

Prepare a Coastal Spatial and Economic Development Framework for consultation with stakeholders in support of managing the City's coastline and coastal processes and promoting the coast as a public and social asset with appropriate climate change adaptation and resilience responses along the City's coastline.

Key projects in support of urban integration and catalytic investment include:

- Paardevlei transport interchanges and additional lanes on the R44;
- Paardevlei soil remediation;
- Project preparation and packaging of priority projects in the Foreshore, Paardevlei, Bellville, Phillippi, Athlone, Conradie and Two Rivers Urban Park;
- Strategic land acquisition in Annandale and other local area priority initiatives; and
- Mfuleni Urban Park, Strand Pavillion Precinct Upgrade and Kruskal Avenue Upgrade.

Integrated human settlement development

The Human Settlements directorate contributes to and leads the City's development of Integrated Sustainable Human Settlements by improving the overall living and built environment of communities within the City of Cape Town and balancing quantity with quality housing opportunities with specific focus on improving the livelihood of the poor. This is done through the dedicated efforts of delivering a range of housing opportunities and lifestyle enhancements

The Housing Act (No.107 of 1997), places an obligation on the City, 'as part of its process of integrated development planning, to take all reasonable and necessary steps within the framework of the national and provincial housing policy to ensure that:

- The inhabitants of its area of jurisdiction have access to adequate housing on a progressive basis;
- Conditions not conducive to the health and safety of the inhabitants of its area of jurisdiction are prevented or removed;
- Services in respect of water, sanitation, electricity, roads, storm water drainage and transport are provided in a manner, which is economically efficient.

In addition, the City is required to:

- Set housing delivery goals in respect of its area of jurisdiction;
- Identify and designate land for housing development that is financially and socially viable;
- Promote the resolution of conflicts arising in the housing development process;
- Initiate, plan, coordinate, facilitate, promote and enable appropriate housing development in its area of jurisdiction;
- Provide bulk engineering services, and revenue generating services in so far as such services are not provided by specialist utility suppliers; and
- Plan and manage land use and development for human settlements.

To ensure that these obligations are met in line with the City's transformational objective to provide for dense and transit-oriented urban growth and development the Integrated Human Settlements Framework will be revised and the housing subsidy system and database will be upgraded. The following large projects will be implemented:

- Macassar BNG Housing Project
- Beacon Valley Housing Project
- Kanonkop, Atlantis Ext Housing Project
- Morkel's Cottage Strand Housing Project
- Harare Infill Housing Project
- Belhar CBD Housing development - bulk services
- Forest Village, Blue Downs – bulk services
- Fisantekraal Garden Cities
- Ilitha Park Infill Internal Services

Planning and building development management

In line with its developmental context, the City has an obligation, in terms of applicable law and through its urban planning and building development management systems, to create a safe and healthy built environment that addresses the needs of its various communities. The PBDM department is responsible for delivering the services relating to regulating urban planning and building development matters.

The departmental focus for 2017/18 will be mainly:

- Ongoing business improvement and streamlining through the Development Application Management System.
- Continuing the regulatory reform in the development arena at all three levels of government. These include the annual review of the Municipal Planning By-law, amendments to the National Building Regulations and preparation for the drafting of a Building By-law.
- Review of Standard Operating Procedures to closer align service delivery needs of the various customer segments.

The department will continue to simplify the City's regulatory regime and accelerate decision-making processes for planning and building approvals, notably by moving more functions online.

Environmental Management

The departmental focus is mainly, but not limited to the following:

- Witzands, Helderberg and Tygerberg Reserve Development;
- Adoption of the new City of Cape Town Environmental Strategy, including ensuring completion of the necessary approvals and processes;
- Finalise and implement the revised structure for the Green Jobs unit and address key barriers to the growth of green jobs in order to stimulate growth of, career development within and access to green job opportunities;
- Manage the City's biodiversity and ecosystems, and promote the recreational and social opportunities of the natural environment by completing the proclamation of the existing managed areas under the new National Environmental Management: Protected Areas Act;
- Meeting the proposed Local Biodiversity Strategy and Action Plan (LBSAP) target of conserving 65% of the biodiversity network by 2020, by increasing conservation land through partnerships and stewardship programmes, as well as acquisition where financially feasible;
- Continue to promote the Dassenberg Coastal Catchment Partnership (DCCP) and build the Multipurpose Centre at the gateway to the dunes at Witzands Aquifer Nature Reserve;
- Implementation of the City's Coastal Management Programme as per the requirements of the Integrated Coastal Management Act;

- Completion of the Coastal Management By-law;
- Ensure adoption of the Climate change policy for the City of Cape Town;
- Coordinate the implementation and monitoring of the City's Sustainable Energy Action Plan with departments and stakeholders towards achieving the Cape Town Energy2040 vision; and
- Ensure the continuation of improving the City's own energy use and carbon footprint by retrofitting City buildings and operations.

Table 73 Transport & Urban Development Authority (Vote 11) - operating revenue by source, expenditure by type and total capital expenditure

Directorate: Transport & Urban Development Authority			
Budgeted Financial Performance (revenue and expenditure)			
Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Operating Revenue By Source			
Property rates	–	–	–
Service charges - electricity revenue	–	–	–
Service charges - water revenue	–	–	–
Service charges - sanitation revenue	–	–	–
Service charges - refuse revenue	–	–	–
Service charges - other	–	–	–
Rental of facilities and equipment	7,018	7,404	7,812
Interest earned - external investments	95	100	105
Interest earned - outstanding debtors	21	21	22
Dividends received	–	–	–
Fines, penalties and forfeits	2,196	2,317	2,445
Licences and permits	11,664	12,304	12,980
Agency services	–	–	–
Transfers and subsidies	874,236	899,164	1,058,594
Other revenue	394,329	422,976	446,252
Gains on disposal of PPE	–	–	–
Total Operating Revenue (excluding capital transfers and contributions)	1,289,559	1,344,287	1,528,211
Expenditure By Type			
Employee related costs	1,277,101	1,383,562	1,502,431
Remuneration of councillors	–	–	–
Debt impairment	–	–	–
Depreciation & asset impairment	788,731	780,700	806,310
Finance charges	2,341	2,548	2,683
Bulk purchases	–	–	–
Other materials	84,918	89,921	95,233
Contracted services	2,269,487	2,356,285	2,610,270
Transfers and subsidies	8,878	1,205	1,272
Other expenditure	129,423	133,782	140,285
Loss on disposal of PPE	–	–	–
Total Operating Expenditure	4,560,879	4,748,004	5,158,484
Surplus/(Deficit)	(3,271,320)	(3,403,717)	(3,630,273)
Transfers & subsidies capital NT & PT	1,373,911	1,132,044	1,281,919
Transfers & subsidies capital agency, oth	20,000	20,000	20,000
Transfers & subsidies capital in-kind	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(1,877,408)	(2,251,673)	(2,328,354)
Taxation	–	–	–
Surplus/(Deficit) after taxation	(1,877,408)	(2,251,673)	(2,328,354)
Attributable to minorities	–	–	–
Surplus/(Deficit) attributable to municipality	(1,877,408)	(2,251,673)	(2,328,354)
Share of surplus/ (deficit) of associate	–	–	–
Surplus/(Deficit) for the year	(1,877,408)	(2,251,673)	(2,328,354)
Capital Expenditure	1,925,540	1,697,466	1,809,758

2.13 Annual budget and service delivery agreement – Cape Town International Convention Centre (CTICC)

2.13.1 Executive Summary

Despite global and national economic challenges, the CTICC's financial history indicates that the Company has managed to generate an operating profit year on year. As a municipal entity the CTICC is mandated to ensure its financial sustainability, while also contributing to GDP and job creation.

The financial plan for 2017/18 reflects that, with the projected hosting of 590 events, the Company will be generating total revenue of R272.8 million (excluding interest received) for the year. The 2017/18 financial year budget has taken into account revenue and costs for the new building with the assumption of trading for a full year. The 2017/18 operational plans which are factored into the budgets have taken into account growth in primary and secondary revenue streams, as well as the continuous drive to save on costs. The business needs in respect of capital expenditure for the existing building and the CTICC East, of which the former is funded from CTICC reserves and the latter is funded by its shareholders by way of a share issue, have been budgeted at R47.9 million for the year. The capital expenditure is for new and existing assets, which will contribute to the CTICC remaining a world class facility.

The 2017/18 budget process was prepared following a similar approach used in previous years. The budget takes into account the current market conditions, such as inflation, historical trend analysis, as well as the proposed city budget guidelines.

The 2017/18 budget includes a 54% (R70 million) “blue sky” revenue, as the budget is prepared for the City well in advance of the start date of the 2017/18 financial year, where there are few bookings in the system on which the budget can be based. The new building includes budgeted “blue sky” at 96%.

Due to the nature of our business and the increase in short term bookings we have always included a portion of “unknown” revenue for the unknown or short term business. As venue rental income is the primary source of revenue the other revenue streams' budgets are prepared with these same assumptions.

Gross Margins is budgeted to be maintained at 80.2%. Indirect costs for the existing facility has been budgeted to increase at 4.8% in total, for most of the categories of indirect costs except for maintenance, electricity, water, refuse, personnel costs and building costs, which have been budgeted to increase in line with City's budget guidelines. The budgeted loss for the new building has taken into account the impairment of the new building which is a result of the application of GRAP 17.

2.13.2 Service Delivery Agreement between the City and the CTICC

The table below shows the service delivery agreement details.

Table 74 CTICC – Service Delivery Agreement

Period of agreement	No period stipulated but subject to annual reviews in terms of Section 93A of the Systems Act.
Service provided	International conference centre
Expiry date of SDA	n/a
Monetary value	No current operating funding from the City.
Ownership and control	<p><u>Shareholding as at 31/01/2017</u></p> <p>City of Cape Town - 71.4% Provincial Government of Western Cape - 23.2% SunWest International Pty Ltd - 5.4%</p> <p>This shareholding % may change should the City and Provincial Government take up additional shareholding during the year.</p>
Oversight processes	The Financial Directorate (Treasury Department) in the City monitors performance and compliance.
Mandate	Provide a world class international conference centre.
Funding over medium term	The CTICC intend taking up loan funding of R40 million to fund their capital programme.
Summary of SDA	Sets out the obligations of Conenco and the City in respect of compliance and performance issues.
Link to IDP	SFA 1: Opportunity City SFA 5: Well-run City
Past performance and future objectives	Has exceeded its targets in the past. Conenco is confident that it will maintain its present levels of bookings despite the world economic downturn.

Besides the normal operating expenditure, maintenance and depreciation are major operating expenditure items on the CTICC's budget. Being in the international service and hospitality business requires that the facilities are always up to international standards. The assets of the conference centre represent a major investment, which attracts substantial depreciation. There is also a policy for regular replacement of fixed assets to maintain the high standards, which results in high capital expenditure every year.

The aggregated annual budget, as required in terms of section 9 of the MBRR, are presented in the five primary budget tables on page 157 to page 161. These tables reflect the CTICC's 2017/18 budget and MTREF to be supported by Council.

Schedule D reflecting the annual budget and supporting documents for the CTICC is attached as Annexure 17 while the business plan is attached as Annexure 18.

Table 75 CTICC - Table D1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and 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
R thousands									
Financial Performance									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-
Investment revenue	11,239	30,742	35,272	15,084	23,621	23,621	11,671	10,100	9,534
Transfers recognised - operational	-	-	-	-	220	220	-	-	-
Other own revenue	174,902	195,924	208,733	217,851	210,697	210,697	272,780	268,284	287,064
Total Revenue (excluding capital transfers and contributions)	186,141	226,666	244,005	232,935	234,538	234,538	284,451	278,383	296,597
Employee costs	41,719	44,017	47,502	73,269	71,274	71,274	88,887	87,045	92,793
Remuneration of Board Members	445	356	457	1,054	937	937	804	856	916
Depreciation and debt impairment	20,875	22,968	24,832	29,356	31,090	31,090	702,868	37,367	39,796
Finance charges	-	-	42	6,131	950	950	3,651	3,395	3,112
Materials and bulk purchases	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	220	220	-	-	-
Other expenditure	97,293	98,606	103,911	141,165	117,980	117,980	167,947	168,780	151,167
Total Expenditure	160,331	165,947	176,745	250,974	222,450	222,450	964,158	297,443	287,785
Surplus/(Deficit)	25,809	60,719	67,260	(18,039)	12,088	12,088	(679,707)	(19,060)	8,813
Transfers recognised - capital	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	25,809	60,719	67,260	(18,039)	12,088	12,088	(679,707)	(19,060)	8,813
Taxation	8,252	18,576	20,007	-	3,385	3,385	-	-	2,084
Surplus/ (Deficit) for the year	17,558	42,143	47,253	(18,039)	8,703	8,703	(679,707)	(19,060)	6,728
Capital expenditure & funds sources									
Capital expenditure	41,269	81,879	380,306	272,980	411,948	411,948	47,982	45,443	51,879
Transfers recognised - capital	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	60,000	40,000	40,000	-	-	-
Internally generated funds	41,269	81,879	380,306	212,980	371,948	371,948	47,982	45,443	51,879
Total sources of capital funds	41,269	81,879	380,306	272,980	411,948	411,948	47,982	45,443	51,879
Financial position									
Total current assets	365,734	579,936	437,337	238,172	253,171	253,171	248,244	224,789	219,216
Total non current assets	205,314	264,115	619,426	978,498	1,000,284	1,000,284	345,398	353,474	365,557
Total current liabilities	61,530	91,881	142,989	90,574	86,987	86,987	109,454	108,459	111,353
Total non current liabilities	2,201	(5)	(2,654)	56,415	40,125	40,125	37,552	34,723	31,611
Community wealth/Equity	507,317	752,174	916,427	1,069,680	1,126,343	1,126,343	446,636	435,081	441,810
Cash flows									
Net cash from (used) operating	42,337	78,796	127,270	18,665	(11,718)	(11,718)	40,398	25,374	47,803
Net cash from (used) investing	(41,259)	(81,879)	(380,307)	(272,980)	(411,948)	(411,948)	(47,982)	(45,443)	(51,879)
Net cash from (used) financing	199,074	202,715	117,000	336,417	240,606	240,606	(2,573)	(2,830)	(3,112)
Cash/cash equivalents at the year end	354,999	554,632	418,595	500,697	235,535	235,535	225,378	202,479	195,291

Table 76 CTICC - Table D2 Budgeted Financial Performance (revenue and expenditure)

Description	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and 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
R thousands									
Revenue by Source									
Property rates	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-
Service charges - other	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	83,459	94,607	99,937	104,435	100,756	100,756	131,571	140,123	149,931
Interest earned - external investments	11,239	30,742	35,272	15,084	23,621	23,621	11,671	10,100	9,534
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	-	-	-	-	220	220	-	-	-
Other revenue	91,443	101,318	108,796	113,416	109,942	109,942	141,209	128,161	137,132
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	186,141	226,666	244,005	232,935	234,538	234,538	284,451	278,383	296,597
Expenditure By Type									
Employee related costs	41,719	44,017	47,502	73,269	71,274	71,274	88,887	87,045	92,793
Remuneration of Directors	445	356	457	1,054	937	937	804	856	916
Debt impairment	-	-	-	-	-	-	-	-	-
Collection costs	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment	20,875	22,968	24,832	29,356	31,090	31,090	702,868	37,367	39,796
Finance charges	-	-	42	6,131	950	950	3,651	3,395	3,112
Bulk purchases	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-
Contracted services	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	220	220	-	-	-
Other expenditure	97,293	98,606	103,911	141,165	117,980	117,980	167,947	168,780	151,167
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-
Total Expenditure	160,331	165,947	176,745	250,974	222,450	222,450	964,158	297,443	287,785
Surplus/(Deficit)	25,809	60,719	67,260	(18,039)	12,088	12,088	(679,707)	(19,060)	8,813
Transfers recognised - capital	-	-	-	-	-	-	-	-	-
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	25,809	60,719	67,260	(18,039)	12,088	12,088	(679,707)	(19,060)	8,813
Taxation	8,252	18,576	20,007	-	3,385	3,385	-	-	2,084
Surplus/ (Deficit) for the year	17,558	42,143	47,253	(18,039)	8,703	8,703	(679,707)	(19,060)	6,728

Table 77 CTICC - Table D3 Capital Budget by vote and funding

Vote Description	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and 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
R thousands									
Multi-Year expenditure									
Single Year expenditure									
Other Buildings	12,998	16,742	16,056	16,500	16,500	16,500	23,300	21,680	30,450
Computers - hardware/equipment	3,702	7,078	9,413	14,535	14,535	14,535	15,224	15,035	17,051
Other	868	1,491	1,020	1,041	1,041	1,041	1,348	1,348	1,348
Furniture and other office equipment	2,738	1,712	2,609	2,733	3,733	3,733	6,110	5,380	1,030
CTICC 2	20,964	54,856	351,208	238,171	376,139	376,139	2,000	2,000	2,000
Capital single-year expenditure sub-total	41,269	81,879	380,306	272,980	411,948	411,948	47,982	45,443	51,879
Total Capital Expenditure	41,269	81,879	380,306	272,980	411,948	411,948	47,982	45,443	51,879
Funded by:									
National Government	-	-	-	-	-	-	-	-	-
Provincial Government	-	-	-	-	-	-	-	-	-
Parent Municipality	-	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	60,000	40,000	40,000	-	-	-
Internally generated funds	41,269	81,879	380,306	212,980	371,948	371,948	47,982	45,443	51,879
Total Capital Funding	41,269	81,879	380,306	272,980	411,948	411,948	47,982	45,443	51,879

Table 78 CTICC - Table D4 Budgeted Financial Position

Description	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and 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
R thousands									
ASSETS									
Current assets									
Cash	6,867	9,770	9,771	-	-	-	-	-	-
Call investment deposits	348,132	544,862	408,824	231,541	235,535	235,535	225,378	202,479	195,291
Consumer debtors	-	-	-	-	-	-	-	-	-
Other debtors	9,666	23,539	17,482	4,357	16,224	16,224	21,004	20,658	22,104
Current portion of long-term receivables	-	-	-	-	-	-	-	-	-
Inventory	1,068	1,766	1,260	2,273	1,412	1,412	1,862	1,652	1,821
Total current assets	365,734	579,936	437,337	238,172	253,171	253,171	248,244	224,789	219,216
Non current assets									
Long-term receivables	-	-	-	5	-	-	-	-	-
Investments	-	-	-	0	0	0	0	0	0
Investment property	-	-	-	-	-	-	-	-	-
Property, plant and equipment	205,314	264,115	619,426	978,493	1,000,284	1,000,284	345,398	353,474	365,557
Agricultural assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Total non current assets	205,314	264,115	619,426	978,498	1,000,284	1,000,284	345,398	353,474	365,557
TOTAL ASSETS	571,048	844,051	1,056,763	1,216,669	1,253,455	1,253,455	593,642	578,263	584,773
LIABILITIES									
Current liabilities									
Bank overdraft	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Consumer deposits	28,308	36,429	46,620	39,213	37,926	37,926	49,100	48,291	51,671
Trade and other payables	29,972	52,088	92,831	47,407	45,226	45,226	56,680	56,470	55,957
Provisions	3,250	3,365	3,538	3,954	3,835	3,835	3,673	3,698	3,724
Total current liabilities	61,530	91,881	142,989	90,574	86,987	86,987	109,454	108,459	111,353
Non current liabilities									
Borrowing	-	-	-	56,415	39,394	39,394	36,821	33,992	30,880
Provisions	2,201	(5)	(2,654)	-	731	731	731	731	731
Total non current liabilities	2,201	(5)	(2,654)	56,415	40,125	40,125	37,552	34,723	31,611
TOTAL LIABILITIES	63,731	91,877	140,336	146,989	127,112	127,112	147,006	143,182	142,963
NET ASSETS	507,317	752,174	916,427	1,069,680	1,126,343	1,126,343	446,636	435,081	441,810
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	(257,396)	(215,253)	(168,001)	(215,958)	(159,297)	(159,297)	(839,004)	(850,558)	(843,830)
Reserves	-	-	-	-	-	-	-	-	-
Share capital	764,713	967,428	1,084,428	1,285,638	1,285,640	1,285,640	1,285,640	1,285,640	1,285,640
TOTAL COMMUNITY WEALTH/EQUITY	507,317	752,174	916,427	1,069,680	1,126,343	1,126,343	446,636	435,081	441,810

Table 79 CTICC – Table D5 Budgeted Cash Flow

Description	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and 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
R thousands									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	181,376	191,274	225,326	217,414	212,544	212,544	268,000	268,630	296,597
Government - operating	-	-	-	-	220	220	-	-	-
Government - capital	-	-	-	-	-	-	-	-	-
Interest	11,280	30,837	35,272	15,084	23,621	23,621	11,671	10,100	9,534
Dividends	-	-	-	-	-	-	-	-	-
Payments									
Suppliers and employees	(150,278)	(143,220)	(133,285)	(207,703)	(246,933)	(246,933)	(235,621)	(249,961)	(255,216)
Finance charges	(41)	(95)	(42)	(6,131)	(950)	(950)	(3,651)	(3,395)	(3,112)
Dividends paid	-	-	-	-	-	-	-	-	-
Transfers and Grants	-	-	-	-	(220)	(220)	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	42,337	78,796	127,270	18,665	(11,718)	(11,718)	40,398	25,374	47,803
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-
Payments									
Capital assets	(41,259)	(81,879)	(380,307)	(272,980)	(411,948)	(411,948)	(47,982)	(45,443)	(51,879)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(41,259)	(81,879)	(380,307)	(272,980)	(411,948)	(411,948)	(47,982)	(45,443)	(51,879)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	199,074	202,715	117,000	340,001	241,212	241,212	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-
Payments									
Repayment of borrowing	-	-	-	(3,585)	(606)	(606)	(2,573)	(2,830)	(3,112)
NET CASH FROM/(USED) FINANCING ACTIVITIES	199,074	202,715	117,000	336,417	240,606	240,606	(2,573)	(2,830)	(3,112)
NET INCREASE/ (DECREASE) IN CASH HELD	200,151	199,632	(136,037)	82,102	(183,060)	(183,060)	(10,157)	(22,899)	(7,188)
Cash/cash equivalents at the year begin:	154,848	354,999	554,632	418,595	418,595	418,595	235,535	225,378	202,479
Cash/cash equivalents at the year end:	354,999	554,632	418,595	500,697	235,535	235,535	225,378	202,479	195,291

2.14 Contracts having future budgetary implications

Table 80 MBRR Table SA33 - Contracts having future budgetary implications

Description	Preceding	Current	2017/18 Medium Term Revenue & Expenditure Framework			Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total Contract
	Years	Year 2016/17	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Value
R thousand	Total	Original Budget				Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Revenue Obligation By Contract													
<i>Transnet (waste from Athlone Transfer Station to Vissershok landfill site)</i>	-	20,240	21,656	23,172	24,794	26,529	28,386	30,373	32,499	34,773	37,207	39,811	319,440
Total Operating Revenue Implication	-	20,240	21,656	23,172	24,794	26,529	28,386	30,373	32,499	34,773	37,207	39,811	319,440
Expenditure Obligation By Contract													
<i>AFS (Automated Fuel Systems)</i>	1,071,888	281,676	297,732	78,676	-	-	-	-	-	-	-	-	1,729,972
<i>Collection of payment obo COCT by Third Party Collectors</i>	43,339	41,422	59,238	63,089	67,190	71,557	76,208	81,162	86,437	92,056	98,039	-	779,737
<i>Bulk Printing and Postal Processing</i>	13,600	17,400	12,000	15,000	18,000	19,170	20,416	21,743	23,156	24,662	26,265	-	211,412
<i>Provision of Electronic function for tracing, adverse credit listing etc.</i>	12,161	15,023	16,000	17,040	18,147	19,327	20,583	21,921	23,346	24,863	26,479	-	214,888
<i>ABSA BANK: Main Bank Tender and other services</i>	17,343	9,883	8,344	-	-	-	-	-	-	-	-	-	35,570
<i>Management and Operation of the Transport Information Centre (Tender No. 311S/2014/15)</i>	16,298	16,950	17,628	18,333	19,066	-	-	-	-	-	-	-	88,274
<i>Provision of Station Management and related services for Phase 1 of MyCiTi (392S/2011/12)</i>	296,764	113,229	121,155	128,425	-	-	-	-	-	-	-	-	659,573
<i>Operations, Maintenance and Management of the Fisantekraal Wastewater Treatment (442S/2010/11)</i>	16,052	16,696	17,923	19,357	20,905	22,578	24,384	26,335	28,442	30,717	33,174	-	256,562
<i>Operations, Maintenance and Management of the Zandvliet Wastewater Treatment (441S/2010/11)</i>	103,538	190,762	278,566	292,494	307,119	322,475	338,599	355,529	373,305	391,970	411,569	-	3,365,926
<i>Vehicle Operator Agreement - Transpeninsula</i>	283,577	100,000	106,000	112,360	119,102	126,248	133,823	141,852	150,363	159,385	168,948	-	1,601,657
<i>Vehicle Operator Agreement - Table Bay Area Rapid Transit</i>	233,273	100,000	106,000	112,360	119,102	126,248	133,823	141,852	150,363	159,385	168,948	-	1,551,352
<i>Vehicle Operator Agreement - Kidrogen</i>	327,826	165,000	174,900	185,394	196,518	208,309	220,807	234,056	248,099	262,985	278,764	-	2,502,657
Total Operating Expenditure Implication	2,435,658	1,068,042	1,215,486	1,042,527	885,148	915,910	968,642	1,024,448	1,083,511	1,146,022	1,212,186	-	12,997,580
Capital Expenditure Obligation By Contract													
<i>Provision of Professional Services iro the Steenbras Pumped Storage Main Plant Refurbishment - Aurecon</i>	-	5,500	5,500	7,500	7,500	3,000	1,000	-	-	-	-	-	30,000
<i>Provision of Multidisciplinary Professional Services: New Office Building for Water & Sanitation</i>	23,694	125,139	146,632	-	-	-	-	-	-	-	-	-	295,465
<i>Increase of scope of work to include Cape Flats wastewater treatment plant: contract no 141c 2011/12 for the provision of professional services, sludge dewatering and sludge handling facilities at various wastewater treatment plants (WWTPS) and a mobile sludge dewatering unit. (141C 2011/12)</i>	37,421	28,000	36,000	50,000	19,000	30,000	40,000	-	-	-	-	-	240,421
<i>Phillipi Collector Sewer</i>	300	620	6,000	71,810	40,000	30,570	-	-	-	-	-	-	149,300
<i>Tender for appointment of a lead transaction advisor, project administrator and a specialist MFMA consultant to undertake work related to alternative waste management mechanisms in ISWWS directorate (215C/2014/15)</i>	3,102	4,392	8,121	9,702	11,025	4,952	2,805	-	-	-	-	-	44,098
<i>Provision of Professional Services in respect of the Design and Construction of Phase 2A Infrastructure : Bus Depots (Tender No. 41C/2014/15)</i>	-	7,224	6,632	9,000	10,000	10,000	10,144	-	-	-	-	-	53,000
<i>Provision of Professional Services in respect of the Design and Construction of Phase 2A Infrastructure Stations (Tender No. 193C/2014/15)</i>	-	2,000	8,000	10,000	10,000	5,000	2,000	-	-	-	-	-	37,000
<i>IRT - Provision of Professional Services in respect of the Design and Construction of Phase 2A Infrastructure : Trunk & Feeder (Tender No. 59C/2014/15)</i>	5,700	19,000	30,000	40,000	40,000	30,000	20,000	16,131	-	-	-	-	200,831
<i>Design, Supply, Delivery, Installation, Testing and Commissioning of the IRT Fare System, The Supply and Distribution of Fare Cards and Provision of Maintenance and other related services (AFC) (Tender No. 24G/2009/10)</i>	580,157	61,000	31,000	32,000	33,000	12,151	-	-	-	-	-	-	749,308
Total Capital Expenditure Implication	650,373	252,876	277,885	230,012	170,525	125,674	75,949	16,131	-	-	-	-	1,799,424
Total Parent Expenditure Implication	3,086,031	1,320,918	1,493,371	1,272,538	1,055,673	1,041,584	1,044,591	1,040,579	1,083,511	1,146,022	1,212,186	-	14,797,004

Table 81 Projects having future budgetary implications

Description	Item	Preceding Years	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework			Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Total Contract Value
		Total	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Estimate	Estimate	Estimate	Estimate
Capital Expenditure Obligation By Project										
<i>Organisational Policy and Planning: Project and Portfolio Management</i>	C14.00048	39,527	17,583	671	-	-	-	-	-	57,780
<i>Information Systems and Technology: Dark Fibre Broadband Infrastructure</i>	CPX/0000931	594,564	154,280	260,155	260,155	260,155	241,503	222,850	-	2,504,656
<i>Facilities Management: Facilities Management Structural Rehabilitation</i>	CPX/0000924	213,293	39,300	30,000	34,853	11,500	-	-	-	441,227
<i>Property Management: Upgrading of City Hall</i>	C13.00213	4,119	23,000	16,000	10,500	5,000	8,500	10,000	-	77,119
<i>Property Management: Upgrade of Athlone Stadium</i>	C14.00035	5,046	12,800	6,000	5,900	5,000	10,000	10,000	-	54,746
<i>Property Management: Granary Project</i>	CPX.0004561	6,102	40,429	6,800	-	-	-	-	-	60,130
<i>Cape Town Stadium and Seapoint Precincts: Suites Cape Town Stadium</i>	CPX.0010858	-	-	5,340	-	-	-	-	-	245,600
<i>Solid Waste Management: Purchase of Land Regional Landfill</i>	CPX.0003136	-	-	-	100,000	-	-	-	-	100,000
<i>Solid Waste Management: Development of the Regional Landfill Site</i>	CPX.0003137	-	-	1,500	40,000	90,000	50,000	90,000	-	271,500
<i>Solid Waste Management: Athlone transfer station: Material Recovery Facility / MBT</i>	CPX.0007847	-	500	17,173	40,000	40,000	-	-	-	97,673
<i>Solid Waste Management: Coastal Park: Design and develop (Material Recovery Facility)</i>	CPX.0007910	-	1,000	27,127	20,000	40,000	-	-	-	90,127
<i>Solid Waste Management: Vissershok South: Landfill Gas Infrastructure to Flaring</i>	CPX.0007916	-	750	25,000	30,000	200	-	-	-	55,950
<i>Solid Waste Management: Vissershok North: Design and Develop Airspace</i>	CPX.0007920	-	1,500	21,500	32,000	-	42,500	21,500	-	119,000
<i>Solid Waste Management: Coastal Park: Design and develop</i>	CPX.0007924	-	2,760	1,000	24,000	10,000	21,000	-	-	58,760
<i>Solid Waste Management: Parow depot Upgrade</i>	CPX.0008732	-	4,969	36,206	-	-	-	-	-	54,109
<i>Water and Sanitation: Water Supply at Baden Powell Dr to Khaye</i>	C12.86082	33	650	30,000	22,000	-	-	-	-	70,000
<i>Water and Sanitation: Melkbos Wastewater Treatment Works-Effluent Disinfection</i>	C14.86043	1,700	3,000	6,000	12,000	30,000	-	-	-	59,700
<i>Water and Sanitation: Wesfleur Wastewater Treatment Works-Capacity Extension</i>	C14.86044	2,500	1,000	20,000	50,000	-	20,000	-	-	100,000
<i>Water and Sanitation: Main Road Clovelly Simonstown</i>	CPX.0007405	-	25,000	5,000	15,000	10,000	20,000	20,000	-	95,000
<i>Water and Sanitation: Paardevelei Development - Bulk Water</i>	CPX.0009700	-	-	-	-	2,200	20,989	18,789	-	297,250
<i>Water and Sanitation: Borchards Quarry Wastewater Treatment Works</i>	CPX/0000471	87,344	99,900	95,500	50,000	-	30,000	40,000	-	402,744
<i>Water and Sanitation: Athlone Wastewater Treatment Works-Capacity Extension-phase 1</i>	CPX/0000479	499	6,000	6,000	4,000	59,000	78,000	30,000	-	771,500
<i>Water and Sanitation: Bellville Wastewater Treatment Works</i>	CPX/0000512	334,565	43,650	71,650	60,700	3,000	10,000	-	-	684,065
<i>Water and Sanitation: Bulk Water Augmentation Scheme</i>	CPX/0000524	56,716	21,069	60,177	117,900	365,600	411,100	595,600	-	2,706,597
<i>Water and Sanitation: Cape Flats Rehabilitation</i>	CPX/0000532	5,838	500	5,000	25,000	60,000	25,000	26,000	-	292,000
<i>Water and Sanitation: Cape Flats Wastewater Treatment Works-Refurbish various struct</i>	CPX/0000533	37,291	28,000	36,000	50,000	19,000	30,000	40,000	-	240,291
<i>Water and Sanitation: Construction of new Head Office</i>	CPX/0000535	23,260	125,139	146,632	-	-	-	-	-	295,031
<i>Water and Sanitation: Zandvliet Wastewater Treatment Works-Extension</i>	CPX/0000628	44,518	108,862	199,080	230,747	137,300	194,000	220,000	-	1,585,235
<i>Water and Sanitation: Macassar Wastewater Treatment Works Extension</i>	CPX/0000639	-	290	15,050	63,650	60,000	35,700	20,000	-	400,000
<i>Water and Sanitation: Philippi Collector Sewer</i>	CPX/0000679	-	620	3,000	71,810	54,000	24,000	-	-	200,000

Table continues on next page.

City of Cape Town –2017/18 Budget

Description	Item	Preceding	Current Year	2017/18 Medium Term Revenue & Expenditure Framework			Forecast	Forecast	Forecast	Total
		Years	2016/17	Budget Year	Budget Year	Budget Year	2020/21	2021/22	2022/23	Contract
R thousand		Total	Adjusted Budget	2017/18	+1 2018/19	+2 2019/20	Estimate	Estimate	Estimate	Value
Water and Sanitation: Potsdam Wastewater Treatment Works - Extension	CPX/0000681	15,281	2,120	4,000	42,000	40,000	80,000	299,820	-	800,000
Water and Sanitation: Mitchell's Plain Wastewater Treatment Works Phase 2	CPX/0000684	52,163	38,500	10,800	2,000	21,000	84,700	55,100	-	264,263
Water and Sanitation: Northern Regional Sludge Facility	CPX/0000694	1,973	-	7	40,285	30,000	60,000	104,800	-	900,000
Water and Sanitation: Contermanskloof Reservoir	CPX/0003850	4,436	52,000	88,000	51,000	500	-	-	-	214,377
Water and Sanitation: OSEC (Electrolytic Chlorination Infrastructure)	CPX/0003892	32,305	500	200	4,150	3,000	6,000	20,000	-	91,129
Water and Sanitation: Steenbras Reservoir	CPX/0003894	-	110	2,500	33,500	4,600	10,000	100,000	-	465,628
Water and Sanitation: Acquisition & Commissioning of large Generators	CPX/0005991	42,836	100,000	91,150	-	-	-	-	-	233,986
Water and Sanitation: Bulk Retic Sewers in Milnerton Rehabilitation	CPX/0006478	-	-	1,000	45,000	30,000	70,000	30,000	-	176,000
Water and Sanitation: Completion of Cape Flats III Bulk Sewer	CPX/0008116	135,634	83,802	13,000	-	-	-	-	-	300,000
Water and Sanitation: Helderberg/Faure Bulk Water Scheme	CPX/0009468	-	-	100	80	7,000	50,000	15,000	-	84,280
Water and Sanitation: Additional Resources Desalination Reclamation	C15.86043	-	-	-	20,000	20,000	200,000	245,000	-	3,520,000
Water and Sanitation: Table Mountain Group Aquifer	CPX.0010518	-	-	60,000	20,000	-	-	-	-	90,000
Water and Sanitation: Water Reclamation from Waste Water	CPX.0010521	-	-	80,000	40,000	-	-	-	-	120,000
Informal Settlements and Backyarders: Enkanini-Khayelitsha	CPX.0005816	-	-	10,000	-	-	-	-	-	475,000
Informal Settlements and Backyarders: Incremental Developmental Areas /Upgrading of Informal Settlement Programmes Sweethomes-Philippi	CPX.0005819	-	12,500	35,000	35,000	-	-	-	-	95,000
Informal Settlements and Backyarders: UIISP: Kalkfontein Informal Settlement	CPX.0005826	-	17,000	38,000	17,000	-	-	-	-	76,066
Informal Settlements and Backyarders: UIISP: 8ste Laan -Valhalla Park	CPX.0005827	-	15,503	33,000	4,500	-	-	-	-	58,032
Recreation & Parks: Upgrade Atlantis Cemetery	C09.94014	9,746	-	100	900	6,000	-	-	-	50,000
Recreation & Parks: Upgrade Maitland Crematorium	CPX.0003490	197	634	300	1,700	-	-	-	-	50,134
Network Management: Public Transport Systems management project	C14.01601	233,175	70,000	75,000	40,000	40,000	75,000	75,000	-	690,175
Built Environment Management: Flood Alleviation - Lourens River	C05.01503	24,165	12,484	10,000	10,000	10,000	-	-	-	66,649
Built Environment Management: Sir Lowry's Pass River Upgrade	C14.10323	134	20,100	46,230	91,000	53,500	48,900	-	-	266,964
Built Environment Management: N2 Interchange(Phase 1)	CPX.0009719	-	-	15,000	81,300	81,300	-	-	-	230,000
Built Environment Management: Intergrade Rapid Transport Phase 2 A	CPX/0000257	128,215	251,839	310,807	145,687	136,057	543,362	524,000	-	2,727,609
Built Environment Management: Integrated Bus Rapid Transit System	CPX/0000287	334,310	30,000	10,000	10,000	10,000	10,000	10,000	-	414,310
Built Environment Management: Dualling: Broadway Boulevard: Beach Road: MR27	C08.10285	3,771	20,916	20,000	7,000	-	-	-	-	51,687
Built Environment Management: Retreat Public Transport Interchange	C11.10537	3,314	200	15,000	20,000	23,000	2,000	-	-	87,314
Built Environment Management: Somerset West Public Transport Interchange	C11.10552	581	6,500	10,000	15,000	20,000	50,000	-	-	102,081
Built Environment Management: Main Roads: Northern Corridor	C13.10313	47,793	24,994	8,000	-	-	-	-	-	80,787
Built Environment Management: Metro South East Public Transport Facility	CPX.0003806	1,621	8,000	20,000	20,000	20,000	50,000	-	-	146,479
Built Environment Management: Congestion Relief - Erica Drive	CPX.0007892	-	650	14,350	30,000	-	-	-	-	70,000
Built Environment Management: Kommetjie Road Dualling and Ou Kaapseweg	CPX.0007894	-	30,500	66,000	60,000	-	-	-	-	175,350
Built Environment Management: Kommetjie Road Dualling (Phase 3)	CPX.0007895	-	-	5,000	35,000	-	-	-	-	85,000
Built Environment Management: Platteklouf Road Dualling	CPX.0007896	-	7,600	21,000	-	-	-	-	-	60,171
Built Environment Management: Road Rehabilitation: Bishop Lavis	CPX.0007969	-	37,867	53,000	8,500	-	-	-	-	99,367

Table continues on next page.

City of Cape Town –2017/18 Budget

Description	Item	Preceding Years	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework			Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Total Contract Value
		Total	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Estimate	Estimate	Estimate	Estimate
Built Environment Management: Road Rehabilitation: Hanover Park: Phase 2 and Phase 3	CPX.0007971	-	7,000	35,000	8,000	-	-	-	-	50,000
Built Environment Management: Durbanville Non-Motorised Transport	CPX.0009269	-	-	19,000	19,000	17,000	-	-	-	55,000
Built Environment Management: Inner City: Public Transport Hub	CPX.0009696	-	2,000	10,000	50,000	60,000	60,000	-	-	182,000
Business Resource Management: Intergrade Rapid Transport: Fare Collection	CPX.0008849	-	35,670	12,000	12,000	12,000	25,000	25,000	-	740,333
Business Resource Management: IRT: Control Centre	CPX.0008858	-	64,100	10,000	10,000	10,000	10,000	10,000	-	401,654
Business Resource Management: Intergrade Rapid Transport Phase 2A-Bus Development	CPX/0009694	-	20,000	23,000	23,000	-	-	-	-	66,000
New Market Development: Bardale / Fairdale: Development 4000Units	C06.41540	143,396	512	1,100	-	-	-	-	-	147,186
New Market Development: Delft - The Hague Housing Project	C08.15508	49,134	6,000	5,000	2,000	-	-	-	-	62,134
New Market Development: Fisantekraal Garden Cities Phase 2	CPX.0003134	13,860	12,560	10,000	-	-	-	-	-	91,240
New Market Development: Imizamo Yethu Housing Project (Phase 3)	CPX.0003139	272	1,615	9,900	35,630	26,000	12,000	-	-	87,304
New Market Development: Beacon Valley Housing Project - Mitchell'splain	CPX.0005672	-	200	24,000	48,000	12,502	24,000	-	-	108,702
New Market Development: Macassar Breaking New Ground Housing Project	CPX.0005674	-	2,000	28,380	42,570	33,110	12,724	-	-	118,784
New Market Development: Conradie Housing Development (PGWC)	CPX.0009028	-	-	5,000	5,000	85,438	38,095	26,065	-	159,598
New Market Development: Langa Hostels Community Residential Units Project: Special Quarters	CPX.0010624	-	-	41,084	70,829	4,000	-	-	-	132,539
New Market Development: Langa Hostels Community Residential Units Project: New Flats	CPX.0010625	-	-	22,272	24,384	-	-	-	-	52,683
New Market Development: Langa Hostels Community Residential Units Project: Siyahlala	CPX.0010626	-	-	1,425	1,425	19,012	-	-	-	135,214
Disaster Management and Public Emergency Centre: Project Emergency Policing Incident Control: Integrated Contact Centre	CPX/0000337	86,335	25,026	24,793	18,000	8,794	3,000	3,000	-	168,948
Electricity Generation and Distribution: Outage Management System	C12.84078	36,958	6,400	5,600	4,500	2,000	1,500	1,500	-	100,000
Electricity Generation and Distribution: Paardevlei Development - Electricity MV and LV network	CPX.0009777	-	-	-	14,679	113,191	84,512	-	-	212,382
Electricity Generation and Distribution: Retreat Depot - Replace. for Muizenberg	C08.84049	10,432	-	6,000	42,585	-	-	-	-	102,717
Electricity Generation and Distribution: Plattekloof - N1 Reinforcement	C10.84032	70,970	16,821	8,464	-	-	-	-	-	120,000
Electricity Generation and Distribution: City Depot CBD - New	C13.84076	40,398	74,995	57,191	-	-	-	-	-	215,816
Electricity Generation and Distribution: Steenbras: Refurbishment of Main Plant	C14.84071	-	10,000	40,000	193,000	302,000	-	-	-	690,000
Electricity Generation and Distribution: Bloemhof: Stores Upgrade	C14.84076	10,603	60,412	12,048	-	-	-	-	-	100,000
Electricity Generation and Distribution: Oakdale Main Substation Upgrade Phase 2	C15.84081	31,582	54,579	6,362	-	-	-	-	-	120,000
Electricity Generation and Distribution: Atlantis Industrial New Main Substation	C16.84070	62,206	44,827	3,059	-	-	-	-	-	150,000
Electricity Generation and Distribution: Observatory Main Substation Upgrade	C16.84073	5,305	67,339	2,613	-	-	-	-	-	100,000
Electricity Generation and Distribution: Bloemhof Network Control Centre	CPX.0001558	7,345	37,728	65,662	-	-	-	-	-	158,460
Electricity Generation and Distribution: Grassy Park Main Substation Upgrade	CPX.0003579	-	-	48,500	-	-	-	1,500	-	100,000
Electricity Generation and Distribution: Oakdale Switching Station Upgrade Phase 3	CPX.0003624	-	-	-	38,243	150,095	133,808	43,097	-	450,000
Electricity Generation and Distribution: Paardevlei Development - Electricity (High Voltage)	CPX.0007547	-	-	-	12,200	97,600	12,200	-	-	300,000
Electricity Generation and Distribution: Ndabeni: Facilities Rearrangement	CPX.0007552	-	-	-	60,000	70,000	70,000	-	-	300,000
Electricity Generation and Distribution: Philippi and Acacia Reactors	CPX.0009565	-	-	-	96,000	-	-	-	-	150,000
Electricity Generation and Distribution: Wynberg: Facilities Rearrangement	CPX.0009966	-	-	-	-	40,000	50,000	90,000	-	180,000

2.15 Details of expenditure by asset class

Table 82 MBRR Table SA34a - Capital expenditure on new assets by asset class

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Capital expenditure on new assets by Asset Class/Sub-class			
Infrastructure	2,663,773	2,409,076	2,573,924
Roads Infrastructure	958,552	594,148	685,211
<i>Roads</i>	958,552	594,148	685,211
Storm water Infrastructure	120,368	95,800	95,150
<i>Drainage Collection</i>	120,368	95,800	95,150
Electrical Infrastructure	558,956	582,891	560,716
<i>HV Substations</i>	442,301	512,891	480,016
<i>MV Networks</i>	46,900	–	8,200
<i>LV Networks</i>	69,754	70,000	72,500
Water Supply Infrastructure	516,456	464,442	557,549
<i>Reservoirs</i>	369,977	306,130	422,700
<i>Bulk Mains</i>	32,600	50,630	57,000
<i>Distribution</i>	113,879	107,682	77,849
Sanitation Infrastructure	121,837	215,277	234,850
<i>Reticulation</i>	115,830	162,992	151,850
<i>Waste Water Treatment Works</i>	6,007	52,285	83,000
Solid Waste Infrastructure	198,077	256,180	249,020
<i>Landfill Sites</i>	198,077	256,180	249,020
Information and Communication Infrastructure	189,528	200,338	191,427
<i>Data Centres</i>	189,528	200,338	191,427
Community Assets	333,684	352,411	371,537
Community Facilities	327,993	352,411	371,537
<i>Centres</i>	40,347	33,000	33,000
<i>Clinics/Care Centres</i>	41,168	41,435	11,296
<i>Fire/Ambulance Stations</i>	14,270	–	–
<i>Testing Stations</i>	1,345	–	–
<i>Museums</i>	3,000	–	–
<i>Libraries</i>	23,410	6,278	–
<i>Cemeteries/Crematoria</i>	7,000	6,000	10,000
<i>Public Open Space</i>	69,570	164,870	223,901
<i>Nature Reserves</i>	14,843	3,387	–
<i>Taxi Ranks/Bus Terminals</i>	113,040	97,440	93,340
Sport and Recreation Facilities	5,690	–	–
<i>Outdoor Facilities</i>	5,690	–	–
Other assets	291,535	190,416	89,638
Operational Buildings	225,494	90,577	63,426
<i>Municipal Offices</i>	194,994	54,699	17,226
<i>Yards</i>	500	100	200
<i>Depots</i>	30,000	35,778	46,000
Housing	66,041	99,839	26,212
<i>Social Housing</i>	66,041	99,839	26,212
Intangible Assets	2,000	3,000	3,000
Licences and Rights	2,000	3,000	3,000
<i>Computer Software and Applications</i>	2,000	3,000	3,000
Computer Equipment	207,103	126,435	110,502
Computer Equipment	207,103	126,435	110,502
Furniture and Office Equipment	78,554	52,113	51,517
Furniture and Office Equipment	78,554	52,113	51,517
Machinery and Equipment	126,788	32,440	28,300
Machinery and Equipment	126,788	32,440	28,300
Transport Assets	51,970	49,076	48,863
Transport Assets	51,970	49,076	48,863
Total Capital Expenditure on new assets	3,755,408	3,214,966	3,277,280

Table 83 MBRR Table SA34b - Capital expenditure on the renewal of existing assets by asset class

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Capital expenditure on renewal of existing assets by Asset Class/Sub-class			
Infrastructure	984,916	1,107,790	1,312,565
<i>Roads Infrastructure</i>	185,678	120,050	126,500
Roads	185,678	120,050	126,500
<i>Storm water Infrastructure</i>	48,495	40,950	36,100
Drainage Collection	48,495	40,950	36,100
<i>Electrical Infrastructure</i>	468,543	563,430	727,965
HV Substations	157,543	247,430	414,965
MV Substations	101,000	78,000	66,000
MV Networks	155,000	183,000	192,000
LV Networks	55,000	55,000	55,000
<i>Water Supply Infrastructure</i>	260,500	317,000	336,000
Reservoirs	5,500	9,000	6,000
Bulk Mains	20,000	38,000	60,000
Distribution	235,000	270,000	270,000
<i>Sanitation Infrastructure</i>	20,200	66,300	86,000
Pump Station	500	3,000	7,000
Reticulation	3,500	4,300	4,000
Waste Water Treatment Works	6,200	19,000	35,000
Outfall Sewers	10,000	40,000	40,000
<i>Information and Communication Infrastructure</i>	1,500	60	–
Data Centres	1,500	60	–
Community Assets	39,500	48,050	9,400
<i>Community Facilities</i>	39,500	48,050	9,400
Centres	35,000	35,000	–
Clinics/Care Centres	2,000	10,000	9,400
Libraries	2,000	3,050	–
Public Open Space	500	–	–
Heritage assets	650	1,800	1,800
Monuments	650	1,800	1,800
Other assets	94,150	151,780	166,860
<i>Operational Buildings</i>	9,150	66,780	81,860
Municipal Offices	8,100	62,430	76,810
Laboratories	–	300	–
Depots	1,050	4,050	5,050
<i>Housing</i>	85,000	85,000	85,000
Social Housing	85,000	85,000	85,000
Intangible Assets	2,500	2,500	2,500
<i>Licences and Rights</i>	2,500	2,500	2,500
Computer Software and Applications	2,500	2,500	2,500
Computer Equipment	75,080	67,310	70,870
Computer Equipment	75,080	67,310	70,870
Furniture and Office Equipment	18,362	15,639	16,104
Furniture and Office Equipment	18,362	15,639	16,104
Machinery and Equipment	31,113	29,100	11,604
Machinery and Equipment	31,113	29,100	11,604
Transport Assets	182,714	222,641	238,671
Transport Assets	182,714	222,641	238,671
Total Capital Expenditure on renewal of existing assets	1,428,986	1,646,610	1,830,374
Renewal of Existing Assets as % of total capex	20.5%	24.7%	26.4%
Renewal of Existing Assets as % of deprecn"	55.5%	60.2%	65.0%

Table 84 MBRR Table SA34c - Repairs and maintenance expenditure by asset class

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year	Budget Year	Budget Year
	2017/18	+1 2018/19	+2 2019/20
R thousand			
Repairs and maintenance expenditure by Asset Class/Sub-class			
Infrastructure	1,799,807	2,016,536	2,201,115
Roads Infrastructure	698,302	743,414	791,736
<i>Roads</i>	698,302	743,414	791,736
Storm water Infrastructure	21,667	23,077	24,578
<i>Drainage Collection</i>	21,667	23,077	24,578
Electrical Infrastructure	523,507	557,538	593,778
<i>Power Plants</i>	18,788	20,009	21,309
<i>HV Substations</i>	27,853	29,664	31,593
<i>MV Substations</i>	366,551	390,379	415,753
<i>LV Networks</i>	110,315	117,485	125,122
Water Supply Infrastructure	233,175	298,339	344,483
<i>Reservoirs</i>	18,207	19,392	20,653
<i>Pump Stations</i>	34,544	36,791	39,183
<i>Water Treatment Works</i>	31,761	33,828	36,027
<i>Bulk Mains</i>	3,265	3,478	3,704
<i>Distribution</i>	145,398	204,850	244,915
Sanitation Infrastructure	318,258	388,951	440,984
<i>Reticulation</i>	191,317	253,753	296,997
<i>Waste Water Treatment Works</i>	115,978	123,521	131,552
<i>Outfall Sewers</i>	10,963	11,677	12,436
Solid Waste Infrastructure	4,898	5,217	5,556
<i>Landfill Sites</i>	4,898	5,217	5,556
Community Assets	462,808	490,255	522,117
Community Facilities	406,234	430,271	458,234
<i>Halls</i>	5,718	6,089	6,485
<i>Centres</i>	6,728	7,165	7,631
<i>Clinics/Care Centres</i>	8,018	8,540	9,094
<i>Fire/Ambulance Stations</i>	2,358	2,512	2,674
<i>Testing Stations</i>	1,343	1,324	1,410
<i>Libraries</i>	22,415	23,872	25,423
<i>Cemeteries/Crematoria</i>	16,369	17,433	18,566
<i>Public Open Space</i>	328,542	347,720	370,321
<i>Nature Reserves</i>	2,743	2,837	3,020
<i>Public Ablution Facilities</i>	11,752	12,516	13,329
<i>Markets</i>	248	264	281
Sport and Recreation Facilities	56,574	59,985	63,883
<i>Indoor Facilities</i>	683	727	774
<i>Outdoor Facilities</i>	55,891	59,257	63,108
Heritage assets	11,357	12,096	12,882
Works of Art	11,357	12,096	12,882
Investment properties	10,088	10,744	11,442
Revenue Generating	271	288	307
<i>Improved Property</i>	271	288	307
Non-revenue Generating	9,817	10,456	11,135
<i>Improved Property</i>	9,817	10,456	-
<i>Unimproved Property</i>	-	-	11,135

Table continues on next page

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Other assets	288,309	306,914	326,863
Operational Buildings	213,732	227,488	242,273
Municipal Offices	196,668	209,315	222,919
Laboratories	1,370	1,459	1,554
Training Centres	603	642	684
Depots	15,091	16,072	17,116
Housing	74,577	79,427	84,589
Social Housing	74,577	79,427	84,589
Computer Equipment	687,364	732,045	779,626
Computer Equipment	687,364	732,045	779,626
Furniture and Office Equipment	349,715	372,436	396,644
Furniture and Office Equipment	349,715	372,436	396,644
Machinery and Equipment	7	7	8
Machinery and Equipment	7	7	8
Transport Assets	424,837	452,458	481,868
Transport Assets	424,837	452,458	481,868
Total Repairs and Maintenance Expenditure	4,034,292	4,393,491	4,732,564
R&M as a % of PPE	0.0%	9.8%	9.8%
R&M as % Operating Expenditure	0.0%	11.8%	11.7%

Table 85 MBRR Table SA34d Depreciation by asset class

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Depreciation by Asset Class/Sub-class			
Infrastructure	1,154,472	1,278,857	1,368,025
Roads Infrastructure	370,548	395,213	415,467
<i>Roads</i>	370,548	395,213	415,467
Storm water Infrastructure	45,940	52,747	55,144
<i>Drainage Collection</i>	45,940	52,747	55,144
Electrical Infrastructure	215,517	247,566	269,608
<i>Power Plants</i>	6,951	6,951	6,951
<i>HV Substations</i>	28,971	48,094	58,929
<i>MV Substations</i>	36,656	38,890	40,623
<i>MV Networks</i>	91,791	96,278	100,345
<i>LV Networks</i>	51,147	57,353	62,760
Water Supply Infrastructure	209,628	245,178	272,945
<i>Reservoirs</i>	18,982	29,337	32,501
<i>Pump Stations</i>	3,015	4,016	3,976
<i>Water Treatment Works</i>	24,216	24,881	24,875
<i>Bulk Mains</i>	19,301	21,931	26,362
<i>Distribution</i>	144,114	165,013	185,232
Sanitation Infrastructure	229,208	256,554	273,600
<i>Pump Station</i>	7,336	8,123	9,486
<i>Reticulation</i>	141,227	151,759	151,712
<i>Waste Water Treatment Works</i>	78,017	92,659	108,412
<i>Outfall Sewers</i>	2,628	4,014	3,991
Solid Waste Infrastructure	58,352	51,264	50,886
<i>Landfill Sites</i>	58,352	51,264	50,886
Information and Communication Infrastructure	25,281	30,335	30,375
<i>Data Centres</i>	25,281	30,335	30,375
Community Assets	313,120	323,609	322,320
Community Facilities	95,023	103,458	108,628
<i>Halls</i>	2,167	2,237	2,237
<i>Centres</i>	3,934	5,872	7,282
<i>Clinics/Care Centres</i>	5,447	5,647	6,361
<i>Fire/Ambulance Stations</i>	1,687	2,237	2,237
<i>Testing Stations</i>	1,056	1,126	1,168
<i>Museums</i>	166	274	324
<i>Theatres</i>	51	51	51
<i>Libraries</i>	5,262	5,924	6,287
<i>Cemeteries/Crematoria</i>	3,663	4,033	4,520
<i>Public Open Space</i>	14,025	16,192	16,891
<i>Nature Reserves</i>	576	1,164	1,813
<i>Public Ablution Facilities</i>	1,845	2,549	2,549
<i>Markets</i>	1,498	1,500	1,500
<i>Airports</i>	4	4	4
<i>Taxi Ranks/Bus Terminals</i>	53,643	54,647	55,403
Sport and Recreation Facilities	218,096	220,151	213,692
<i>Indoor Facilities</i>	8,649	8,649	8,649
<i>Outdoor Facilities</i>	209,447	211,502	205,043
Investment properties	1,718	1,718	1,718
Non-revenue Generating	-	-	-
<i>Improved Property</i>	-	-	-

Table continues on next page

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Other assets	232,195	250,378	249,555
Operational Buildings	133,733	148,459	144,560
<i>Municipal Offices</i>	113,264	124,515	119,204
<i>Yards</i>	212	228	228
<i>Laboratories</i>	116	116	122
<i>Training Centres</i>	371	371	371
<i>Depots</i>	19,770	23,230	24,635
Housing	98,463	101,918	104,995
<i>Social Housing</i>	98,463	101,918	104,995
Intangible Assets	106,890	105,950	102,331
Licences and Rights	106,890	105,950	102,331
<i>Computer Software and Applications</i>	34,988	34,048	30,428
<i>Unspecified</i>	71,903	71,903	71,903
Computer Equipment	242,774	205,443	194,333
Computer Equipment	242,774	205,443	194,333
Furniture and Office Equipment	146,972	150,141	145,012
Furniture and Office Equipment	146,972	150,141	145,012
Machinery and Equipment	78,106	89,347	80,654
Machinery and Equipment	78,106	89,347	80,654
Transport Assets	298,359	329,261	350,627
Transport Assets	298,359	329,261	350,627
Total Depreciation	2,574,607	2,734,705	2,814,573

Table 86 MBRR Table SA34e Capital expenditure on the upgrading of existing assets by asset class

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class			
Infrastructure	1,080,155	1,382,707	1,424,636
Roads Infrastructure	281,382	366,145	329,203
<i>Roads</i>	281,382	366,145	329,203
Storm water Infrastructure	12,925	10,000	10,000
<i>Drainage Collection</i>	12,925	10,000	10,000
Electrical Infrastructure	88,376	56,043	248,695
<i>HV Substations</i>	88,376	56,043	248,695
Water Supply Infrastructure	122,037	188,500	211,000
<i>Reservoirs</i>	46,230	91,000	53,500
<i>Distribution</i>	75,807	97,500	157,500
Sanitation Infrastructure	550,435	738,513	614,950
<i>Pump Station</i>	12,000	23,000	23,000
<i>Reticulation</i>	67,255	110,900	192,000
<i>Waste Water Treatment Works</i>	470,180	557,113	367,450
<i>Outfall Sewers</i>	1,000	47,500	32,500
Solid Waste Infrastructure	25,000	23,506	6,788
<i>Landfill Sites</i>	25,000	23,506	6,788
Information and Communication Infrastructure	–	–	4,000
<i>Data Centres</i>	–	–	4,000
Community Assets	239,836	169,451	118,695
Community Facilities	185,987	150,645	100,965
<i>Halls</i>	3,020	–	–
<i>Centres</i>	8,234	9,000	10,000
<i>Clinics/Care Centres</i>	14,921	14,646	10,900
<i>Fire/Ambulance Stations</i>	1,700	–	–
<i>Testing Stations</i>	2,141	2,141	–
<i>Museums</i>	3,000	2,500	–
<i>Libraries</i>	7,060	11,858	13,000
<i>Cemeteries/Crematoria</i>	16,700	25,200	16,400
<i>Public Open Space</i>	73,911	27,550	9,951
<i>Nature Reserves</i>	60	16,090	7,713
<i>Public Ablution Facilities</i>	16,000	10,500	5,000
<i>Markets</i>	80	–	–
<i>Taxi Ranks/Bus Terminals</i>	39,160	31,160	28,000
Sport and Recreation Facilities	53,849	18,806	17,731
<i>Outdoor Facilities</i>	53,849	18,806	17,731
Heritage assets	6,800	–	–
Monuments	6,800	–	–
Other assets	393,354	227,587	268,955
Operational Buildings	377,456	218,587	268,955
<i>Municipal Offices</i>	210,309	162,676	213,769
<i>Depots</i>	167,147	55,912	55,186
Housing	15,897	9,000	–
<i>Social Housing</i>	15,897	9,000	–
Intangible Assets	29,756	6,450	6,450
<i>Licences and Rights</i>	29,756	6,450	6,450
Computer Software and Applications	29,756	6,450	6,450
Computer Equipment	–	900	1,100
Computer Equipment	–	900	1,100
Furniture and Office Equipment	19,771	12,231	12,100
Furniture and Office Equipment	19,771	12,231	12,100
Machinery and Equipment	10,000	3,000	1,000
Machinery and Equipment	10,000	3,000	1,000
Total Capital Expenditure on upgrading of existing assets	1,779,672	1,802,326	1,832,937
Upgrading of Existing Assets as % of total capex	25.6%	27.0%	26.4%
Upgrading of Existing Assets as % of deprecn"	69.1%	65.9%	65.1%

2.16 Details of capital expenditure

Table 87 MBRR Table SA35 - Future financial implication of the capital budget

Vote Description	2017/18 Medium Term Revenue & Expenditure Framework			Forecasts			Present value
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	
R thousand							
Capital expenditure							
Vote 1 - Area-Based Service Delivery	39,430	73,970	105,763	42,205	35,285	-	-
Vote 2 - Assets & Facilities Management	400,359	281,917	265,214	43,869	44,469	-	-
Vote 3 - Corporate Services	351,686	339,446	338,046	313,833	295,181	-	-
Vote 4 - City Manager	222	222	222	222	50	-	-
Vote 5 - Directorate of the Mayor	17,108	2,238	2,158	2,364	995	-	-
Vote 6 - Energy	1,292,814	1,413,174	1,705,351	1,350,020	1,343,458	-	-
Vote 7 - Finance	17,136	15,249	16,419	6,411	6,611	-	-
Vote 8 - Informal Settlements, Water & Waste Services	2,445,238	2,535,665	2,518,546	2,450,567	2,937,670	-	-
Vote 9 - Safety & Security	191,120	105,722	50,515	41,627	37,627	-	-
Vote 10 - Social Services	283,413	198,834	128,598	66,437	61,506	-	-
Vote 11 - Transport & Urban Development Authority	1,925,540	1,697,466	1,809,758	1,643,620	1,406,206	-	-
Total Capital Expenditure	6,964,066	6,663,902	6,940,591	5,961,177	6,169,058	-	-
Future operational costs by vote							
Vote 1 - Area-Based Service Delivery	12,167	13,271	14,827	15,707	16,241	17,419	-
Vote 2 - Assets & Facilities Management	495,185	537,828	566,324	610,275	657,405	705,652	-
Vote 3 - Corporate Services	263,001	302,991	345,682	374,373	405,268	438,767	-
Vote 4 - City Manager	235	261	265	285	307	331	-
Vote 5 - Directorate of the Mayor	17,886	23,577	24,668	26,718	28,941	31,354	-
Vote 6 - Energy	726,795	839,694	946,530	1,023,689	1,115,591	1,208,639	-
Vote 7 - Finance	20,363	22,717	24,513	26,429	28,498	30,733	-
Vote 8 - Informal Settlements, Water & Waste Services	1,345,943	1,592,250	1,703,686	1,786,189	1,935,864	2,024,916	-
Vote 9 - Safety & Security	144,380	172,742	185,507	138,591	148,781	158,945	-
Vote 10 - Social Services	209,199	222,886	225,238	234,422	247,312	265,825	-
Vote 11 - Transport & Urban Development Authority	990,542	1,045,825	1,136,286	1,188,342	1,271,027	1,346,902	-
Total future operational costs	4,225,695	4,774,042	5,173,525	5,425,020	5,855,237	6,229,483	-
Net Financial Implications	11,189,762	11,437,944	12,114,116	11,386,197	12,024,295	6,229,483	-

*This included interest and depreciation.

Table 88 MBRR Table SA37 - Projects delayed from previous financial year/s

Municipal Vote (Directorate)	Project name	Project number	Asset Class	Asset Sub-Class	Previous target year to complete	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
						Original	Full Year	Budget Year	Budget Year +1	Budget Year +2
						Budget	Forecast	2017/18	2018/19	2019/20
R thousand					Year					
Directorate of the Mayor	Organisational Policy & Planning: Project and Portfolio Management	C14.00048	Computer Equipment	Computer Equipment	2016/17	16,324	17,583	671	-	-
Assets & Facilities Management	Property Management: Upgrade of Good Hope Centre	CPX.0002005	Furniture and Office Equipment	Furniture and Office Equipment	2015/16	2,550	2,550	4,050	-	7,100
Assets & Facilities Management	Property Management: Granary Project	CPX.0004561	Heritage assets	Monuments	2016/17	35,208	28,429	6,800	-	-
Assets & Facilities Management	Property Management: Electronic Workflow - Immovable property	CPX.0004761	Community Facilities	Public Open Space	2016/17	7,451	6,445	6,100	-	-
Informal Settlements, Water & Waste Serv	Water & Sanitation: Melkbos WWTW-Effluent Disinfection	C14.86043	Sanitation Infrastructure	Waste Water Treatment Works	2016/17	10,000	3,000	6,000	12,000	30,000
Social Services	Recreation & Parks: Kraaifontein S/F - Further Upgrade	CPX.0006878	Sport and Recreation Facilities	Outdoor Facilities	2016/17	150	172	270	-	-
Social Services	Recreation & Parks: Summer Greens R/Centre: Skateboard Park	CPX.0006919	Community Facilities	Halls	2016/17	180	180	120	-	-
Social Services	Recreation & Parks: 14th Ave SF, Kensington - Upgrade	CPX.0006944	Sport and Recreation Facilities	Outdoor Facilities	2016/17	100	100	195	-	-
Social Services	Recreation & Parks: Upgrade Skateboard Area in Edgemead	CPX.0007222	Sport and Recreation Facilities	Outdoor Facilities	2016/17	20	25	30	-	-
Social Services	Recreation & Parks: Upgrade Parks - Ward 14	CPX.0010737	Community Facilities	Public Open Space	2016/17	-	-	230	-	-
Social Services	Recreation & Parks: Upgrade Parks - Ward 16	CPX.0010738	Community Facilities	Public Open Space	2016/17	-	-	300	-	-
Social Services	Social Development & ECD: Construct ECD Centres-Delft	C13.17304	Community Facilities	Clinics/Care Centres	2016/17	11,950	12,381	1,500	-	-
Social Services	Social Development & ECD: Construction of ECD - Nantes	C14.17309	Community Facilities	Clinics/Care Centres	2016/17	300	161	500	-	-
Social Services	Social Development & ECD: Langa Pass Office	CPX.0003524	Community Facilities	Museums	2016/17	1,500	699	500	-	-
Transport & Urban Development Authority	TDA Business Support: Transport Registry system	C15.00032	Operational Buildings	Yards	2014/15	500	532	500	100	200
Transport & Urban Development Authority	Network Management: Public Transport Systems management proj	C14.01601	Community Facilities	Taxi Ranks/Bus Terminals	2015/16	82,000	52,000	75,000	40,000	40,000
Transport & Urban Development Authority	Built Environment Management: South Fork, Strand - roads & storm water	C09.91031	Roads Infrastructure	Roads	2010/11	1,350	1,350	1,700	1,700	1,700
Transport & Urban Development Authority	Built Environment Management: Green Point Promenade Upgrade	C11.10311	Roads Infrastructure	Roads	2011/12	2,000	1,000	2,000	1,000	1,000
Transport & Urban Development Authority	Built Environment Management: Kuyasa Library Precinct:Walter Sisulu Rd	C13.10523	Roads Infrastructure	Roads	2012/13	-	823	100	-	-
Transport & Urban Development Authority	Built Environment Management: Road Rehabilitation:Bishop Lavis	CPX.0007969	Various	Various	2016/17	24,000	37,867	53,000	8,500	-
Transport & Urban Development Authority	Built Environment Management: Road Rehabilitation:Hanover Park:Ph2&Ph3	CPX.0007971	Various	Various	2016/17	9,600	2,000	35,000	8,000	-
Transport & Urban Development Authority	New Market Development: Edward Street: Grassy Park Development	C12.15506	Various	Various	2016/17	4,037	50	1,287	-	-
Transport & Urban Development Authority	New Market Development: Valhalla Park Integrated Housing Project	CPX.0002700	Various	Various	2016/17	23,500	20,000	4,372	-	-
Finance	Budgets: Automation of Virements	CPX.0007854	Computer Equipment	Computer Equipment	2016/17	3,000	1,680	1,320	-	-
Safety & Security	Fire Services: Upgrade Khayelitsha Fire Station	CPX.0005712	Community Facilities	Fire/Ambulance Stations	2016/17	500	1,880	1,200	-	-
Safety & Security	Fire Services: Upgrade Lansdowne Fire Station	CPX.0005713	Community Facilities	Fire/Ambulance Stations	2016/17	500	2,563	500	-	-

2.17 Legislation compliance status

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

- **Budget and Treasury Office**
A budget office and Treasury office was established in accordance with the MFMA.
- **Budgeting**
The annual budget is prepared in accordance with the requirements prescribed by National Treasury, MFMA, MBRR and mSCOA regulations.
- **In Year Reporting**
Fully compliant with regards to monthly and quarterly MBRR reporting to National Treasury.
- **Annual Report**
The annual report is prepared in accordance with the MFMA and National Treasury requirements.
- **Municipal Entities**
The City currently has only one entity viz. the Cape Town International Convention Centre (CTICC).
- **Internship Programme**
The CFO has introduced an organised professional training and work experience program (Finance Graduate Development Program or FGDP) intended to standardise the current diverse training options by providing training and exposure to qualifying officials and/or suitably qualified external applicants and/or suitably qualified bursars (Bachelor of Commerce or equivalent degree), who meet the criteria and who are aspiring to become local government accountants subject to a recruitment and selection process. The National Treasury Municipal Finance Management Internship Programme (NTMFIP) has been merged with the FGDP. The City is funding five of the interns on the FGDP, whilst NT is funding an additional three interns. All the interns that were previously on the NTMFIP have been appointed within the City.

2.18 Other supporting documents

Table 89 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
REVENUE ITEMS:			
<u>Property rates</u>			
Total Property Rates	10,045,116	10,696,078	11,389,224
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>	1,287,875	1,371,587	1,460,741
Net Property Rates	8,757,241	9,324,490	9,928,483
<u>Service charges - electricity revenue</u>			
Total Service charges - electricity revenue	12,163,259	13,121,400	14,182,403
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>	-	-	-
<i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>	81,713	86,616	91,813
Net Service charges - electricity revenue	12,081,546	13,034,784	14,090,590
<u>Service charges - water revenue</u>			
Total Service charges - water revenue	4,482,904	4,998,124	5,550,984
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>	235,730	264,017	293,059
<i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>	314,306	352,023	390,745
Net Service charges - water revenue	3,932,868	4,382,084	4,867,180
<u>Service charges - sanitation revenue</u>			
Total Service charges - sanitation revenue	2,404,216	2,681,469	2,976,881
<i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>	133,691	149,733	166,204
<i>less Cost of Free Basis Services (free sanitation service to indigent households)</i>	178,254	199,645	221,605
Net Service charges - sanitation revenue	2,092,272	2,332,091	2,589,072
<u>Service charges - refuse revenue</u>			
Total refuse removal revenue	1,592,584	1,735,664	1,878,315
Total landfill revenue	-	-	-
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>	-	-	-
<i>less Cost of Free Basis Services (removed once a week to indigent households)</i>	250,702	264,491	279,038
Net Service charges - refuse revenue	1,341,882	1,471,173	1,599,278
<u>Other Revenue by source</u>			
<i>Fuel Levy</i>	2,417,635	2,616,605	2,825,171
<i>Other Revenue</i>	709,425	762,573	804,527
Total 'Other' Revenue	3,127,060	3,379,178	3,629,698
EXPENDITURE ITEMS:			
<u>Employee related costs</u>			
Basic Salaries and Wages	8,356,839	8,933,798	9,698,457
Pension and UIF Contributions	1,572,662	1,702,087	1,848,466
Medical Aid Contributions	729,755	793,969	862,245
Overtime	495,298	575,554	677,876
Performance Bonus	-	-	-
Motor Vehicle Allowance	206,313	223,461	241,991
Cellphone Allowance	17,686	19,146	20,792
Housing Allowances	56,026	60,956	66,199
Other benefits and allowances	227,334	247,734	269,039
Payments in lieu of leave	122,318	133,082	144,527
Long service awards	68,287	74,297	80,686
Post-retirement benefit obligations	231,548	244,348	257,853
sub-total	12,084,067	13,008,431	14,168,131
<i>Less: Employees costs capitalised to PPE</i>	33,377	35,547	37,858
Total Employee related costs	12,050,690	12,972,883	14,130,273

Table continues on next page.

Description	2016/17 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
<u>Contributions recognised - capital</u>			
<i>List contributions by contract</i>	-	-	-
<i>Capital PCDR</i>	84,900	87,200	90,600
Total Contributions recognised - capital	84,900	87,200	90,600
<u>Depreciation & asset impairment</u>			
Depreciation of Property, Plant & Equipment	2,574,607	2,734,705	2,814,573
Lease amortisation	-	-	-
Capital asset impairment	-	-	-
Depreciation resulting from revaluation of PPE	-	-	-
Total Depreciation & asset impairment	2,574,607	2,734,705	2,814,573
<u>Bulk purchases</u>			
Electricity Bulk Purchases	8,094,800	8,742,384	9,441,775
Water Bulk Purchases	445,335	485,000	525,860
Total bulk purchases	8,540,135	9,227,384	9,967,635
<u>Transfers and grants</u>			
Cash transfers and grants	140,985	147,473	155,584
Non-cash transfers and grants	-	-	-
Total transfers and grants	140,985	147,473	155,584
<u>Contracted services</u>			
<i>Executive and council</i>	33,457	46,732	49,361
<i>Finance and administration</i>	992,210	1,064,512	1,126,841
<i>Internal audit</i>	1,651	1,762	1,881
<i>Community and social services</i>	182,162	183,141	193,861
<i>Sport and recreation</i>	353,361	373,178	396,072
<i>Public safety</i>	20,935	22,206	23,554
<i>Housing</i>	673,871	716,667	863,379
<i>Health</i>	81,672	87,750	93,816
<i>Planning and development</i>	103,012	223,137	234,571
<i>Road transport</i>	1,443,754	1,500,169	1,578,310
<i>Environmental protection</i>	29,750	17,189	18,183
<i>Energy sources</i>	250,159	265,613	282,032
<i>Water management</i>	347,392	425,097	477,829
<i>Waste water management</i>	878,592	956,737	1,041,247
<i>Waste management</i>	672,484	743,583	767,192
<i>Other</i>	22,148	22,306	22,483
Total contracted services	6,086,610	6,649,779	7,170,612

Description	2016/17 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
General expenses	737,561	709,161	747,465
Indigent Relief : Water	386,492	407,749	430,175
Specialised Information Technology service	255,536	269,251	284,059
Indigent Relief : Refuse	250,702	264,491	279,038
MIDS/CIDS	193,012	203,645	214,846
Electricity	166,837	180,183	194,958
Software Licences - Upgrade/Protection	165,673	174,785	184,398
Commission - Revenue Sharing	110,916	117,016	123,452
Training	95,066	98,677	104,104
Uniform & Protective Clothing	85,851	90,610	95,593
Commission - Pre-paid electricity	81,052	85,510	90,213
Levy : Skills Development	80,967	88,092	95,668
Indigent Relief : Electricity - Eskom Re-imburse	78,074	82,368	86,898
Material building & Infrastructure	211	254	268
Rehabilitation of Landfill Sites	10,570	66,908	70,588
Hire of LDV, P/Van, Bus, Special Vehicle	53,446	58,722	61,952
Premiums : Unicity Insurance Program	48,115	51,724	55,603
Indigent Relief	41,820	44,121	46,547
Telecommunication Lines	38,077	58,750	61,981
Hire of Motor Cars - VAT Non Claim	35,996	39,500	41,672
Advertising - Corporate and Municipal Ac	37,067	39,218	41,375
Total 'Other' Expenditure	2,953,040	3,130,734	3,310,855
Repairs and Maintenance by Expenditure Item			
Employee related costs	1,430,455	1,523,484	1,622,510
Other materials	276,952	294,954	314,126
Contracted Services	2,070,347	2,301,930	2,505,055
Other Expenditure	256,538	273,124	290,873
Total Repairs and Maintenance Expenditure	4,034,292	4,393,491	4,732,564

Table 90 MBRR Table SA2 - Matrix financial performance budget (revenue source / expenditure type and department)

Description	Vote 1 - Area-Based Service Delivery	Vote 2 - Assets & Facilities Management	Vote 3 - Corporate Services	Vote 4 - City Manager	Vote 5 - Directorate of the Mayor	Vote 6 - Energy	Vote 7 - Finance	Vote 8 - Informal Settlements, Water & Waste Services	Vote 9 - Safety & Security	Vote 10 - Social Services	Vote 11 - Transport & Urban Development Authority	Total
Revenue By Source												
Property rates	198,921	-	-	-	-	-	8,558,320	-	-	-	-	8,757,241
Service charges - electricity revenue	-	-	-	-	-	12,081,546	-	-	-	41	-	12,081,587
Service charges - water revenue	-	532	-	-	-	-	-	3,932,868	-	-	-	3,933,401
Service charges - sanitation revenue	-	-	-	-	-	-	-	2,092,272	-	-	-	2,092,272
Service charges - refuse revenue	-	-	-	-	-	-	-	1,341,882	-	-	-	1,341,882
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	-	388,538	-	-	74	820	2	127	268	21,171	7,018	418,019
Interest earned - external investments	-	95	-	-	-	-	773,468	-	-	-	95	773,657
Interest earned - outstanding debtors	0	9,606	25	-	5	22,000	98,344	153,000	1,130	-	21	284,131
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	1	-	-	-	444	-	1,140,262	3,510	2,196	1,146,414
Licences and permits	-	-	-	-	-	-	-	807	29,962	1,316	11,664	43,749
Agency services	-	-	-	-	-	-	151,151	-	11,620	-	-	162,771
Other revenue	2,224	20,223	57,414	-	80	100,152	36,722	35,262	11,754	51,666	394,329	709,825
Transfers and subsidies	886	1,000	9,633	-	3,166	1,400	4,783,642	53,639	47,931	680,409	874,236	6,455,942
Gains on disposal of PPE	-	34,000	-	-	-	2,500	-	5,000	-	-	-	41,500
Total Revenue (excluding capital transfers and contributions)	202,031	453,995	67,073	-	3,324	12,208,418	14,402,091	7,614,858	1,242,927	758,114	1,289,559	38,242,391

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City of Cape Town –2017/18 Budget

Description	Vote 1 - Area-Based Service Delivery	Vote 2 - Assets & Facilities Management	Vote 3 - Corporate Services	Vote 4 - City Manager	Vote 5 - Directorate of the Mayor	Vote 6 - Energy	Vote 7 - Finance	Vote 8 - Informal Settlements, Water & Waste Services	Vote 9 - Safety & Security	Vote 10 - Social Services	Vote 11 - Transport & Urban Development Authority	Total
R thousand												
Expenditure By Type												
Employee related costs	230,656	660,219	784,755	8,066	298,778	1,145,547	896,376	2,795,612	1,832,594	2,120,985	1,277,101	12,050,690
Remuneration of councillors	-	-	150,918	-	4,868	-	-	-	-	-	-	155,787
Debt impairment	5,910	159,259	-	-	-	171,106	342,843	974,960	854,602	-	-	2,508,680
Depreciation & asset impairment	10,314	372,706	157,912	183	8,643	315,958	14,626	699,063	66,630	139,842	788,731	2,574,607
Finance charges	1,074	30,959	14,695	-	2,365	278	992,773	63,278	4,999	18,248	2,341	1,131,010
Bulk purchases	-	-	-	-	-	8,094,800	-	445,335	-	-	-	8,540,135
Other materials	8,583	41,976	26,237	300	8,755	136,750	16,026	482,801	79,814	304,019	84,918	1,190,177
Contracted services	72,192	389,921	138,281	189	87,571	284,564	75,484	1,903,324	105,757	759,841	2,269,487	6,086,610
Transfers and subsidies	5,312	1,500	-	-	71,515	-	2,114	-	38,805	12,861	8,878	140,985
Other expenditure	212,969	194,940	468,689	13,460	75,157	206,564	1,004,346	374,875	165,276	107,341	129,423	2,953,040
Loss on disposal of PPE	-	28	64	-	13	184	-	51	34	14	-	387
Total Expenditure	547,009	1,851,509	1,741,551	22,198	557,664	10,355,750	3,344,589	7,739,299	3,148,512	3,463,150	4,560,879	37,332,109
Surplus/(Deficit)	(543,899)	(1,397,514)	(1,674,477)	(22,198)	(554,340)	1,852,668	11,256,424	(124,441)	(1,905,585)	(2,705,444)	(3,271,320)	909,874
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2,259	-	1,000	-	-	134,600	50	585,764	24,700	146,550	1,373,911	2,268,835
allocations) (National / Provincial Departmental	-	-	-	-	-	52,900	12,000	-	-	-	20,000	84,900
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(541,640)	(1,397,514)	(1,673,477)	(22,198)	(554,340)	2,040,168	11,268,474	461,323	(1,880,885)	(2,558,894)	(1,877,408)	3,263,609

Table 91 MBRR Table SA3 - Supporting detail to Statement of Financial Position

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
ASSETS			
<u>Call investment deposits</u>			
Call deposits	4,613,280	5,165,786	5,426,918
Other current investments	2,278,775	2,040,067	1,772,208
Total Call investment deposits	6,892,055	7,205,853	7,199,126
<u>Consumer debtors</u>			
Consumer debtors	14,851,479	17,855,835	21,072,681
<u>Less: Provision for debt impairment</u>	(9,216,004)	(11,920,800)	(14,821,482)
Total Consumer debtors	5,635,475	5,935,035	6,251,199
<u>Debt impairment provision</u>			
Balance at the beginning of the year	6,707,144	9,216,004	11,920,800
Contributions to the provision	2,508,860	2,704,796	2,900,682
Bad debts written off	–	–	–
Balance at end of year	9,216,004	11,920,800	14,821,482
<u>Property, plant and equipment (PPE)</u>			
PPE at cost/valuation (ex cl. finance leases)	68,190,502	74,521,209	81,114,770
Leases recognised as PPE	–	–	–
<u>Less: Accumulated depreciation</u>	23,552,156	26,170,650	28,860,878
Total Property, plant and equipment (PPE)	44,638,346	48,350,559	52,253,893
LIABILITIES			
<u>Current liabilities - Borrowing</u>			
Short term loans (other than bank overdraft)	–	–	–
Current portion of long-term liabilities	428,372	580,249	749,617
Total Current liabilities - Borrowing	428,372	580,249	749,617
<u>Trade and other payables</u>			
Trade and other creditors	8,025,004	7,300,551	6,607,967
Unspent conditional transfers	680,263	660,382	390,280
VAT	82,435	86,557	90,885
Total Trade and other payables	8,787,702	8,047,490	7,089,131
<u>Non current liabilities - Borrowing</u>			
Borrowing	7,770,349	9,598,577	11,444,448
Finance leases (including PPP asset element)	–	–	–
Total Non current liabilities - Borrowing	7,770,349	9,598,577	11,444,448
<u>Provisions - non-current</u>			
Retirement benefits	5,708,665	5,953,013	6,210,866
<i>List other major provision items</i>	–	–	–
Refuse landfill site rehabilitation	406,598	435,609	390,928
Other	628,517	702,814	783,500
Total Provisions - non-current	6,743,780	7,091,436	7,385,294

Table continues on next page.

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
CHANGES IN NET ASSETS			
Accumulated Surplus/(Deficit)			
Accumulated Surplus/(Deficit) - opening balance	32,160,660	35,325,229	37,805,115
GRAP adjustments	-	-	-
Restated balance	32,160,660	35,325,229	37,805,115
Surplus/(Deficit)	3,263,609	2,978,537	3,098,959
Appropriations to Reserves	(127,795)	(530,103)	(566,524)
Transfers from Reserves	28,756	31,452	34,449
Depreciation offsets	-	-	-
Other adjustments	-	-	-
Accumulated Surplus/(Deficit)	35,325,229	37,805,115	40,371,999
Reserves			
Housing Development Fund	204,867	173,415	138,965
Capital replacement	2,318,507	2,845,123	3,406,812
Self-insurance	546,259	549,746	554,581
Other reserves	-	-	-
Revaluation	-	-	-
Total Reserves	3,069,632	3,568,283	4,100,358
TOTAL COMMUNITY WEALTH/EQUITY	38,394,861	41,373,398	44,472,357

Table 92 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	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics											
Population	StatsSA Census, Community Survey & Mid-year estimates	2,893,249	3,497,097	3,740,025	3,889,237	3,949,164	4,012,441	1,070,910	4,127,052	-	-
Females aged 5 - 14	StatsSA Census, Community Survey & Mid-year estimates	260,241	287,307	275,909	306,992	310,133	313,774	317,821	321,684	-	-
Males aged 5 - 14	StatsSA Census, Community Survey & Mid-year estimates	257,985	284,101	282,124	314,991	317,976	321,895	325,938	330,066	-	-
Females aged 15 - 34	StatsSA Census, Community Survey & Mid-year estimates	571,867	653,762	706,732	667,621	669,227	670,139	670,562	671,858	-	-
Males aged 15 - 34	StatsSA Census, Community Survey & Mid-year estimates	539,939	631,811	707,488	664,045	671,058	677,191	682,880	689,147	-	-
Unemployment	StatsSA Census & QLFS	29.20%	24.50%	23.90%	24.17%	24.24%	21.60%	23.50%	NA	-	-
Monthly household income (no. of households)											
None	StatsSA Census	101,953	52,446	146,517	NA	NA	NA	NA	NA	-	-
R1 - R1 600	StatsSA Census	200,414	144,873	185,068	NA	NA	NA	NA	NA	-	-
R1 601 - R3 200	StatsSA Census	130,846	122,611	170,824	NA	NA	NA	NA	NA	-	-
R3 201 - R6 400	StatsSA Census	133,588	121,268	154,427	NA	NA	NA	NA	NA	-	-
R6 401 - R12 800	StatsSA Census	109,609	103,587	139,348	NA	NA	NA	NA	NA	-	-
R12 801 - R25 600	StatsSA Census	67,529	87,974	126,625	NA	NA	NA	NA	NA	-	-
R25 601 - R51 200	StatsSA Census	23,091	52,892	92,860	NA	NA	NA	NA	NA	-	-
R52 201 - R102 400	StatsSA Census	5,470	18,249	38,018	NA	NA	NA	NA	NA	-	-
R102 401 - R204 800	StatsSA Census	3,028	5,355	9,749	NA	NA	NA	NA	NA	-	-
> R204 800	StatsSA Census	1,861	3,429	5,066	NA	NA	NA	NA	NA	-	-
Unspecified		-	189,593	73	NA	NA	NA	NA	NA	-	-
Poverty profiles (no. of households)											
< R2 060 per household per month		NA	NA	NA	NA	NA	NA	NA	NA	-	-
Households receiving Indigent Relief		-	-	-	288,724	231,793	232,569	207,336.00	NA	-	-
Household/demographics											
Number of people in municipal area	StatsSA Census, Community Survey & Mid-year estimates	2,893,249	3,497,097	3,740,025	3,889,237	3,949,164	4,012,441	1,070,910	4,127,052	-	-
Number of poor people in municipal area	StatsSA Census, estimates	1,124,687	1,240,002	1,758,442	NA	NA	NA	NA	NA	-	-
Number of households in municipal area	StatsSA Census, estimates	777,390	902,275	1,068,575	1,150,661	1,189,507	1,230,810	1,272,160	1,289,703	-	-
Number of poor households in municipal area	StatsSA Census, Indigent households for 2013/14 to 2016/17	302,193	319,930	502,409	289	232	233	207	NA	-	-
Definition of poor household (R per month)		Household Income < R1608	Household income < R3201	Household income < R3201	Indigent households	-	-	-	-	-	-
Housing statistics											
Formal	StatsSA Census & Community Survey, estimates	619,691	758,159	846,026	921,590	958,168	997,093	1,036,436	1,050,729	-	-
Informal	StatsSA Census & Community Survey, estimates	157,699	144,116	222,549	229,071	231,339	233,717	235,724	238,974	-	-
Total number of households		777,390	902,275	1,068,575	1,150,661	1,189,507	1,230,810	1,272,160	1,289,703	-	-
Dwellings provided by municipality		-	-	-	3,647	5,164	4,760	NA	NA	-	-
Dwellings provided by province/s		-	-	-	-	-	-	-	-	-	-
Dwellings provided by private sector		-	-	-	9,669	8,659	9,968	NA	NA	-	-
Total new housing dwellings		-	-	-	13,316	13,823	14,728	-	-	-	-
Economic											
Inflation/inflation outlook (CPIX)		-	-	-	5.4%	-	5.80%	5.7%	5.9%	5.5%	5.5%
Interest rate - borrowing		-	-	-	10.0%	9.8%	11.0%	12.0%	11.0%	12.0%	12.0%
Interest rate - investment		-	-	-	6.0%	5.3%	5.5%	6.5%	6.5%	7.0%	7.5%
Remuneration increases		-	-	-	7.0%	6.8%	6.80%	7.0%	6.0%	7.2%	6.6%
Consumption growth (electricity)		-	-	-	-1.3%	-0.4%	-1.44%	-1.0%	-1.0%	-1.0%	-1.0%
Consumption growth (water)		-	-	-	1.0%	-	1.00%	0.0%	-0.3%	-0.6%	0.0%
Collection rates											
Property tax/service charges		-	-	-	95.2%	96.3%	96.7%	96.4%	96.0%	96.0%	96.0%
Rental of facilities & equipment		-	-	-	87.5%	85.0%	85.0%	115.0%	95.0%	95.0%	95.0%
Interest - external investments		-	-	-	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors		-	-	-	96.2%	96.4%	96.8%	96.6%	96.2%	96.2%	96.2%
Revenue from agency services		-	-	-	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*NA = not available

2.19 Consolidated budget tables

The consolidated tables, as required in terms of section 9 of the MBRR, are presented in the nine primary budget tables on page 184 to page 193. The tables provide a consolidated view of the main tables (including financial position and cash flow) of the City and CTICC.

The consolidated tables include the City's and Entity's MTREF with an elimination of inter-company entries. It will therefore not align to a direct consolidation of tables between the City and the Entity's schedule A and D.

Table 93 - MBRR Table A1 Consolidated Budget Summary

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands			
Financial Performance			
Property rates	8,757,241	9,324,490	9,928,483
Service charges	19,449,141	21,220,770	23,146,827
Investment revenue	785,328	836,509	867,012
Transfers recognised - operational	6,455,942	6,996,655	7,635,571
Other own revenue	3,078,781	3,270,882	3,454,629
Total Revenue (excluding capital transfers and contributions)	38,526,434	41,649,306	45,032,523
Employee costs	12,145,673	13,067,789	14,220,777
Remuneration of councillors	156,591	166,769	177,613
Depreciation & asset impairment	3,277,476	2,772,072	2,854,369
Finance charges	1,138,893	1,583,743	1,956,848
Materials and bulk purchases	9,774,559	10,542,720	11,363,818
Transfers and grants	140,985	147,473	155,584
Other expenditure	11,662,090	12,598,198	13,489,844
Total Expenditure	38,296,267	40,878,765	44,218,854
Surplus/(Deficit)	230,167	770,541	813,669
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2,268,835	2,101,736	2,203,502
Contributions recognised - capital & contributed assets	84,900	87,200	90,600
Surplus/(Deficit) after capital transfers & contributions	2,583,902	2,959,477	3,107,771
Share of surplus/ (deficit) of associate	-	-	-
Surplus/(Deficit) for the year	2,583,902	2,959,477	3,107,771
Capital expenditure & funds sources			
Capital expenditure	7,012,049	6,709,345	6,992,470
Transfers recognised - capital	2,268,835	2,101,736	2,203,502
Public contributions & donations	84,900	87,200	90,600
Borrowing	2,899,823	3,503,855	3,707,679
Internally generated funds	1,758,491	1,016,554	990,689
Total sources of capital funds	7,012,049	6,709,345	6,992,470

Table continues on next page.

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands			
Financial position			
Total current assets	14,344,946	15,180,175	15,714,570
Total non current assets	49,318,067	53,158,520	57,215,234
Total current liabilities	10,942,549	10,478,195	9,827,000
Total non current liabilities	14,551,682	16,724,736	18,861,353
Community wealth/Equity	38,041,045	41,011,332	44,115,094
	-	-	-
Cash flows			
Net cash from (used) operating	5,812,506	4,836,488	5,001,284
Net cash from (used) investing	(7,086,827)	(6,251,093)	(6,775,599)
Net cash from (used) financing	2,100,551	1,987,198	2,027,752
Cash/cash equivalents at the year end	4,942,576	5,515,169	5,768,606
	-	-	-
Cash backing/surplus reconciliation			
Cash and investments available	10,391,225	10,963,818	11,217,255
Application of cash and investments	8,120,986	7,455,082	6,511,194
Balance - surplus (shortfall)	2,270,239	3,508,736	4,706,061
	-	-	-
Asset management			
Asset register summary (WDV)	45,747,091	49,343,093	53,122,081
Depreciation	3,277,476	2,772,072	2,854,369
Renewal of Existing Assets	1,455,038	1,677,571	1,866,656
Repairs and Maintenance	4,048,265	4,408,373	4,748,093
	-	-	-
Free services			
Cost of Free Basic Services provided	1,578,867	1,720,472	1,868,624
Revenue cost of free services provided	1,768,760	1,903,653	2,045,596
Households below minimum service level			
Water:	-	-	-
Sanitation/sew erage:	217	0	0
Energy :	23464	21964	20464
Refuse:	-	-	-
	-	-	-

Table 94 - MBRR Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)

Functional Classification Description R thousand	2017/18 Medium Term Revenue &		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional			
Governance and administration	14,977,825	16,140,771	17,240,909
Executive and council	3,126	3,240	3,362
Finance and administration	14,974,692	16,137,523	17,237,539
Internal audit	8	8	9
Community and public safety	1,956,529	2,067,634	2,213,043
Community and social services	120,972	120,361	118,907
Sport and recreation	114,329	76,740	60,312
Public safety	22,293	11,168	11,783
Housing	1,328,591	1,435,979	1,593,372
Health	370,343	423,385	428,669
Economic and environmental services	3,224,458	2,972,859	3,213,414
Planning and development	342,034	392,979	485,490
Road transport	2,880,418	2,577,764	2,725,691
Environmental protection	2,006	2,116	2,232
Trading services	20,430,096	22,372,454	24,357,243
Energy sources	12,395,796	13,401,524	14,535,806
Water management	4,123,369	4,704,907	5,261,945
Waste water management	2,547,543	2,772,140	2,936,233
Waste management	1,363,387	1,493,882	1,623,259
Other	291,260	284,524	302,017
Total Revenue - Functional	40,880,169	43,838,242	47,326,625
Expenditure - Functional			
Governance and administration	8,529,460	9,515,724	10,431,939
Executive and council	443,599	481,337	512,954
Finance and administration	8,035,215	8,979,379	9,859,416
Internal audit	50,646	55,008	59,569
Community and public safety	5,318,902	5,686,027	6,175,420
Community and social services	931,712	973,551	1,039,958
Sport and recreation	1,212,821	1,282,162	1,346,335
Public safety	600,875	652,483	705,757
Housing	1,498,847	1,605,391	1,812,330
Health	1,074,647	1,172,441	1,271,040
Economic and environmental services	6,351,817	6,763,465	7,187,829
Planning and development	1,042,789	1,234,121	1,319,286
Road transport	5,186,569	5,411,988	5,742,032
Environmental protection	122,458	117,356	126,511
Trading services	17,026,865	18,505,037	20,018,575
Energy sources	9,929,327	10,727,822	11,573,196
Water management	3,225,897	3,577,694	3,906,221
Waste water management	1,990,882	2,191,214	2,417,010
Waste management	1,880,759	2,008,307	2,122,148
Other	1,069,222	408,511	407,175
Total Expenditure - Functional	38,296,267	40,878,765	44,220,938
Surplus/(Deficit) for the year	2,583,902	2,959,477	3,105,687

Table 95 - MBBR Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year	Budget Year	Budget Year
	2017/18	+1 2018/19	+2 2019/20
R thousand			
Revenue by Vote			
Vote 1 - Area-Based Service Delivery	204,290	243,262	283,027
Vote 2 - Assets & Facilities Management	453,587	507,676	535,388
Vote 3 - Corporate Services	68,073	72,592	76,677
Vote 4 - City Manager	-	-	-
Vote 5 - Directorate of the Mayor	3,324	1,235	244
Vote 6 - Energy	12,395,918	13,401,653	14,535,941
Vote 7 - Finance	14,402,141	15,497,022	16,586,946
Vote 8 - Informal Settlements, Water & Waste Services	8,212,622	9,124,638	9,891,330
Vote 9 - Safety & Security	1,267,627	1,280,617	1,349,809
Vote 10 - Social Services	904,664	934,834	940,536
Vote 11 - Transport & Urban Development Authority	2,683,471	2,496,331	2,830,130
Vote 12 - Cape Town International Convention Centre	284,451	278,383	296,597
Total Revenue by Vote	40,880,169	43,838,242	47,326,625
Expenditure by Vote to be appropriated			
Vote 1 - Area-Based Service Delivery	547,009	600,999	642,132
Vote 2 - Assets & Facilities Management	1,851,509	1,973,889	2,089,607
Vote 3 - Corporate Services	1,741,551	1,872,190	1,994,576
Vote 4 - City Manager	22,198	23,629	25,186
Vote 5 - Directorate of the Mayor	557,664	594,705	634,773
Vote 6 - Energy	10,355,750	11,188,113	12,065,949
Vote 7 - Finance	3,344,589	3,912,117	4,439,566
Vote 8 - Informal Settlements, Water & Waste Services	7,739,299	8,513,136	9,205,318
Vote 9 - Safety & Security	3,148,512	3,354,695	3,595,786
Vote 10 - Social Services	3,463,150	3,799,844	4,079,694
Vote 11 - Transport & Urban Development Authority	4,560,879	4,748,004	5,158,484
Vote 12 - Cape Town International Convention Centre	964,158	297,443	289,869
Total Expenditure by Vote	38,296,267	40,878,765	44,220,938
Surplus/(Deficit) for the year	2,583,902	2,959,477	3,105,687

Table 96 – MBRR Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Revenue By Source			
Property rates	8,757,241	9,324,490	9,928,483
Service charges - electricity revenue	12,081,546	13,034,784	14,090,590
Service charges - water revenue	3,932,868	4,382,084	4,867,180
Service charges - sanitation revenue	2,092,272	2,332,091	2,589,072
Service charges - refuse revenue	1,341,882	1,471,173	1,599,278
Service charges - other	573	638	707
Rental of facilities and equipment	661,847	709,992	752,649
Interest earned - external investments	785,328	836,509	867,012
Interest earned - outstanding debtors	284,131	299,860	316,164
Dividends received	-	-	-
Fines, penalties and forfeits	1,146,414	1,209,461	1,275,982
Licences and permits	43,749	46,154	48,692
Agency services	162,771	171,818	181,267
Transfers and subsidies	6,455,942	6,996,655	7,635,571
Other revenue	738,369	790,334	834,232
Gains on disposal of PPE	41,500	43,263	45,643
Total Revenue (excluding capital transfers and contributions)	38,526,434	41,649,306	45,032,523
Expenditure By Type			
Employee related costs	12,145,673	13,067,789	14,220,777
Remuneration of councillors	156,591	166,769	177,613
Debt impairment	2,508,980	2,705,096	2,900,968
Depreciation & asset impairment	3,277,476	2,772,072	2,854,369
Finance charges	1,138,893	1,583,743	1,956,848
Bulk purchases	8,540,135	9,227,384	9,967,635
Other materials	1,234,424	1,315,336	1,396,183
Contracted services	6,132,601	6,695,420	7,214,435
Transfers and subsidies	140,985	147,473	155,584
Other expenditure	3,020,121	3,197,274	3,374,011
Loss on disposal of PPE	387	409	431
Total Expenditure	38,296,267	40,878,765	44,218,854
Surplus/(Deficit)	230,167	770,541	813,669
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2,268,835	2,101,736	2,203,502
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	84,900	87,200	90,600
Transfers and subsidies - capital (in-kind - all)	-	-	-
Surplus/(Deficit) after capital transfers & contributions	2,583,902	2,959,477	3,107,771
Taxation	-	-	2,084
Surplus/(Deficit) after taxation	2,583,902	2,959,477	3,105,687
Attributable to minorities	194,396	5,451	(1,924)
Surplus/(Deficit) attributable to municipality	2,778,298	2,964,928	3,103,763
Share of surplus/ (deficit) of associate	-	-	-
Surplus/(Deficit) for the year	2,778,298	2,964,928	3,103,763

Table 97 – MBRR Table A5 Consolidated Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Capital expenditure - Vote			
Multi-year expenditure to be appropriated			
Vote 1 - Area-Based Service Delivery	39,430	73,970	105,763
Vote 2 - Assets & Facilities Management	400,359	281,917	265,214
Vote 3 - Corporate Services	351,686	339,446	338,046
Vote 4 - City Manager	222	222	222
Vote 5 - Directorate of the Mayor	17,108	2,238	2,158
Vote 6 - Energy	1,292,814	1,413,174	1,705,351
Vote 7 - Finance	17,136	15,249	16,419
Vote 8 - Informal Settlements, Water & Waste Services	2,445,238	2,535,665	2,518,546
Vote 9 - Safety & Security	191,120	105,722	50,515
Vote 10 - Social Services	283,413	198,834	128,598
Vote 11 - Transport & Urban Development Authority	1,925,540	1,697,466	1,809,758
Vote 12 - Cape Town International Convention Centre	47,982	45,443	51,879
Total Capital Expenditure - Vote	7,012,049	6,709,345	6,992,470
Capital Expenditure - Functional			
Governance and administration	1,244,434	900,122	822,493
Executive and council	3,594	2,380	3,380
Finance and administration	1,239,881	897,610	818,981
Internal audit	959	131	131
Community and public safety	944,543	785,823	784,686
Community and social services	151,270	101,890	83,546
Sport and recreation	111,052	37,026	14,503
Public safety	46,799	7,659	7,659
Housing	590,239	579,578	647,182
Health	45,183	59,671	31,796
Economic and environmental services	1,662,703	1,361,972	1,451,403
Planning and development	44,786	77,349	155,469
Road transport	1,599,888	1,262,241	1,285,562
Environmental protection	18,028	22,381	10,373
Trading services	3,104,956	3,605,996	3,876,819
Energy sources	1,183,872	1,336,334	1,631,151
Water management	853,967	968,222	1,145,900
Waste water management	684,576	854,201	781,149
Waste management	382,541	447,239	318,619
Other	55,414	55,433	57,069
Total Capital Expenditure - Functional	7,012,049	6,709,345	6,992,470
Funded by:			
National Government	2,189,832	1,976,411	2,152,358
Provincial Government	79,002	125,325	51,144
District Municipality	-	-	-
Other transfers and grants	-	-	-
Transfers recognised - capital	2,268,835	2,101,736	2,203,502
Public contributions & donations	84,900	87,200	90,600
Borrowing	2,899,823	3,503,855	3,707,679
Internally generated funds	1,758,491	1,016,554	990,689
Total Capital Funding	7,012,049	6,709,345	6,992,470

Table 98 – MBRR Table A6 Consolidated Budgeted Financial Position

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
ASSETS			
Current assets			
Cash	103,918	146,904	146,397
Call investment deposits	7,117,433	7,408,332	7,394,417
Consumer debtors	5,635,475	5,935,035	6,251,199
Other debtors	1,156,114	1,326,034	1,523,286
Current portion of long-term receivables	18,845	19,787	20,777
Inventory	313,162	344,083	378,495
Total current assets	14,344,946	15,180,175	15,714,570
Non current assets			
Long-term receivables	46,655	44,322	42,106
Investments	3,169,874	3,408,582	3,676,441
Investment property	586,473	584,635	582,669
Investment in Associate	–	–	–
Property, plant and equipment	44,983,744	48,704,033	52,619,450
Agricultural	–	–	–
Biological	–	–	–
Intangible	522,272	407,899	285,520
Other non-current assets	9,049	9,049	9,049
Total non current assets	49,318,067	53,158,520	57,215,234
TOTAL ASSETS	63,663,013	68,338,695	72,929,805
LIABILITIES			
Current liabilities			
Bank overdraft			
Borrowing	428,372	580,249	749,617
Consumer deposits	441,906	480,378	526,967
Trade and other payables	8,844,383	8,103,959	7,145,089
Provisions	1,227,888	1,313,609	1,405,328
Total current liabilities	10,942,549	10,478,195	9,827,000
Non current liabilities			
Borrowing	7,807,170	9,632,569	11,475,328
Provisions	6,744,511	7,092,167	7,386,025
Total non current liabilities	14,551,682	16,724,736	18,861,353
TOTAL LIABILITIES	25,494,231	27,202,930	28,688,353
NET ASSETS	38,168,782	41,135,765	44,241,452
COMMUNITY WEALTH/EQUITY			
Accumulated Surplus/(Deficit)	34,971,412	37,443,049	40,014,737
Reserves	3,069,632	3,568,283	4,100,358
Minorities Interest	127,738	124,433	126,358
TOTAL COMMUNITY WEALTH/EQUITY	38,168,782	41,135,765	44,241,452

Table 99 – MBRR Table A7 Consolidated Budgeted Cash Flows

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property rates	8,438,931	8,977,120	9,552,583
Service charges	17,624,047	19,260,634	21,050,610
Other revenue	1,626,006	1,463,831	1,534,931
Government - operating	6,455,942	7,265,285	7,932,169
Government - capital	2,353,735	2,188,936	2,294,102
Interest	785,328	836,509	867,012
Dividends	–	–	–
Payments			
Suppliers and employees	(30,345,020)	(33,610,354)	(36,309,720)
Finance charges	(985,478)	(1,397,999)	(1,764,818)
Transfers and Grants	(140,985)	(147,473)	(155,584)
NET CASH FROM/(USED) OPERATING ACTIVITIES	5,812,506	4,836,488	5,001,284
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on disposal of PPE	41,500	43,263	45,643
Decrease (increase) in non-current debtors	–	–	–
Decrease (increase) other non-current receivables	2,456	2,333	2,216
Decrease (increase) in non-current investments	(212,908)	(238,708)	(267,859)
Payments			
Capital assets	(6,917,874)	(6,057,981)	(6,555,599)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(7,086,827)	(6,251,093)	(6,775,599)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Short term loans			
Borrowing long term/refinancing	2,500,000	2,500,000	2,700,000
Increase (decrease) in consumer deposits	35,710	39,281	43,209
Payments			
Repayment of borrowing	(435,159)	(552,082)	(715,457)
NET CASH FROM/(USED) FINANCING ACTIVITIES	2,100,551	1,987,198	2,027,752
NET INCREASE/ (DECREASE) IN CASH HELD	826,230	572,593	253,437
Cash/cash equivalents at the year begin:	4,116,346	4,942,576	5,515,169
Cash/cash equivalents at the year end:	4,942,576	5,515,169	5,768,606

Table 100 – MBRR Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Cash and investments available			
Cash/cash equivalents at the year end	4,942,576	5,515,169	5,768,606
Other current investments > 90 days	2,278,775	2,040,067	1,772,208
Non current assets - Investments	3,169,874	3,408,582	3,676,441
Cash and investments available:	10,391,225	10,963,818	11,217,255
Application of cash and investments			
Unspent conditional transfers	680,263	660,382	390,280
Unspent borrowing	-	-	-
Statutory requirements	-	-	-
Other working capital requirements	2,021,448	932,289	(221,519)
Other provisions	-	-	-
Long term investments committed	2,265,047	2,503,755	2,771,615
Reserves to be backed by cash/investments	3,154,228	3,358,656	3,570,819
Total Application of cash and investments:	8,120,986	7,455,082	6,511,194
Surplus(shortfall)	2,270,239	3,508,736	4,706,061

Table 101 - MBRR Table A9 Consolidated Asset Management

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
CAPITAL EXPENDITURE			
<u>Total New Assets</u>	3,777,339	3,229,449	3,292,877
<i>Roads Infrastructure</i>	958,552	594,148	685,211
<i>Storm water Infrastructure</i>	120,368	95,800	95,150
<i>Electrical Infrastructure</i>	558,956	582,891	560,716
<i>Water Supply Infrastructure</i>	516,456	464,442	557,549
<i>Sanitation Infrastructure</i>	121,837	215,277	234,850
<i>Solid Waste Infrastructure</i>	198,077	256,180	249,020
<i>Information and Communication Infrastructure</i>	189,528	200,338	191,427
Infrastructure	2,663,773	2,409,076	2,573,924
Community Facilities	327,993	352,411	371,537
Sport and Recreation Facilities	5,690	–	–
Community Assets	333,684	352,411	371,537
Operational Buildings	236,944	99,377	75,626
Housing	66,041	99,839	26,212
Other Assets	302,985	199,216	101,838
Licences and Rights	2,000	3,000	3,000
Intangible Assets	2,000	3,000	3,000
Computer Equipment	212,637	128,620	112,402
Furniture and Office Equipment	83,501	55,610	53,014
Machinery and Equipment	126,788	32,440	28,300
Transport Assets	51,970	49,076	48,863
<u>Total Renewal of Existing Assets</u>	1,455,038	1,677,571	1,866,656
<i>Roads Infrastructure</i>	185,678	120,050	126,500
<i>Storm water Infrastructure</i>	48,495	40,950	36,100
<i>Electrical Infrastructure</i>	468,543	563,430	727,965
<i>Water Supply Infrastructure</i>	260,500	317,000	336,000
<i>Sanitation Infrastructure</i>	20,200	66,300	86,000
<i>Information and Communication Infrastructure</i>	1,500	60	–
Infrastructure	984,916	1,107,790	1,312,565
Community Facilities	39,500	48,050	9,400
Community Assets	39,500	48,050	9,400
Heritage Assets	650	1,800	1,800
Operational Buildings	23,000	81,660	102,110
Housing	85,000	85,000	85,000
Other Assets	108,000	166,660	187,110
Licences and Rights	2,500	2,500	2,500
Intangible Assets	2,500	2,500	2,500
Computer Equipment	84,771	80,161	86,022
Furniture and Office Equipment	20,873	18,869	16,984
Machinery and Equipment	31,113	29,100	11,604
Transport Assets	182,714	222,641	238,671

Table continues on next page.

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Total Upgrading of Existing Assets	1,779,672	1,802,326	1,832,937
<i>Roads Infrastructure</i>	281,382	366,145	329,203
<i>Storm water Infrastructure</i>	12,925	10,000	10,000
<i>Electrical Infrastructure</i>	88,376	56,043	248,695
<i>Water Supply Infrastructure</i>	122,037	188,500	211,000
<i>Sanitation Infrastructure</i>	550,435	738,513	614,950
<i>Solid Waste Infrastructure</i>	25,000	23,506	6,788
<i>Information and Communication Infrastructure</i>	-	-	4,000
Infrastructure	1,080,155	1,382,707	1,424,636
Community Facilities	185,987	150,645	100,965
Sport and Recreation Facilities	53,849	18,806	17,731
Community Assets	239,836	169,451	118,695
Heritage Assets	6,800	-	-
Operational Buildings	377,456	218,587	268,955
Housing	15,897	9,000	-
Other Assets	393,354	227,587	268,955
Licences and Rights	29,756	6,450	6,450
Intangible Assets	29,756	6,450	6,450
Computer Equipment	-	900	1,100
Furniture and Office Equipment	19,771	12,231	12,100
Machinery and Equipment	10,000	3,000	1,000
Total Capital Expenditure			
<i>Roads Infrastructure</i>	1,425,613	1,080,343	1,140,914
<i>Storm water Infrastructure</i>	181,788	146,750	141,250
<i>Electrical Infrastructure</i>	1,115,875	1,202,364	1,537,376
<i>Water Supply Infrastructure</i>	898,993	969,942	1,104,549
<i>Sanitation Infrastructure</i>	692,472	1,020,091	935,800
<i>Solid Waste Infrastructure</i>	223,077	279,686	255,808
<i>Information and Communication Infrastructure</i>	191,028	200,398	195,427
Infrastructure	4,728,845	4,899,573	5,311,125
Community Facilities	553,480	551,105	481,902
Sport and Recreation Facilities	59,540	18,806	17,731
Community Assets	613,020	569,912	499,633
Heritage Assets	7,450	1,800	1,800
Operational Buildings	637,400	399,625	446,691
Housing	166,938	193,839	111,212
Other Assets	804,339	593,463	557,903
Licences and Rights	34,256	11,950	11,950
Intangible Assets	34,256	11,950	11,950
Computer Equipment	297,408	209,681	199,523
Furniture and Office Equipment	124,145	86,710	82,098
Machinery and Equipment	167,902	64,540	40,904
Transport Assets	234,684	271,716	287,534
TOTAL CAPITAL EXPENDITURE - Asset class	7,012,049	6,709,345	6,992,470

Table continues on next page.

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
ASSET REGISTER SUMMARY - PPE (WDV)			
<i>Roads Infrastructure</i>	7,343,775	7,974,887	8,643,289
<i>Storm water Infrastructure</i>	990,457	1,077,122	1,156,166
<i>Electrical Infrastructure</i>	7,786,614	8,681,294	9,872,193
<i>Water Supply Infrastructure</i>	3,310,587	3,986,854	4,763,230
<i>Sanitation Infrastructure</i>	3,540,151	4,252,683	4,868,093
<i>Solid Waste Infrastructure</i>	937,173	1,151,610	1,343,742
<i>Information and Communication Infrastructure</i>	3,200,737	3,360,780	3,516,061
Infrastructure	27,109,494	30,485,230	34,162,775
Community Facilities	3,555,350	3,975,442	4,324,621
Sport and Recreation Facilities	3,812,740	3,610,455	3,413,608
Community Assets	7,368,090	7,585,897	7,738,228
Heritage Assets	9,049	9,049	9,049
Revenue Generating	68,242	66,524	64,806
Non-revenue Generating	518,232	518,232	518,232
Investment properties	586,474	584,756	583,038
Operational Buildings	3,868,933	4,079,331	4,330,011
Housing	2,135,419	2,217,647	2,218,304
Other Assets	6,004,352	6,296,979	6,548,314
Licences and Rights	522,272	427,674	336,695
Intangible Assets	522,272	427,674	336,695
Computer Equipment	883,180	862,650	841,666
Furniture and Office Equipment	523,635	449,476	380,199
Machinery and Equipment	477,153	449,119	407,325
Transport Assets	2,272,442	2,201,311	2,123,842
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	45,747,091	49,343,093	53,122,081
EXPENDITURE OTHER ITEMS			
<u>Depreciation</u>	3,277,476	2,772,072	2,854,369
<u>Repairs and Maintenance by Asset Class</u>	4,048,265	4,408,373	4,748,093
<i>Roads Infrastructure</i>	698,302	743,414	791,736
<i>Storm water Infrastructure</i>	21,667	23,077	24,578
<i>Electrical Infrastructure</i>	523,507	557,538	593,778
<i>Water Supply Infrastructure</i>	233,175	298,339	344,483
<i>Sanitation Infrastructure</i>	318,258	388,951	440,984
<i>Solid Waste Infrastructure</i>	4,898	5,217	5,556
Infrastructure	1,799,807	2,016,536	2,201,115
Community Facilities	406,234	430,271	458,234
Sport and Recreation Facilities	56,574	59,985	63,883
Community Assets	462,808	490,255	522,117
Heritage Assets	11,357	12,096	12,882
Revenue Generating	11,449	12,193	12,730
Non-revenue Generating	9,817	10,456	11,135
Investment properties	21,266	22,649	23,865
Operational Buildings	213,732	227,488	242,273
Housing	74,577	79,427	84,589
Other Assets	288,309	306,914	326,863
Computer Equipment	687,364	732,045	779,626
Furniture and Office Equipment	352,509	375,413	399,750
Machinery and Equipment	7	7	8
Transport Assets	424,837	452,458	481,868
TOTAL EXPENDITURE OTHER ITEMS	7,325,741	7,180,445	7,602,462
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	46.1%	51.9%	52.9%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	98.7%	125.5%	129.6%
<i>R&M as a % of PPE</i>	9.0%	9.1%	9.0%
<i>Renewal and upgrading and R&M as a % of PPE</i>	16.0%	16.0%	16.0%

Quality Certificate

I, **Achmat Ebrahim**, municipal manager of **City of Cape Town**, hereby certify that the **2017/18 annual budget and supporting documentation** has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan (IDP) of the municipality.

Print name Achmat Ebrahim

Municipal manager of City of Cape Town (CPT)

Signature 

Date 18.05.2017