



# Annexure B

# FINAL BUDGET OF CITY OF EKURHULENI 2017/18 TO 2019/20 MEDIUM-TERM REVENUE AND EXPENDITURE FORECASTS

Copies of this document can be viewed:

All public libraries within the municipality

[www.ekurhuleni.gov.za](http://www.ekurhuleni.gov.za)

[www.treasury.gov.za](http://www.treasury.gov.za)

# Table of Contents

<b>PART 1 – ANNUAL BUDGET .....</b>	<b>9</b>
1.1 MAYOR’S REPORT .....	9
1.2 COUNCIL RESOLUTIONS .....	11
1.3 EXECUTIVE SUMMARY .....	14
1.4 OPERATING REVENUE FRAMEWORK.....	17
1.4.1 Property Rates.....	23
1.4.2 Sale of Water and Sanitation and Impact of Tariff Increases.....	26
1.4.3 Sale of Electricity and Impact of Tariff Increases .....	28
1.4.4 Waste Removal and Impact of Tariff Increases .....	32
1.4.5 Other Tariff Increases.....	33
1.4.6 Overall impact of tariff increases on households .....	37
1.5 OPERATING EXPENDITURE FRAMEWORK .....	39
1.5.1 Repairs and maintenance .....	42
1.5.2 Free Basic Services: Basic Social Services Package.....	44
1.6 CAPITAL EXPENDITURE .....	45
1.7 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY .....	48
<b>PART 2 – SUPPORTING DOCUMENTATION.....</b>	<b>86</b>
2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS .....	86
2.1.1 Budget Process Overview .....	86
2.1.2 IDP and Service Delivery and Budget Implementation Plan .....	87
2.1.3 Financial Modelling and Key Planning Drivers .....	88
2.1.4 Community Consultation .....	88
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP .....	89
2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS .....	94
2.3.1 Performance indicators and benchmarks+.....	102
2.3.2 Free Basic Services: basic social services package for indigent households.....	104
2.4 OVERVIEW OF BUDGET-RELATED POLICIES .....	105
2.5 OVERVIEW OF BUDGET ASSUMPTIONS .....	108
2.5.1 General inflation outlook and its impact on the municipal activities ...	108
2.5.2 Credit rating outlook .....	108
2.5.3 Interest rates for borrowing and investment of funds .....	109
2.5.4 Collection rate for revenue services .....	109
2.5.5 Growth or decline in tax base of the municipality.....	109
2.5.6 Salary increases .....	110
2.5.7 Impact of national, provincial and local policies .....	110
2.5.8 Ability of the municipality to spend and deliver on the programmes ..	110
2.6 OVERVIEW OF BUDGET FUNDING .....	111
2.6.1 Medium-term Outlook: Operating Revenue.....	111
2.6.2 Medium-term outlook: capital revenue .....	115
2.6.3 Cash Flow Management.....	119
2.6.4 Cash-backed Reserves/Accumulated Surplus Reconciliation .....	120
2.6.5 Funding compliance measurement .....	123

<b>2.7</b>	<b>EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS .....</b>	<b>132</b>
<b>2.8</b>	<b>COUNCILLOR AND EMPLOYEE BENEFITS.....</b>	<b>135</b>
<b>2.9</b>	<b>MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW.....</b>	<b>138</b>
<b>2.10</b>	<b>ANNUAL BUDGETS AND SDBIPs – INTERNAL DEPARTMENTS .....</b>	<b>144</b>
2.10.1	CITY MANAGER.....	144
2.10.2	CHIEF OPERATING OFFICER: DELIVERY CO-ORDINATION.....	145
2.10.3	CITY PLANNING.....	147
2.10.4	COMMUNICATION & BRANDING DEPARTMENT .....	151
2.10.5	CORPORATE LEGAL SERVICES .....	154
2.10.6	CUSTOMER RELATIONS MANAGEMENT DEPARTMENT .....	157
2.10.7	DISASTER AND EMERGENCY MANAGEMENT SERVICES.....	160
2.10.8	ECONOMIC DEVELOPMENT .....	163
2.10.9	EKURHULENI METRO POLICE DEPARTMENT (EMPD).....	173
2.10.10	ENERGY.....	175
2.10.11	ENVIRONMENTAL RESOURCE MANAGEMENT.....	178
2.10.12	ENTERPRISE PROJECT MANAGEMENT OFFICE (EPMO).....	182
2.10.14	FINANCE DEPARTMENT .....	186
2.10.15	FLEET MANAGEMENT .....	189
2.10.16	HEALTH AND SOCIAL DEVELOPMENT.....	190
2.10.17	HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT ...	192
2.10.18	HUMAN SETTLEMENTS.....	194
2.10.19	BUDGET OF EKURHULENI DEVELOPMENT COMPANY (EDC) .	205
2.10.20	INFORMATION COMMUNICATION TECHNOLOGY (ICT).....	209
2.10.21	INTERNAL AUDIT.....	214
2.10.22	LEGISLATURE .....	216
2.10.23	REAL ESTATE.....	218
2.10.24	RISK MANAGEMENT .....	220
2.10.25	ROADS AND STORM WATER.....	223
2.10.26	SPORT, RECREATION, ARTS AND CULTURE (SRAC) .....	224
2.10.27	STRATEGY & CORPORATE PLANNING .....	227
2.10.28	TRANSPORT PLANNING AND PROVISION.....	229
2.10.30	WASTE MANAGEMENT DEPARTMENT .....	233
2.10.32	BUDGET OF ERWAT.....	236
<b>2.11</b>	<b>CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS.....</b>	<b>238</b>
<b>2.12</b>	<b>CAPITAL EXPENDITURE DETAILS.....</b>	<b>238</b>
<b>2.13</b>	<b>DETAILED CAPITAL BUDGET PER MUNICIPAL VOTE- .....</b>	<b>243</b>
<b>2.14</b>	<b>LEGISLATION COMPLIANCE STATUS.....</b>	<b>245</b>
<b>2.15</b>	<b>OTHER SUPPORTING DOCUMENTS .....</b>	<b>246</b>
<b>2.16</b>	<b>IMPLEMENTATION OF MSCOA.....</b>	<b>252</b>
<b>2.17</b>	<b>MUNICIPAL MANAGER’S QUALITY CERTIFICATE .....</b>	<b>254</b>

## List of Tables

Table 1 Operating Budget Summary .....	16
Table 2 Consolidated Overview of the 2017/18 MTREF .....	17
Table 3 Summary of revenue classified by main revenue source (Source: NT Table A4) .....	19
Table 4 Percentage growth in revenue by main revenue source (this represents the revenue per source as a percentage of the total revenue) .....	20
Table 5 Operating Transfers and Grant Receipts .....	22
Table 6 Comparison of proposed rates to be levied for the 2017/18 financial year .....	25
Table 7 Summary of tariffs: water.....	26
Table 8 Impact of water increases for a single dwelling house .....	27
Table 9 Summary of tariffs: sanitation.....	27
Table 10 Impact of sanitation increases on a single dwelling house .....	28
Table 11 Summary of tariff increases: electricity.....	29
Table 12 Comparison between current electricity charges and increases (Domestic).....	32
Table 13 Comparison between current waste removal fees and increases .....	33
Table 14 Summary of the Sundry Tariff Increases .....	33
Table 15 MBRR Table SA14 – household bills .....	38
Table 16 Summary of operating expenditure by standard classification item (Table A4).....	40
Table 17 Operational repairs and maintenance (SA1) .....	42
Table 18 Consolidated repairs and maintenance by asset class (SA34c).....	43
Table 19 Cost of Free Basic Services and Indigents.....	44
Table 20 2016/17 Medium-term Capital Budget per vote–.....	47
Table 21 MBRR Table A1 - Budget Summary .....	49
Table 22 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by function classification).....	53
Table 23 MBRR Table A3 Consolidated – Budgeted Financial Performance (revenue and expenditure by municipal vote) .....	56
Table 24 Surplus/ (deficit) calculations for trading services as per MBRR Table A3.....	58
Table 25 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure) .....	60
Table 26 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source.....	64
Table 27 MBRR Table A6 - Budgeted Financial Position .....	69
Table 28 MBRR Table A7 - Budgeted Cash Flow Statement .....	72
Table 29 MBRR Table A8 – Cash-backed Reserves/Accumulated Surplus Reconciliation .....	73
Table 30 MBRR Table A9 - Asset Management.....	76
Table 31 MBRR Table A10 - Basic Service Delivery Measurement.....	82
Table 32 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue .....	92
Table 33 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure .....	93
Table 34 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure .....	94
Table 35 MBRR Table SA7 - Measurable performance objectives.....	95
Table 36 MBRR Table SA8 - Performance indicators and benchmarks.....	100
Table 37 Credit rating outlook .....	109

Table 38 Proposed tariff increases over the MTREF .....	111
Table 39 Detailed Budget Assumption for services .....	111
Table 40 MBRR SA15 – Detailed Investment Information .....	113
Table 41 MBRR SA16 – Investment particulars by maturity .....	114
Table 42 Sources of capital revenue over the MTREF.....	115
Table 43 MBRR Table SA17 - Detail of borrowings .....	116
Table 44 MBRR Table SA18 - Capital transfers and grant receipts .....	118
Table 45 MBRR Table A7 - Budget cash flow statement.....	120
Table 46 MBRR Table A8 – Cash-backed reserves/accumulated surplus reconciliation .....	121
Table 47 MBRR SA10 – Funding compliance measurement .....	124
Table 48 MBRR SA19 - Expenditure on transfers and grant programmes.....	132
Table 49 MBRR SA20 - Reconciliation between transfers, grant receipts and unspent funds .....	134
Table 50 MBRR SA22 - Summary of councillor and staff benefits .....	135
Table 51 MBRR SA23 – Salaries, allowances & benefits .....	136
Table 52 MBRR SA24 – Summary of personnel numbers .....	137
Table 53 MBRR SA25 – Budgeted monthly revenue and expenditure .....	138
Table 54 MBRR SA26 – Budgeted monthly revenue and expenditure (municipal vote) .....	139
Table 55 MBRR SA27 – Budgeted monthly revenue and expenditure (standard classification) ...	140
Table 56 MBRR SA28 – Budgeted monthly capital expenditure (municipal vote).....	141
Table 57 MBRR SA29 – Budgeted monthly capital expenditure (standard classification).....	142
Table 58 MBRR SA30 – Budgeted monthly cash flow .....	143
Table 59 Operating Budget of the City Manager .....	144
Table 60 Operating Budget of the Chief Operating Officer: Delivery Co-Ordination .....	146
Table 61 Operating Budget of the City Planning Department .....	150
Table 62 Operating Budget of the Communication & Branding Department .....	153
Table 63 Operating Budget of the Corporate Legal Services Department.....	157
Table 64 Operating Budget of the Customer Relations Management.....	159
Table 65 Operating Budget of the Disaster and Emergency Management Services .....	162
Table 66 Operating Budget of the Economic Development Department.....	173
Table 67 Operating Budget of the Ekurhuleni Metro Police Department .....	175
Table 68 Operating Budget of the Energy Department .....	177
Table 69 Operating Budget of the Environmental Resource Management.....	180
Table 70 Operating Budget of the Enterprise Project Management Office (EPMO) .....	183
Table 71 Operating Budget of the Executive Office Department .....	184
Table 72 Operating Budget of the Financial Services Department .....	186
Table 73 Operating Budget of the Health and Social Development Department .....	191
Table 74 Operating Budget of the Human Resources Management and Development .....	192
Table 75 Operating Budget of the Human Settlements Department .....	205
Table 76 Budget of Ekurhuleni Development Company .....	208
Table 77 Operating Budget of the Information Communication Technology .....	213
Table 78 Operating Budget of the Internal Audit.....	215
Table 79 Operating Budget of the Legislature Department.....	217
Table 80 Operating Budget of the Real Estate Department .....	219
Table 81 Operating Budget of the Risk Management Department .....	222
Table 82 Operating Budget of the Roads and Storm Water Department.....	224
Table 83 Operating Budget of the Sport, Recreation, Arts and Culture Department.....	226
Table 84 Operating Budget of the Strategy & Corporate Planning Department .....	228

Table 85 Operating Budget of the Transport Department .....	230
Table 86 Budget of the Brakpan Bus Company.....	231
Table 87 Operating Budget of the Waste Management Department .....	234
Table 88 Operating Budget of the Water and Sanitation Department.....	236
Table 89 Budget of ERWAT .....	237
Table 90 MBRR SA34a - capital expenditure on new assets by asset class .....	239
Table 91 MBRR SA34b - capital expenditure on the renewal of existing assets by asset class .....	240
Table 92 MBRR SA34c - repairs and maintenance expenditure by asset class.....	241
Table 93 MBRR SA34e - Capital expenditure on the upgrading on the existing assets by asset class .....	242
Table 94 MBRR SA35 - future financial implications of the Capital Budget.....	243
Table 95 MBRR SA37 - Projects delayed from previous financial year .....	244
Table 96 MBRR Table SA1 - Supporting detail to budgeted financial performance .....	246
Table 97 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department).....	248
Table 98 MBRR Table SA3 – Supporting detail to Statement of Financial Position).....	249
Table 99 MBRR Table SA9 – Social, economic and demographic statistics and assumptions .....	250
Table 100 MBRR SA32 – List of external mechanisms .....	252

## List of Figures

Figure 1 Main operational expenditure categories for the 2017/2018 financial year.....	41
Figure 2 Capital Infrastructure Programme .....	48
Figure 3 Expenditure by major type .....	63
Figure 4 Depreciation in relation to repairs and maintenance over the MTREF .....	81
Figure 5 Growth in outstanding borrowing (long-term liabilities) .....	117
Figure 6 Cash and cash equivalents / Cash-backed reserves and accumulated funds .....	123

## Abbreviations and Acronyms

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

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



---

## **Part 1 – Annual Budget**

### **1.1 Mayor's Report**

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

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

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

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

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

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

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

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

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

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

---

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

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

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

Yours in Public Service,

Cllr Mzwandile Masina - The Executive Mayor.

## 1.2 Council Resolutions

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

- “1. The Council of the City Of Ekurhuleni, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) **APPROVES** and **ADOPTS**:

  - 1.1 The annual budget of the municipality for the financial year 2017/18 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 22 on page 53;
    - 1.1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 23 on page 56;
    - 1.1.3 Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 25 on page 60; and
    - 1.1.4 Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 26 on page 64.
  - 1.2 The financial position, cash flow budget, cash backed reserve / accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.2.1 Budgeted Financial Position as contained in Table 27 on page 69;
    - 1.2.2 Budgeted Cash Flows as contained in Table 28 on page 72;
    - 1.2.3 Cash backed reserves and accumulated surplus reconciliation as contained in Table 29 on page 73;
    - 1.2.4 Asset management as contained in Table 30 on page 76, and
    - 1.2.5 Basic service delivery measurement as contained in Table 31 on page 82.
2. The Council of the City of Ekurhuleni, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) **APPROVES** and **ADOPTS** with effect from 1 July 2017:
  - 2.1 Schedule 1 - Tariffs for property rates.
  - 2.2 Schedule 2 – Tariffs for electricity.
  - 2.3 Schedule 3 - Tariffs for the supply of water.
  - 2.4 Schedule 4 - Tariffs for the supply of sewer.
  - 2.5 Schedule 5 – Tariffs for waste management services.

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

- 
- 4.2 **That** the municipality **BE PERMITTED** to enter into long-term borrowings for the funding of the capital programmes in respect of the 2017/18 financial year limited to an amount of R3.245 billion, 2018/19 financial year limited to an amount of R3.438 billion and 2019/20 financial year limited to an amount of R3.782 billion, in terms of Section 46 of the Municipal Finance Management Act.
- 4.3 **That** the Municipal Manager **BE AUTHORISED** to sign all necessary agreements and documents to give effect to the above lending programme.
- 4.4 **That** the taking up of an external loan of R3.245 billion to fund the 2017/2018 Capital Budget **BE APPROVED** for a term of 10 to 15 years and that a further report be submitted to Council to give feedback on the public comments received in this regard before the transaction is finalised.
5. To guide the implementation of the municipality’s annual budget, the Council of the City of Ekurhuleni EKURHULENI **APPROVES** the policies as set out in the Annexures of this document.
- |              |  |
|--------------|--|
| Annexure D1  | Medium-term Budget Policy Statement (reviewed)   |
| Annexure D2  | Pricing Policy Statement (reviewed)  |
| Annexure D3  | Property Rates Policy (reviewed)   |
| Annexure D4  | Provision of Free Basic Electricity Policy (reviewed)  |
| Annexure D5  | Waste Management Services Tariff Policy (reviewed)   |
| Annexure D6  | Consumer Deposit Policy (remains unchanged)  |
| Annexure D7  | Indigent Policy (reviewed)   |
| Annexure D8  | Credit Control & Debt Collection Policy (remains unchanged)  |
| Annexure D9  | Provision for Doubtful Debtors and Debtors Write Off (remains unchanged)   |
| Annexure D10 | Budget Implementation and Monitoring Policy (remains unchanged)  |
| Annexure D11 | Municipal Entity Financial Support Policy (remains unchanged)  |
| Annexure D12 | Accounting Policy (reviewed)   |
| Annexure D13 | Funding and Reserves Policy (remains unchanged)  |
| Annexure D14 | Borrowing Policy (remains unchanged)   |
| Annexure D15 | Cash Management Policy (remains unchanged)   |
| Annexure D16 | Policy on Electricity Metering for Residential and Small Business Customers in the City Of Ekurhuleni (reviewed) |
| Annexure D17 | Policy for the Vending of Pre-Paid Electricity (reviewed)  |
| Annexure D18 | Policy for Correction of Meter Reading and Billing Data (reviewed)   |
| Annexure D19 | Electricity Tariff policy (reviewed)   |
| Annexure D20 | Virement Policy (remains unchanged)  |
| Annexure D21 | Consumer Agreement Policy (remains unchanged)  |
| Annexure D22 | Renewable Energy Revenue Loss Mitigation Policy (remains unchanged)  |
| Annexure D23 | Supply Chain Management Policy (reviewed)  |
6. **To** ensure oversight of the municipal entities, as required by Section 89 of the Municipal Finance Management Act, Council **APPROVES** the salaries

---

and benefits of the Municipal Entities to be in line with the proposed increases as set out in the budget of City Of Ekurhuleni.

7. **That** the Chief Financial Officer in consultation with the City Manager **BE DELEGATED** the authority to adjust the 2017/18 Operating and Capital Budgets (income and expenditure) with:
  - 7.1 all operating and capital grants received in addition to the currently gazetted DORA grants
  - 7.2 income received for recoverable jobs
  - 7.3 insurance claims received
  - 7.4 developers' contributions received
  - 7.5 transactions on the internal cost management structure
  - 7.6 disbursement of centralised budgets
8. **That** the Chief Financial Officer **BE AUTHORISED** to amend the structure on the financial system, in collaboration with the Heads of Departments, to align the financial system to the outcome of the Institutional Review and the new Standard Chart of Accounts (SCOA), structure proposed by National Treasury.
9. **That**, in order to facilitate multi-year budgeting, departments **BE AUTHORISED** to commit projects on the 2017/18 and 2018/19 budgets, on both internal and confirmed external funding sources.
10. **That** authority **BE GRANTED**, to a maximum amount of R200 m, in respect of bank overdraft facilities and/or the raising of short-term loans, including loans at call from Council's bankers, for the financial year ending 30 June 2018 in order to finance temporarily –
  - Expenditure on the Capital Budget; or
  - Expenditure on the Operating Budget incurred in anticipation of the receipt of revenue estimated and from which the expenditure would have been defrayed.
11. **That** the City Of Ekurhuleni's IDP for 2017/18 as contained in **Annexure "A"** **BE ADOPTED**.
12. **That** the copy of the IDP **BE SUBMITTED** to the MEC for Local Government for comments.
13. **That** the MEC for Local Government **BE REQUESTED** to approve the CITY OF EKURHULENI IDP for 2017/18 as its Land Development Objectives as envisaged in Section 72a of the Development Facilitation Act."
14. **That** the Built Environment Performance Plan (BEPP) for the 2017/18 to 2019/20 financial period attached to the report as **Annexure "G"** **BE ADOPTED**.

---

### 1.3 Executive Summary

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

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

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

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

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

The 2017/2018 budget is based on an expected growth rate of 0.9% for all services except electricity. Electricity consumption in EMM is showing a decline in unit sales for the 5 consecutive years. The national drive to reduce energy consumption as well as the development of alternative energy sources (i.e. solar systems) is having a serious impact in the growth of income from electricity. Therefore, **no growth in electricity sales** is expected in 2017/18.

The MTREF used the guidelines set by the Minister of Finance in his Medium-term Budget Policy Statement Speech as well as the guidelines in terms of Circular No.86 dated 08 March 2017 as issued by National Treasury. The **inflation outlook** as set out in the Circular is set at **6.1%**.

It is proposed that the **property rate tariff** remain unchanged for 2017/2018. Additional revenue will be generated from the implementation of the new valuation roll on 1<sup>st</sup> July 2017. Valuation roll will result in the revenue increase of 12%.

NERSA announced that the bulk purchase tariff from Eskom will increase by 1.88% for municipalities and 2.2% for Eskom users. In line with the NERSA guideline EMM will pass on an electricity tariff increase between 1.88% and 2.2% to its customers.

The bulk water tariff purchased from Rand Water has been finalised. Rand Water indicated a tariff increase **10.2%**. However, the City will **increase water tariffs by 10%** and the 0.2% will not be passed on to the customers.

---

The cost of sewer purification rendered by ERWAT will increase by 11.58% while the **sanitation tariff will increase by only 9%**. The City will absorb the 2.58% of the cost.

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

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

The impact of the above tariff increases on households is estimated to vary between 5.2% and 7.4%, as set out in Table 15 MBRR Table SA14 – household bills on page 38.

Service delivery and the maintenance of council's infrastructure remains the priority. The Repair and Maintenance budget will increase with 10.2%.

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

The **Capital Budget of R6.4 billion for 2017/18 is 25% more** when compared to the 2016/17 Adjusted Budget.

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

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

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

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

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

The slow pace in registering indigents forced Council to consider an alternative option in addressing the indigents. Similar to the process followed by other metros in SA, Council adopted the targeted approach. This implies that **all residents with property values of less than R150 000 are regarded as deemed indigent**.

The total amount budgeted for **free basic services and social grants** to our community amounts to **R3.1 billion**.

The MTREF for the 2017/2018 Multi-year budget, with comparative information is as follows:

Table 1 Operating Budget Summary

DESCRIPTION	F00	F00	F00	F01	% B to B	% Of Total	F02	F03
	R'000 ORG BUDGET	R'000 ADJ BUDGET	R'000 PROJECTED	R'000 2017/18			R'000 2018/19	R'000 2019/20
	R	R	R	R	R	R	R	R
<b>METRO TOTAL</b>								
<b>INCOME</b>								
<b>NON - EXCHANGE REVENUE</b>								
Property Rates	(5,298,765)	(5,298,765)	(5,275,450)	(5,066,264)	-4.39%	14.94%	(5,576,728)	(6,134,665)
Fines, Penalties and Forfeits	(114,941)	(129,941)	(129,941)	(164,257)	26.41%	0.48%	(173,948)	(184,037)
Licenses and Permits	(304,932)	(304,932)	(242,259)	(319,873)	4.90%	0.94%	(338,746)	(358,393)
<b>Transfers and Subsidies</b>	<b>(7,005,045)</b>	<b>(6,936,836)</b>	<b>(6,936,836)</b>	<b>(7,709,719)</b>	<b>11.14%</b>	<b>22.73%</b>	<b>(8,210,802)</b>	<b>(8,826,866)</b>
- Operational: Monetary	(5,128,290)	(5,139,150)	(5,139,150)	(5,406,054)	5.19%	15.94%	(5,798,706)	(6,261,312)
- Capital: Monetary	(1,876,755)	(1,797,686)	(1,797,686)	(2,303,664)	28.15%	6.79%	(2,412,096)	(2,565,554)
<b>SUB TOTAL: NON - EXCHANGE REVENUE</b>	<b>(12,723,683)</b>	<b>(12,670,474)</b>	<b>(12,584,487)</b>	<b>(13,260,113)</b>	<b>4.65%</b>	<b>39.09%</b>	<b>(14,300,224)</b>	<b>(15,503,961)</b>
<b>EXCHANGE REVENUE</b>								
Service Charges	(19,747,231)	(19,785,551)	(19,552,398)	(19,324,686)	-2.33%	56.97%	(21,202,135)	(23,269,082)
Interest, Dividends and Rent on Land	(800,617)	(800,617)	(787,727)	(965,222)	20.56%	2.85%	(1,022,170)	(1,104,645)
Operational Revenue	(21,830)	(21,830)	(17,143)	(22,875)	4.79%	0.07%	(24,225)	(25,645)
Rental from Fixed Assets	(70,948)	(71,068)	(68,689)	(80,108)	12.72%	0.24%	(84,835)	(89,755)
Sales of Goods and Rendering of Services	(267,813)	(237,813)	(133,519)	(266,424)	12.03%	0.79%	(282,143)	(298,995)
<b>SUB TOTAL: EXCHANGE REVENUE</b>	<b>(20,908,439)</b>	<b>(20,916,879)</b>	<b>(20,559,478)</b>	<b>(20,659,315)</b>	<b>-1.23%</b>	<b>60.91%</b>	<b>(22,615,507)</b>	<b>(24,788,122)</b>
<b>Contra Accounts</b>	<b>(623,602)</b>	<b>(623,602)</b>	<b>(623,602)</b>	<b>-</b>	<b>-100.00%</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>
- Cost of Free Basic Services	(1,066,056)	(1,066,056)	(1,066,056)	-	-100.00%	0.00%	-	-
- Revenue Cost of Free Basic Services	(195,027)	(195,027)	(195,027)	-	-100.00%	0.00%	-	-
- Property Rates Revenue Foregone	637,481	637,481	637,481	-	-100.00%	0.00%	-	-
<b>TOTAL INCOME</b>	<b>(34,255,725)</b>	<b>(34,210,956)</b>	<b>(33,767,566)</b>	<b>(33,919,428)</b>	<b>-0.85%</b>	<b>100.00%</b>	<b>(36,915,731)</b>	<b>(40,292,083)</b>
<b>EXPENDITURE</b>								
<b>Employee Related Costs</b>	<b>6,996,750</b>	<b>6,748,515</b>	<b>6,581,848</b>	<b>7,710,104</b>	<b>14.25%</b>	<b>24.40%</b>	<b>8,194,809</b>	<b>8,752,821</b>
Senior Management	75,985	75,985	56,989	63,429	-16.52%	0.20%	67,806	72,417
- SM - Salaries Allowances & Service Benefits	74,330	64,330	48,247	62,252	-3.23%	0.20%	66,547	71,073
- SM - Social Contributions	1,656	1,656	1,242	1,177	-28.88%	0.00%	1,259	1,344
Municipal Staff	6,920,765	6,672,530	6,524,859	7,646,675	14.60%	24.20%	8,127,003	8,680,404
- MS - Salaries Allowances & Service Benefits	5,884,995	5,555,113	5,457,932	6,351,052	14.33%	20.10%	6,741,982	7,201,202
- MS - Social Contributions	1,212,466	1,213,598	1,163,108	1,440,989	18.74%	4.56%	1,540,417	1,645,166
- MS - Post Retirement Benefit	-	80,515	80,515	31,330	-61.09%	0.10%	33,491	35,769
- MS - Cost Capitalised to PPE	(176,696)	(176,696)	(176,696)	(176,696)	0.00%	-0.56%	(188,888)	(201,733)
<b>Remuneration of Councilors</b>	<b>126,553</b>	<b>126,553</b>	<b>116,809</b>	<b>130,316</b>	<b>2.97%</b>	<b>0.41%</b>	<b>139,308</b>	<b>148,781</b>
- ROC - Allowances & Service Related Benefits	113,791	113,791	111,252	124,441	9.36%	0.39%	133,027	142,073
- ROC - Social Contributions	12,763	12,763	5,557	5,875	-53.97%	0.02%	6,281	6,708
<b>Contracted Services</b>	<b>2,633,959</b>	<b>2,680,670</b>	<b>2,634,456</b>	<b>3,850,562</b>	<b>43.64%</b>	<b>12.19%</b>	<b>4,090,300</b>	<b>4,474,269</b>
- Outsource Services	1,779,054	1,781,989	1,770,794	1,997,432	12.09%	6.32%	2,139,761	2,305,279
- Consultants and Professional Services	339,021	408,746	405,036	437,280	6.98%	1.38%	475,866	516,302
- Contractors	515,884	489,934	458,625	1,415,850	188.99%	4.48%	1,474,674	1,652,688
<b>Operational Cost</b>	<b>1,644,190</b>	<b>1,467,799</b>	<b>2,769,561</b>	<b>1,014,050</b>	<b>-30.91%</b>	<b>3.21%</b>	<b>1,098,266</b>	<b>1,184,437</b>
<b>Inventory</b>	<b>7,761,088</b>	<b>4,999,307</b>	<b>3,594,656</b>	<b>1,868,971</b>	<b>-62.62%</b>	<b>5.91%</b>	<b>1,999,955</b>	<b>2,212,458</b>
<b>Bulk Purchases</b>	<b>9,084,679</b>	<b>11,862,635</b>	<b>11,724,361</b>	<b>12,221,456</b>	<b>3.02%</b>	<b>38.67%</b>	<b>13,383,045</b>	<b>14,655,948</b>
<b>Interest Dividends and Rent on Land</b>	<b>662,383</b>	<b>663,333</b>	<b>640,390</b>	<b>738,209</b>	<b>11.29%</b>	<b>2.34%</b>	<b>986,116</b>	<b>1,125,824</b>
<b>Operating Leases</b>	<b>29,793</b>	<b>48,012</b>	<b>36,563</b>	<b>40,273</b>	<b>-16.12%</b>	<b>0.13%</b>	<b>44,339</b>	<b>48,725</b>
<b>Contribution for Bad Debt</b>	<b>1,468,871</b>	<b>1,468,871</b>	<b>1,468,871</b>	<b>1,540,949</b>	<b>4.91%</b>	<b>4.88%</b>	<b>1,662,032</b>	<b>1,820,811</b>
<b>Transfers and Subsidies</b>	<b>200,852</b>	<b>485,529</b>	<b>484,929</b>	<b>483,964</b>	<b>-0.32%</b>	<b>1.53%</b>	<b>506,609</b>	<b>543,956</b>
- Operational: Monetary	200,852	485,529	484,929	483,964	-0.32%	1.53%	506,609	543,956
<b>Depreciation and Amortisation</b>	<b>1,805,346</b>	<b>1,805,346</b>	<b>1,803,583</b>	<b>2,001,799</b>	<b>10.88%</b>	<b>6.33%</b>	<b>2,382,937</b>	<b>2,741,668</b>
<b>Contra Accounts Revenue</b>	<b>1,840,488</b>	<b>1,837,613</b>	<b>1,840,488</b>	<b>-</b>	<b>-100.00%</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>
- Cost of Free Basic Services Delivered	1,621,879	1,519,004	1,521,879	-	-100.00%	0.00%	-	-
- Revenue Cost of Free Basic Services	218,609	318,609	318,609	-	-100.00%	0.00%	-	-
<b>TOTAL EXPENDITURE</b>	<b>34,254,952</b>	<b>34,194,183</b>	<b>33,696,514</b>	<b>31,600,653</b>	<b>-7.58%</b>	<b>100.00%</b>	<b>34,487,715</b>	<b>37,709,697</b>
<b>DEFICIT / (SURPLUS)</b>	<b>(773)</b>	<b>(16,773)</b>	<b>(71,052)</b>	<b>(2,318,775)</b>	<b>13724.82%</b>		<b>(2,428,016)</b>	<b>(2,582,385)</b>
DISP OF FIXED AND INTANGIBLE ASSETS	-	15,000	15,000	15,000	-		15,885	16,806
INVENTORY	-	1,000	1,000	-	(1)		-	-
<b>TOTAL GAINS AND LOSSES</b>	<b>-</b>	<b>16,000</b>	<b>16,000</b>	<b>15,000</b>			<b>15,885</b>	<b>16,806</b>
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	<b>(773)</b>	<b>(773)</b>	<b>(55,052)</b>	<b>(2,303,775)</b>			<b>(2,412,131)</b>	<b>(2,565,579)</b>
TOTAL RECOVERIES	-	-	-	(3,129,817)	100.00%		(3,373,343)	(3,635,385)
TOTAL CHARGES	-	-	-	3,129,817	100.00%		3,373,343	3,635,385
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	<b>(773)</b>	<b>(773)</b>	<b>(55,052)</b>	<b>(2,303,775)</b>			<b>(2,412,131)</b>	<b>(2,565,579)</b>

The surplus of R2.3 billion reflected in 2017/18 is including the capital grant income recognised to fund Capital Expenditure. The City recorded the equivalent to the capital grant as transfers to capital budget within the operating expenditure in the 2016/17 financial year. This resulted in the capital grant having no impact on the surplus. The SCOA Framework that will be implemented on the 1st July does not provide for transfer to capital budget as an item, with the result that the operating surplus includes the capital grant income of R2.3 billion. Table 2 below depicts the surplus after the capital grants as R110,288 in 2017/18.



**Table 2 Consolidated Overview of the 2017/18 MTREF**

	<b>Adjustment Budget 2016/17</b>	<b>Budget Year 2017/18</b>	<b>Budget Year +1 2018/19</b>	<b>Budget Year +2 2019/20</b>
Total Operating Revenue	34,210,955,606	33,919,427,529	36,915,730,823	40,292,082,686
Total Operating Expenditure	32,396,497,071	31,600,652,999	34,487,715,051	37,709,697,416
Total Gains and Losses	16,000,000	15,000,000	15,885,000	16,806,330
<i>Surplus/(Deficit) for the year</i>	1,798,458,535	2,303,774,530	2,412,130,772	2,565,578,940
<i>Less Grant Income recognised to fund Capital Expenditure</i>	(1,797,685,992)	(2,303,664,242)	(2,412,095,591)	(2,565,553,717)
<b><i>Surplus/(Deficit) for the year after Capital Grants</i></b>	<b>772,543</b>	<b>110,288</b>	<b>35,181</b>	<b>25,223</b>
<b><i>Total Capital Expenditure</i></b>	<b>5,103,439,700</b>	<b>6,399,356,712</b>	<b>6,856,310,390</b>	<b>7,365,321,320</b>

Alignment of the financial structure to SCOA Framework has resulted in the classification changes for some of the categories (the cost of free basic services is netted of against services charges), with the result that both operating revenue and expenditure budgets are showing a reduction in 2017/18.

The budgeted figures prior to the SCOA framework reclassification are interpreted as follows:

Total operating **revenue** (which includes capital grant income) has grown by 7.3% or **R2.4 billion** for the 2017/18 financial year when compared to the 2016/17 Budget. For the two outer years, operational revenue is increasing with 8.8% and 9.1% respectively, equating to a total revenue growth of R6 billion over the MTREF when compared to the 2016/17 financial year.

Total operating **expenditure** amounts to **R36.7 billion** in the 2017/18 financial year. Thus, it translates into a **budgeted surplus of R110,288**. When compared to the 2016/17 Adjustments Budget, operational expenditure has grown by 7.3% in the 2017/18 budget. The operating surplus for the two outer years amounts to R35,181 and R25,233 respectively.

## 1.4 Operating Revenue Framework

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

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

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

- National Treasury's guidelines and macroeconomic policy;

- 
- Growth in the metro and continued economic development;
  - Efficient revenue management, which aims to ensure a 94% annual collection rate for property rates and other key service charges;
  - Electricity tariff increases as approved by the National Energy Regulator of South Africa (NERSA);
  - Achievement of full cost recovery of specific user charges especially in relation to trading services;
  - Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
  - The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
  - Increase ability to extend new services and recover costs;
  - The municipality's Indigent Policy and rendering of free basic services; and
  - Tariff policies of the metro.

CITY OF EKURHULENI – FINAL BUDGET 2017/18 TO 2019/20

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

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

EKU Ekurhuleni Metro - Table A4 Budgeted Financial Performance (revenue and expenditure)										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue By Source</b>										
Property rates	3,427,709	3,693,387	3,946,659	4,661,284	4,661,284	4,637,970	4,637,970	5,088,330	5,601,001	6,161,365
Service charges - electricity revenue	10,358,669	11,215,634	11,824,170	13,458,637	13,458,637	13,315,364	13,315,364	13,027,720	14,327,264	15,756,488
Service charges - water revenue	2,576,373	2,970,665	3,217,167	4,260,889	4,260,888	4,212,303	4,212,303	4,087,720	4,492,404	4,937,228
Service charges - sanitation revenue	895,456	1,005,144	1,054,668	1,646,274	1,646,274	1,688,507	1,688,507	1,355,300	1,463,724	1,580,822
Service charges - refuse revenue	962,652	1,040,979	961,447	1,486,709	1,486,709	1,452,359	1,452,359	1,214,668	1,307,061	1,406,545
Service charges - other	67,889	72,037	73,002	136,757	106,757	64,653	64,653	122,479	129,706	137,229
Rental of facilities and equipment	55,705	62,455	59,256	65,479	65,599	63,641	63,641	74,361	78,748	83,316
Interest earned - external investments	370,295	519,167	632,624	322,080	322,080	316,895	316,895	394,026	417,239	458,776
Interest earned - outstanding debtors	362,065	292,740	459,031	344,563	344,563	339,016	339,016	468,086	495,703	525,718
Dividends received	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	274,317	313,355	319,360	274,237	289,237	409,844	409,844	402,592	426,345	461,714
Licences and permits	41,011	53,622	51,651	193,025	193,025	47,961	47,961	74,483	78,877	83,737
Agency services	235,641	257,983	276,375	304,932	304,932	242,259	242,259	319,873	338,746	358,393
Transfers and subsidies	3,823,804	4,113,096	4,464,972	3,502,418	3,513,278	3,513,278	3,513,278	5,406,054	5,798,706	6,261,312
Other revenue	97,021	193,547	160,717	1,716,684	1,716,684	1,665,831	1,665,831	89,354	94,626	100,333
Gains on disposal of PPE				5,000	5,000	–	–	5,000	5,295	5,602
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>23,548,607</b>	<b>25,803,810</b>	<b>27,501,101</b>	<b>32,378,969</b>	<b>32,374,949</b>	<b>31,969,880</b>	<b>31,969,880</b>	<b>32,130,048</b>	<b>35,055,445</b>	<b>38,318,577</b>

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

Description	Year 2015/16	Current year 2016/17		2016/17 Medium Term Revenue & Expenditure Framework						Proportionate % of Total Budget		
	Audited Actual R' 000	Adjusted Budget R' 000	%	Budget Year 2017/18 R '000	%	Budget Year +1 2018/19 R '000	%	Budget Year +2 2019/20 R '000	%	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue by Source</b>												
Property Rates	3,946,659	4,661,284	14.4%	5,088,330	15.8%	5,601,001	16.0%	6,161,365	16.1%	15.8%	16.0%	16.1%
Service Charges - Electricity Revenue	11,824,170	13,458,637	41.6%	13,027,720	40.5%	14,327,264	40.9%	15,756,488	41.1%	40.5%	40.9%	41.1%
Service Charges - Water Revenue	3,217,167	4,260,888	13.2%	4,087,720	12.7%	4,492,404	12.8%	4,937,228	12.9%	12.7%	12.8%	12.9%
Service Charges - Sanitation Revenue	1,054,668	1,646,274	5.1%	1,355,300	4.2%	1,463,724	4.2%	1,580,822	4.1%	4.2%	4.2%	4.1%
Service Charges - Refuse Revenue	961,447	1,486,709	4.6%	1,214,668	3.8%	1,307,061	3.7%	1,406,545	3.7%	3.8%	3.7%	3.7%
Service Charges - Other	73,002	106,757	0.3%	122,479	0.4%	129,706	0.4%	137,229	0.4%	0.4%	0.4%	0.4%
Rental of Facilities and Equipment	59,256	65,599	0.2%	74,361	0.2%	78,748	0.2%	83,316	0.2%	0.2%	0.2%	0.2%
Interest earned - External Investments	632,624	322,080	1.0%	394,026	1.2%	417,239	1.2%	458,776	1.2%	1.2%	1.2%	1.2%
Interest earned -Outstanding Debtors	459,031	344,563	1.1%	468,086	1.5%	495,703	1.4%	525,718	1.4%	1.5%	1.4%	1.4%
Fines, penalties and forfeits	319,360	289,237	0.9%	402,592	1.3%	426,345	1.2%	461,714	1.2%	1.3%	1.2%	1.2%
Licenses and Permits	51,651	193,025	0.6%	74,483	0.2%	78,877	0.2%	83,737	0.2%	0.2%	0.2%	0.2%
Agency Services	276,375	304,932	0.9%	319,873	1.0%	338,746	1.0%	358,393	0.9%	1.0%	1.0%	0.9%
Transfers Recognised - Operational	4,464,972	3,513,278	10.9%	5,406,054	16.8%	5,798,706	16.5%	6,261,312	16.3%	16.8%	16.5%	16.3%
Other Revenue	160,717	1,716,684	5.3%	89,354	0.3%	94,626	0.3%	100,333	0.3%	0.3%	0.3%	0.3%
Gains on Disposal of PPE	–	5,000	0.0%	5,000	0.0%	5,295	0.0%	5,602	0.0%	0.0%	0.0%	0.0%
<b>Total Revenue (Excluding Capital Transfers and Contributions)</b>	<b>27,501,101</b>	<b>32,374,949</b>	<b>100.0%</b>	<b>32,130,048</b>	<b>100.0%</b>	<b>35,055,445</b>	<b>100.0%</b>	<b>38,318,577</b>	<b>100.0%</b>	100.0%	100.0%	100.0%
Total Revenue from Rates and Service Charges	21,077,114	25,620,550	79.1%	24,896,218	77.5%	27,321,159	77.9%	29,979,677	78.2%			

---

Revenue generated from rates and services charges contributes 77.5% (in 2017/18) of the total revenue basket for the metro. The percentage is slightly higher than the previous year mainly as a result that the increase on service charges is higher than the sundry and other income sources.

Details in this regard are contained in Table 25 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure) on page 60.

Electricity is the biggest source of income and represents R13 billion or 40.5% of the total income budget in 2017/18. This contribution from electricity increases also to 40.9% in 2018/19 and 41.1% 2019/20

Property rates are the second largest revenue source totalling 15.8% or R5.2 billion. This includes income forgone.

Transfers and subsidies of R5.4 billion in Table 3 includes fuel levy of R1.6 billion in terms of GRAP standards. Operating grants and transfers in Table 5 totals R3.7 billion or 10.5% of total income budget in the 2017/18 financial year and moves to R4.4 billion by 2019/20. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium-term.

**Table 5 Operating Transfers and Grant Receipts**

EKU Ekurhuleni Metro - Supporting Table SA18 Transfers and grant receipts									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	<b>2,168,333</b>	<b>2,387,871</b>	<b>2,576,154</b>	<b>3,078,925</b>	<b>3,121,386</b>	<b>3,121,386</b>	<b>3,339,339</b>	<b>3,673,187</b>	<b>4,032,231</b>
Local Government Equitable Share	1,917,953	2,042,951	2,181,182	2,381,367	2,381,367	2,381,367	2,719,861	3,154,062	3,503,013
Finance Management	1,250	1,250	1,050	1,050	1,050	1,050	1,050	1,000	1,000
Public Transport and Systems	4,000	10,000	30,000	40,000	40,000	40,000	40,000	40,000	40,000
Integrated City Development Grant	8,808	40,323	43,194						
EPWP Operational	10,405	6,422	13,709	22,125	22,125	22,125	44,718		
Other transfers/grants	225,917	286,925	307,019	634,383	676,844	676,844	533,710	478,125	488,218
<b>Provincial Government:</b>	<b>297,032</b>	<b>277,758</b>	<b>402,172</b>	<b>423,493</b>	<b>391,892</b>	<b>391,892</b>	<b>372,460</b>	<b>348,940</b>	<b>369,851</b>
Health subsidy	106,493	111,952	117,885	124,133	124,133	124,133	130,340	137,900	145,622
Ambulance subsidy	129,001	136,040	143,043	150,624	150,624	150,624	158,155	167,328	176,698
SETA	3,291	7,374	1,553	23,821	23,821	23,821	25,132	25,132	25,132
Other transfers/grants	58,247	22,392	139,691	124,914	93,314	93,314	58,833	18,580	22,399
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>[insert description]</i>									
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>[insert description]</i>									
<b>Total Operating Transfers and Grants</b>	<b>2,465,365</b>	<b>2,665,629</b>	<b>2,978,327</b>	<b>3,502,418</b>	<b>3,513,278</b>	<b>3,513,278</b>	<b>3,711,798</b>	<b>4,022,127</b>	<b>4,402,082</b>

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

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

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

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

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

#### **1.4.1 Property Rates**

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

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

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

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

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

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

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

**Other Categories**

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

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

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

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

**FUNDING REQUIREMENTS**

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

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



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

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

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

Tariffs per rating category will be as follows:

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

Rate Code	Category	Ratio	Current Tariff (1 July 2016)	Final tariff (from 1 July 2017)
1	Residential	1	0.00916	0.00916
2	Industrial	2.5	0.02290	0.02290
3	Business and Commercial	2	0.01832	0.01832
4	Agriculture	0.25	0.00229	0.00229
30	State Owned Properties	2	0.01832	0.01832
8	Municipal Properties	2	0.01832	0.01832
9	Public Services Infrastructure (PSI)	0.25	0.00229	0.00229
10	Public Service Purpose Properties (PSP)	2	0.01832	0.01832
35	Public Benefit Activity Properties	2	0.01832	0.01832
25	Private Towns	1	0.00916	0.00916
11	Informal Settlements	1	0.00916	0.00916
12	Mining and Quarries	3	0.02748	0.02748
13	Vacant Land	4	0.03664	0.03664
14	Protected Areas	1	0.00916	0.00916
15	National Monuments	1	0.00916	0.00916

#### **EXCLUSIONS AND REBATES**

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

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

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

#### 1.4.2 Sale of Water and Sanitation and Impact of Tariff Increases

A water tariff increase of 10% is proposed. This is entirely as a result of the increase of the bulk purchases from Rand Water of 10.2%

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

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

**Table 7 Summary of tariffs: water**

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

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

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

**Table 8 Impact of water increases for a single dwelling house**

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

The sanitation tariff increase is based on the increase in purification cost as received from ERWAT. The ERWAT increase for the 2017/2018 financial year is 11.58% and it is proposed that the sanitation tariffs to the customers be increased by 9%.

The tariffs proposed for the sanitation service are as follows:

**Table 9 Summary of tariffs: sanitation**

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

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

**Table 10 Impact of sanitation increases on a single dwelling house**

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

### 1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA announced that the bulk purchase tariff from Eskom will increase by 1.88% for municipalities and 2.2% for Eskom users. In line with the NERSA guideline EMM will pass on an electricity tariff increase between 1.88% and 2.2% to its customers.

No change in the Tariff structures is proposed. To be in line with the guidelines the following tariffs will be applicable as from 1 July 2017:

- Tariff A IBT                      2.2% (This increase is exactly as per the increase of the Eskom tariff increase to Eskom consumers)
- Tariff B                            1.88%
- Tariff C                            1.88%
- Tariff D                            1.88%
- Tariff E                            1.88%

An amount equal to 4% of the income is to be ring-fenced and placed in a maintenance fund that will only be used to fund critical electricity maintenance and refurbishment. At the level of increase, this maintenance fund is estimated to accumulate to a total of R490 million in the 2017/18 financial year.

An amount equal to 0.25% of the income is to be ring-fenced and placed into an energy efficiency demand side management fund that will only be used to fund critical energy efficiency and demand side management projects. At this level of increase, this fund is estimated to accumulate to a total of R32.5 million in the 2017/18 financial year. The fund will be used to convert council-owned assets to become energy efficient with projects such as streetlight efficiency; building efficiency and possibly the installation of solar geysers at Council owned properties.

The following table provides a brief summary of the proposed July 2017 tariff increase:

**Table 11 Summary of tariff increases: electricity**

	<b>APPROVED TARIFFS 2016/17 R</b>	<b>PROPOSED TARIFFS 2017/18 R</b>	<b>% Increase</b>
<b>Tariff A (Business)</b>			
Energy charge	1.78,83	1.82,20	1.88%
<b>Tariff A (IBT) Energy charge</b>			
A.1 Block (1 to 600 kWh)	1.03,39	1.05,66	2.2%
A.2 Block (>600 to <=700 kWh)	1.75,74	1.79,61	2.2%
A.3 Block (>700 kWh)	4.93,13	5.02,40	2.2%
A.4 Flat rate in the case of a billing system that cannot accommodate the inclining block rate.	1.06,02	1.08,40	2.2%
<b>Tariff B (Residential and Bulk Residential) Energy charge</b>			
Energy charge	1.53,22	1.56,11	1.88%
<b>Tariff B (Business, Mixed business and Residential, Commercial or Industrial) Energy charge</b>			
Energy charge (High Demand)	1.69,49	1.72,68	1.88%
Energy charge (Low Demand)	1.34,31	1.36,84	1.88%
<b>Tariff C Energy charge</b>			
<b>High Demand Season</b>			
230/400 V	1.72,29	1.75,53	1.88%
230/400 V, direct from substation	1.69,21	1.72,40	1.88%
>230/400V & < = 11kV	1.66,21	1.69,25	1.82%
<b>Low Demand Season</b>			
230/400 V	1.03,30	1.05,24	1.88%
230/400 V, direct from substation	1.01,46	1.03,37	1.88%
>230/400V & < = 11kV	0.99,60	1.01,48	1.88%
<b>Tariff D Energy charge</b>			
<b>High Demand Season (Peak)</b>			
230/400 V, direct from substation	3.71,00	3.77,99	1.88%
>230/400V & < = 11kV	3.64,22	3.71,08	1.88%
>11kV	3.37,32	3.43,67	1.88%
<b>High Demand Season (Standard)</b>			
230/400 V, direct from substation	1.30,21	1.32,66	1.88%
>230/400V & < = 11kV	1.27,85	1.30,30	1.91%
>11kV	1.18,38	1.20,60	1.88%
<b>High Demand Season (Off-Peak)</b>			
230/400 V, direct from substation	0.78,52	0.80,00	1.88%

	APPROVED TARIFFS 2016/17 R	PROPOSED TARIFFS 2017/18 R	% Increase
>230/400V & < = 11kV	0.77,11	0.78,56	1.88%
>11kV	0.71,42	0.72,77	1.89%
<b>Low Demand Season (Peak)</b>			
230/400 V, direct from substation	1.37,98	1.40,58	1.88%
>230/400V & < = 11kV	1.35,46	1.38,01	1.88%
>11kV	1.25,46	1.27,82	1.88%
<b>Low Demand Season (Standard)</b>			
230/400 V, direct from substation	0.90,52	0.92,22	1.88%
>230/400V & < = 11kV	0.88,86	0.90,54	1.89%
>11kV	0.82,37	0.83,92	1.88%
<b>Low Demand Season (Off-Peak)</b>			
230/400 V, direct from substation	0.71,42	0.72,77	1.89%
>230/400V & < = 11kV	0.70,08	0.71,40	1.88%
>11kV	0.64,88	0.66,10	1.88%
<b>Tariff E Energy charge</b>			
<b>High Demand Season (Peak)</b>			
230/400 V	5.13,76	5.23,44	1.88%
230/400 V, direct from substation	5.04,57	5.14,08	1.88%
>230/400V & < = 11kV	4.95,45	5.04,78	1.88%
>11kV	4.58,69	4.67,33	1.88%
<b>High Demand Season (Standard)</b>			
230/400 V	1.46,72	1.49,48	1.88%
230/400 V, direct from substation	1.44,11	1.46,83	1.88%
>230/400V & < = 11kV	1.41,50	1.44,17	1.88%
>11kV	1.31,03	1.33,49	1.88%
<b>High Demand Season (Off-Peak)</b>			
230/400 V	0.86,59	0.88,,22	1.88%
230/400 V, direct from substation	0.84,99	0.86,59	1.88%
>230/400V & < = 11kV	0.83,42	0.85,00	1.89%
>11kV	0.77,26	0.78,71	1.88%
<b>Low Demand Season (Peak)</b>			
230/400 V	1.56,21	1.59,16	1.88%
230/400 V, direct from substation	1.53,53	1.56,43	1.88%
>230/400V & < = 11kV	1.50,68	1.53,52	1.88%
>11kV	1.39,51	1.42,14	1.88%

	APPROVED TARIFFS 2016/17 R	PROPOSED TARIFFS 2017/18 R	% Increase
<b>Low Demand Season (Standard)</b>			
230/400 V	1.02,56	1.04,50	1.89%
230/400 V, direct from substation	1.00,82	1.02,72	1.88%
>230/400V & < = 11kV	0.98,93	1.00,79	1.88%
>11kV	0.91,61	0.93,33	1.88%
<b>Low Demand Season (Off-Peak)</b>			
230/400 V	0.76,98	0.78,43	1.88%
230/400 V, direct from substation	0.75,66	0.77,09	1.89%
>230/400V & < = 11kV	0.74,23	0.75,63	1.88%
>11Kv	0.68,75	0.70,05	1.89%

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

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

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

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

- The last block of the tariff, as in the previous financial year, is at a very high level of R5.02. This block aims to prevent higher end users from abusing this subsidized tariff. In effect, if customers use enough electricity to reach the very high block (i.e. above 700 units per calendar month), they should migrate to Tariff B;

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

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

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

Monthly consumption kWh	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change %
100 (Tariff A)	0.00	0.00	0.00	0.00%
250 (Tariff A)	155.09	158.49	3.41	2.20%
500 (Tariff B)	799.03	780.55	14.45	1.88%
750 (Tariff B)	1,182.08	1170.82	21.67	1.88%
1 000 (Tariff B)	1,565.13	1561.1	28.9	1.88%
2 000 (Tariff B)	3,097.33	3122.2	57.8	1.88%

#### 1.4.4 Waste Removal and Impact of Tariff Increases

The proposed tariff increase for rendering of refuse removal services and disposal services is 7.5%. The proposed tariff increase yielded a total revenue increase of 4.1%. The growth rate of 0.9% was assumed in the 2017/18 financial year.

The following the fundamental services of the department:

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

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

##### – Increase in transport costs:

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

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

##### - Labour costs



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

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

**Table 13 Comparison between current waste removal fees and increases**

Residential Stand Size (for Bags Removal)	CURRENT TARIFFS FOR 2016/17	PROPOSED TARIFFS FOR 2017/18	INCREASE	%
<b>Property Value BELOW R300 000</b>				
0 - 300 m <sup>2</sup> (Properties with value of R300 000 and less)	R 96.73	R 103.98	R 7.25	7.5%
<b>Property Value ABOVE R300 000</b>				
0- 300 m <sup>2</sup>	R 113.81	R 122.35	R 8.54	7.5%
301- 600 m <sup>2</sup>	R 134.04	R 144.09	R 10.05	7.5%
601 - 900 m <sup>2</sup>	R 149.59	R 160.81	R 11.22	7.5%
901 - 1200 m <sup>2</sup>	R 165.21	R 177.60	R 12.39	7.5%
1201 - 1500 m <sup>2</sup>	R 191.20	R 205.54	R 14.34	7.5%
1501 - 2000 m <sup>2</sup>	R 217.20	R 233.49	R 16.29	7.5%
2000 m <sup>2</sup> +	R 243.17	R 261.41	R 18.24	7.5%
<b>Residential Stand Size (for 240l Bins Removal)</b>				
<b>Property Value BELOW R300 000</b>				
0 - 300 m <sup>2</sup> (Properties with value of R300 000 and less)	R 113.81	R 122.35	R 8.54	7.5%
<b>Property Value ABOVE R300 000</b>				
Other Properties with Property Value more than R300 000	R 140.39	R 150.92	R 10.53	7.5%

#### 1.4.5 Other Tariff Increases

The Finance Department has embarked on a process to compile a consolidated report of all sundry tariffs of all the departments. The tariffs were determined by departments and consolidated by the Finance Department. Sundry tariff increases were guided by the CPI rate in most cases. In cases where the increase is not in line with the CPI rate, brief comments/motivations from departments were included.

**Table 14 Summary of the Sundry Tariff Increases**

NAME OF TARIFF AND SCHEDULE NO.	CURRENT TARIFFS INCREASES 2016/17	PROPOSED TARIFFS INCREASES 2017/18	COMMENTS
Financial Services (Schedule 6)	Avg. 6% (Ranges between 4.8% - 11.1%)	Avg. 5% (Ranges between 4.02% - 9.37%)	
	Avg. 5 % ( Ranges between 4% - 8%)	Avg.4% (Ranges between 3% - 8%)	The determination of the tariffs was set in line with the tariff

NAME OF TARIFF AND SCHEDULE NO.	CURRENT TARIFFS INCREASES 2016/17	PROPOSED TARIFFS INCREASES 2017/18	COMMENTS
Building Plans & Related Services (Schedule 7)			structure of other metropolitan municipalities and also in line with the budget instructions imposed for the determination of revenue, taking into consideration National Treasury guidelines and revenue targets set for Building Control revenue.
Roads Related Services (Schedule 8)	5.2%	7.65%	It is propose that the rates be increase in accordance with the annual increase in prices of civil engineering plant and material, diesel etc.
EMPD Services (Schedule 9)	6%	6%	The determination of the tariffs increase was set in line with the Consumer Price Index (CPI) and to uphold market related values. The Department has adjusted the tariffs to align to the averaged CPIX.
Transport Planning (Schedule 10)	5%	5%	
Disaster Management Services (Schedule 11)	7%	No increase	
Emergency Services (Schedule 12)	7%	Avg. 8 % ( Ranges between 3% - 13%) 36% included on the selected Emergency Service Course.	The determination of the tariffs increase was set in line with the Producer Price Index (PPI) and to uphold values. The tariffs increased are motivated by the tariffs in the neighbouring Metros
Libraries & Information Services (schedule 13)	No increase	No increase	
Library Auditorium (schedule 14)	No increase	No increase	
Arts, Culture & Heritage (schedule 15)	No increase	No increase	

NAME OF TARIFF AND SCHEDULE NO.	CURRENT TARIFFS INCREASES 2016/17	PROPOSED TARIFFS INCREASES 2017/18	COMMENTS
Sports & Recreation (schedule 16)	No increase	No increase	
Removal of Street (schedule 17)	6.5%	6.5%	Tariffs for the removal of street trees in Ekurhuleni Metropolitan Municipality are amended annually. The new tariffs was created in the previous FY year in order to assist the Council in protecting our green heritage and these tariffs have been set at a basic cost to prohibit such actions and an additional cost of the actual tree.
Cemeteries & Crematoriums (schedule 18)	No increase for EMM Residents. 10% for Non-Residents	No increase for EMM Residents. 6,5% for Non-resident	The cemetery tariff increase is based on CPI which is recommended that a minimum nominal percentage increase be applied to cover inflationary increases in costs and reduce overall subsidization of interment. No further tariff adjustments will be done with the re-arrangement of grave subsidies.
Advertising Signs (schedule 19)	Avg. 10 %( between 10% to 15%).	6%	The determination of the tariffs increase was set in line with the tariff structure of other metropolitan municipalities and also in line with the budget instructions imposed for the determination of revenue targets set for the Advertising.

NAME OF TARIFF AND SCHEDULE NO.	CURRENT TARIFFS INCREASES 2016/17	PROPOSED TARIFFS INCREASES 2017/18	COMMENTS
City Planning (schedule 20)	5.2%	6%	The tariffs increase was set in line with the tariff CPIX, and fees were compared with the fees from Tshwane and Joburg Metros and in some cases the new fees were amended to compare better with that of other Metros.
Economic Development (schedule 21)	5%	5%	
Environmental Health Services (schedule 22)	6.4%	6.1	The proposed tariff increases taking into account the rate of inflation and the comparison of the tariffs with other metros and the subsidized amounts by council.
Municipal Bus Services (schedule 23)	Avg. 7.11 % (between 6.67% - 9.03%).	Avg. 5.17 % (between 3% - 6.25%)	This average compares well with the overall increase of consumer goods and the increase in the cost of living. In order to ensure that the EMM bus fares are market-related compared to the fares charged by alternative modes of transport, cognizance needs to be taken of the tariffs being charged by the mini-bus taxis and other bus operators such as City to City, who currently operate the routes previously operated by Putco, in the same area
Hire of or use of Parks Facilities (schedule 24)	10%	10%	The increase is necessary to keep abreast with inflation and the rising costs of maintenance
Real Estate (schedule 25)	5%	5%	

NAME OF TARIFF AND SCHEDULE NO.	CURRENT TARIFFS INCREASES 2016/17	PROPOSED TARIFFS INCREASES 2017/18	COMMENTS
Council Owned Public Rental Housing Stock (Schedule 26)	Only Sethokga Community Residential Unit tariffs were approved by the council for 2016-17.	No increase for Sethokga Community Residential Unit and other Community Residential Unit tariffs are new.	Schedule is as per report submitted to Council detailing tariffs for Sethokga Community Residential Unit and other Community Residential Unit.

#### 1.4.6 Overall impact of tariff increases on households

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

**Table 15 MBRR Table SA14 – household bills**

EKU Ekurhuleni Metro - Supporting Table SA14 Household bills										
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Rand/cent</b>										
<b>Monthly Account for Household - 'Middle Income Range'</b>										
<b>Rates and services charges:</b>										
Property rates	351.89	378.28	406.65	437.14	437.14	437.14	12.0%	489.59	538.55	592.41
Electricity: Basic levy	25.35	27.25	30.58	34.00	34.00	34.00	1.9%	34.64	38.10	41.91
Electricity: Consumption	1,180.00	1,270.00	1,423.40	1,532.20	1,532.20	1,532.20	1.9%	1,561.10	1,717.21	1,888.93
Water: Basic levy	-	-	-	-	-	-	-	-	-	-
Water: Consumption	274.38	296.76	339.93	370.56	370.56	370.56	10.0%	407.61	440.21	475.43
Sanitation	117.60	127.08	139.21	151.92	151.92	151.92	9.0%	165.63	178.88	193.19
Refuse removal	116.59	128.25	138.51	149.59	149.59	149.59	7.5%	160.81	172.87	185.83
Other	5.00	-	-	-	-	-	-	-	-	-
<b>sub-total</b>	<b>2,070.81</b>	<b>2,227.62</b>	<b>2,478.28</b>	<b>2,675.41</b>	<b>2,675.41</b>	<b>2,675.41</b>	<b>5.4%</b>	<b>2,819.38</b>	<b>3,085.82</b>	<b>3,377.70</b>
VAT on Services	240.65	258.91	290.03	313.35	313.35	313.35		326.17	356.61	389.94
<b>Total large household bill:</b>	<b>2,311.46</b>	<b>2,486.53</b>	<b>2,768.31</b>	<b>2,988.76</b>	<b>2,988.76</b>	<b>2,988.76</b>	<b>5.2%</b>	<b>3,145.55</b>	<b>3,442.43</b>	<b>3,767.64</b>
<b>% increase/-decrease</b>		<b>7.6%</b>	<b>11.3%</b>	<b>8.0%</b>	<b>-</b>	<b>-</b>		<b>5.2%</b>	<b>9.4%</b>	<b>9.4%</b>
<b>Monthly Account for Household - 'Affordable Range'</b>										
<b>Rates and services charges:</b>										
Property rates	235.45	253.11	272.09	292.49	292.49	292.49	12.0%	327.58	360.34	396.38
Electricity: Basic levy	-	-	-	-	-	-	-	-	-	-
Electricity: Consumption	394.50	335.48	378.04	415.84	415.84	415.84	2.2%	424.98	467.47	514.22
Water: Basic levy	-	-	-	-	-	-	-	-	-	-
Water: Consumption	212.98	230.36	263.87	287.66	287.66	287.66	10.0%	316.41	341.72	378.62
Sanitation	101.35	109.53	119.93	130.92	130.92	130.92	9.0%	142.73	154.14	166.48
Refuse removal	116.59	128.25	138.51	149.59	149.59	149.59	7.5%	160.81	172.87	185.83
Other	5.00	-	-	-	-	-	-	-	-	-
<b>sub-total</b>	<b>1,065.87</b>	<b>1,056.73</b>	<b>1,172.44</b>	<b>1,276.50</b>	<b>1,276.50</b>	<b>1,276.50</b>	<b>7.5%</b>	<b>1,372.51</b>	<b>1,496.54</b>	<b>1,641.53</b>
VAT on Services	116.26	112.50	126.05	137.76	137.76	137.76		146.29	159.06	174.32
<b>Total small household bill:</b>	<b>1,182.13</b>	<b>1,169.23</b>	<b>1,298.49</b>	<b>1,414.26</b>	<b>1,414.26</b>	<b>1,414.26</b>	<b>7.4%</b>	<b>1,518.80</b>	<b>1,655.60</b>	<b>1,815.85</b>
<b>% increase/-decrease</b>		<b>(1.1%)</b>	<b>11.1%</b>	<b>8.9%</b>	<b>-</b>	<b>-</b>		<b>7.4%</b>	<b>9.0%</b>	<b>9.7%</b>
			<b>(11.13)</b>	<b>(0.19)</b>	<b>(1.00)</b>	<b>-</b>				
<b>Monthly Account for Household - 'Indigent' Household receiving free basic services</b>										
<b>Rates and services charges:</b>										
Property rates	-	-	-	-	-	-	-	-	-	-
Electricity: Basic levy	-	-	-	-	-	-	-	-	-	-
Electricity: Consumption	197.25	125.81	236.28	259.90	259.90	259.90	2.2%	265.61	292.17	321.38
Water: Basic levy	-	-	-	-	-	-	-	-	-	-
Water: Consumption	121.52	131.44	150.56	164.14	164.14	164.14	10.0%	180.54	194.98	210.58
Sanitation	62.15	67.17	73.55	80.28	80.28	80.28	9.0%	87.52	94.52	102.08
Refuse removal	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>sub-total</b>	<b>380.92</b>	<b>324.42</b>	<b>460.39</b>	<b>504.32</b>	<b>504.32</b>	<b>504.32</b>	<b>5.8%</b>	<b>533.67</b>	<b>581.67</b>	<b>634.04</b>
VAT on Services	53.32	45.41	64.45	70.60	70.60	70.60		74.71	81.43	88.76
<b>Total small household bill:</b>	<b>434.24</b>	<b>369.83</b>	<b>524.84</b>	<b>574.92</b>	<b>574.92</b>	<b>574.92</b>	<b>5.8%</b>	<b>608.38</b>	<b>663.10</b>	<b>722.80</b>
<b>% increase/-decrease</b>		<b>(14.8%)</b>	<b>41.9%</b>	<b>9.5%</b>	<b>-</b>	<b>-</b>		<b>5.8%</b>	<b>9.0%</b>	<b>9.0%</b>

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

- In the above example, the overall impact of tariff increases on the household bills in 2017/18 ranges between to 5.2% and 7.4%. The estimated increases in the outer years are reflected in the above table as well.

- 
- The calculation with regard to electricity is based on the assumption that Tariff B would be applicable for middle income households. These households are not entitled to free basic electricity (FBE). Tariff A (IBT) is applicable for the affordable and indigent households in the above example.
  - All consumers receive 6kl of water free, whilst indigents receive 9kl of water free.

## 1.5 Operating Expenditure Framework

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

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

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

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

EKU Ekurhuleni Metro - Table A4 Budgeted Financial Performance (revenue and expenditure)										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Expenditure By Type</b>										
Employee related costs	5,432,135	5,587,350	6,338,421	6,515,448	6,244,842	6,086,850	6,086,850	7,130,392	7,548,773	8,032,963
Remuneration of councillors	94,141	99,977	105,696	126,553	126,553	116,809	116,809	130,316	139,308	148,781
Debt impairment	1,343,750	2,211,425	1,434,058	1,468,871	1,468,871	1,468,871	1,468,871	1,540,949	1,662,032	1,820,811
Depreciation & asset impairment	1,978,922	2,057,381	1,945,234	1,805,346	1,805,346	1,803,583	1,803,583	2,001,799	2,382,937	2,741,668
Finance charges	572,960	571,556	848,639	662,383	663,333	640,390	640,390	738,209	986,116	1,125,824
Bulk purchases	9,485,711	10,218,508	11,662,156	12,489,022	12,488,950	12,342,535	12,342,535	12,918,328	14,135,667	15,468,781
Other materials	1,336,283	1,328,381	1,660,851	2,934,165	2,975,641	2,958,012	2,958,012	3,519,006	3,792,620	4,231,597
Contracted services	685,925	714,568	856,564	1,074,371	1,132,380	1,090,869	1,090,869	1,220,002	1,294,966	1,409,418
Transfers and subsidies	1,060,444	1,167,559	1,096,477	1,941,318	2,125,735	2,120,724	2,120,724	1,117,152	1,185,870	1,259,619
Other expenditure	1,217,356	1,428,532	1,529,914	3,345,719	3,326,524	3,267,437	3,267,437	1,798,784	1,911,236	2,062,284
Loss on disposal of PPE	721	7,838	-	15,000	-	-	-	15,000	15,885	16,806
<b>Total Expenditure</b>	<b>23,208,349</b>	<b>25,393,075</b>	<b>27,478,011</b>	<b>32,378,197</b>	<b>32,358,177</b>	<b>31,896,079</b>	<b>31,896,079</b>	<b>32,129,938</b>	<b>35,055,410</b>	<b>38,318,552</b>
<b>Surplus/(Deficit)</b>	<b>340,258</b>	<b>410,735</b>	<b>23,090</b>	<b>773</b>	<b>16,772</b>	<b>73,801</b>	<b>73,801</b>	<b>110</b>	<b>35</b>	<b>25</b>
Transfers and subsidies - capital (monetary allocations) (National / Transfers and subsidies - capital (in-kind - all)	1,516,157	1,647,087	2,147,158	1,876,755	1,797,686	1,797,686	1,797,686	2,303,664	2,412,096	2,565,554
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>1,856,415</b>	<b>2,057,822</b>	<b>2,170,248</b>	<b>1,877,528</b>	<b>1,814,458</b>	<b>1,871,487</b>	<b>1,871,487</b>	<b>2,303,775</b>	<b>2,412,131</b>	<b>2,565,579</b>
<b>Surplus/(Deficit) after taxation</b>	<b>1,856,415</b>	<b>2,057,822</b>	<b>2,170,248</b>	<b>1,877,528</b>	<b>1,814,458</b>	<b>1,871,487</b>	<b>1,871,487</b>	<b>2,303,775</b>	<b>2,412,131</b>	<b>2,565,579</b>
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>	<b>1,856,415</b>	<b>2,057,822</b>	<b>2,170,248</b>	<b>1,877,528</b>	<b>1,814,458</b>	<b>1,871,487</b>	<b>1,871,487</b>	<b>2,303,775</b>	<b>2,412,131</b>	<b>2,565,579</b>
<b>Surplus/(Deficit) for the year</b>	<b>1,856,415</b>	<b>2,057,822</b>	<b>2,170,248</b>	<b>1,877,528</b>	<b>1,814,458</b>	<b>1,871,487</b>	<b>1,871,487</b>	<b>2,303,775</b>	<b>2,412,131</b>	<b>2,565,579</b>

An amount of R60m has been provided for new positions in the 2017/18 financial year. The purpose of the funds provided is to accommodate additional personnel for the extension of services (like new clinics or fire stations) for an amount of R60m.

The metro has a Job-creating project in place, The Clean City Project, R97.5m is provided for the payment of stipends for field workers of the project.

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

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

The **provision of debt impairment** was determined based on an annual collection rate of 94% and the principles as set out in the Provision for Doubtful Debt and Debt Write-off Policy. For the 2017/18 financial year this amount equates to R1.5 billion and escalates to R1.7 billion by 2018/19.

**Provision for depreciation and asset impairment** has been informed by the municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R2 billion for the 2017/18 financial year.

**Interest on External Loans and Borrowings** (excludes the annual redemption) reflects an increase from R683 million in 2016/17 to R738 million in the 2017/18. This is due council decision to borrow R3.2 billion in 2017/18 to fund capital budget. The interest on external loan is calculated based on the estimated rate of 10.5%.



**Bulk purchases** are directly informed by the purchase of electricity from Eskom and water from Rand Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

**Repairs and Maintenance** comprise of, amongst others, the purchase of materials for maintenance, staff cost of dedicated maintenance personnel and the appointment of external contractors to perform maintenance works. In line with the metro’s repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the metro’s infrastructure. For 2017/2018 the appropriation against this group of expenditure is R3.5 billion which represents 10.9% of the total operating expenditure.

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

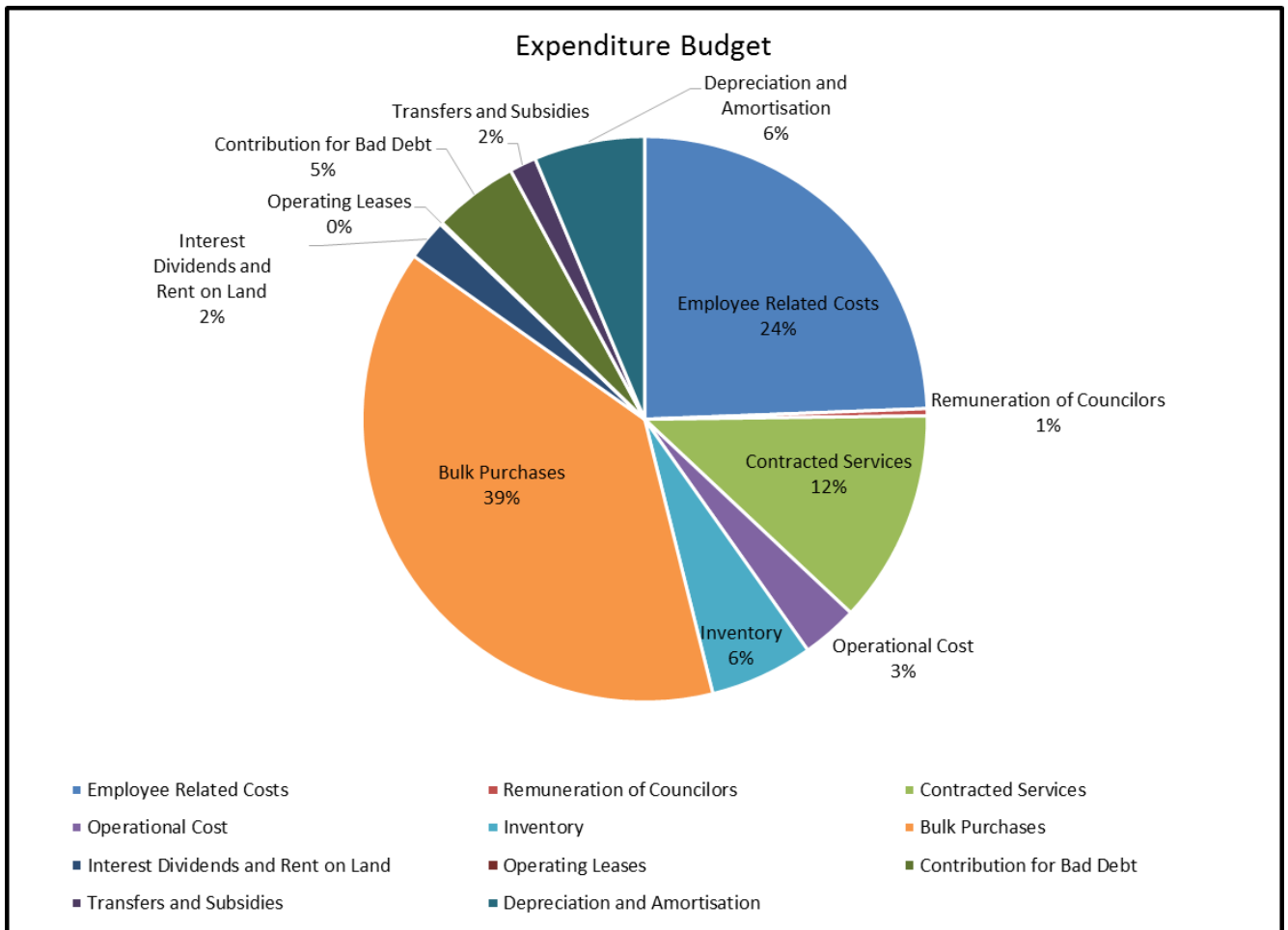


Figure 1 Main operational expenditure categories for the 2017/2018 financial year

## 1.5.1 Repairs and maintenance

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

**Table 17 Operational repairs and maintenance (SA1)**

EKU Ekurhuleni Metro - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
<b>Repairs and Maintenance by Expenditure Item</b>										
Employee related costs	665,518	703,287	575,114	176,696	176,696	176,696	176,696	175,399	187,501	200,251
Other materials	670,765	625,094	1,085,737	2,757,469	2,798,945	2,781,316	2,781,316	3,343,607	3,605,119	4,031,346
Contracted Services	-	-	-	-	-	-	-	-	-	-
Other Expenditure	-	-	-	-	-	-	-	-	-	-
<b>Total Repairs and Maintenance Expenditure</b>	<b>1,336,283</b>	<b>1,328,381</b>	<b>1,660,851</b>	<b>2,934,165</b>	<b>2,975,641</b>	<b>2,958,012</b>	<b>2,958,012</b>	<b>3,519,006</b>	<b>3,792,620</b>	<b>4,231,597</b>

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

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

EKU Ekurhuleni Metro - Supporting Table SA34c Repairs and maintenance expenditure by asset class									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>									
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>972,855</b>	<b>905,805</b>	<b>1,167,721</b>	<b>2,162,937</b>	<b>2,187,990</b>	<b>2,175,209</b>	<b>2,467,221</b>	<b>2,713,943</b>	<b>3,020,957</b>
Roads Infrastructure	240,419	139,083	262,839	537,707	589,702	586,706	776,939	854,633	959,481
<i>Roads</i>	240,419	139,083	262,839	537,707	589,702	586,706	776,939	854,633	959,481
Storm water Infrastructure	8,554	21,181	43,794	55,826	56,926	56,436	30,812	33,893	38,299
<i>Drainage Collection</i>									
<i>Storm water Conveyance Attenuation</i>	8,554	21,181	43,794	55,826	56,926	56,436	30,812	33,893	38,299
Electrical Infrastructure	465,127	526,489	584,083	948,415	918,480	913,432	1,000,142	1,100,157	1,215,963
<i>Power Plants</i>	448,503	511,542	529,860	889,878	859,943	855,609	922,193	1,014,412	1,120,945
<i>HV Substations</i>	16,624	14,947	54,222	58,536	58,536	57,824	77,949	85,744	95,018
Water Supply Infrastructure	113,380	85,078	116,998	398,543	401,087	397,772	363,315	399,647	444,796
<i>Distribution</i>	113,380	85,078	116,998	398,543	401,087	397,772	363,315	399,647	444,796
Sanitation Infrastructure	89,576	78,273	107,918	161,305	160,654	159,721	240,778	264,856	293,761
<i>Pump Station</i>									
<i>Reticulation</i>	89,576	78,273	107,918	161,305	160,654	159,721	240,778	264,856	293,761
Solid Waste Infrastructure	55,799	55,702	52,090	61,142	61,142	61,142	55,234	60,757	68,655
<i>Landfill Sites</i>	55,799	55,702	52,090	61,142	61,142	61,142	55,234	60,757	68,655
<b>Community Assets</b>	<b>50,070</b>	<b>59,823</b>	<b>93,593</b>	<b>111,609</b>	<b>97,892</b>	<b>97,274</b>	<b>87,143</b>	<b>95,856</b>	<b>108,198</b>
Community Facilities	46,444	56,582	87,924	108,038	94,241	93,671	83,754	92,128	103,986
<i>Halls</i>	4,983	5,212	5,110	6,457	5,994	5,942	6,144	6,758	7,637
<i>Centres</i>	461	286	1,604	1,569	1,266	1,272	108	118	134
<i>Crèches</i>									
<i>Clinics/Care Centres</i>	337	566	1,058	1,152	1,465	1,451	1,711	1,882	2,124
<i>Fire/Ambulance Stations</i>	13,517	15,683	16,871	18,462	13,584	13,407	19,029	20,932	23,653
<i>Testing Stations</i>									
<i>Museums</i>	109	237	832	946	921	916	751	826	933
<i>Galleries</i>									
<i>Theatres</i>									
<i>Libraries</i>	734	619	962	1,227	1,107	1,218	3,862	4,248	4,801
<i>Cemeteries/Crematoria</i>			10,905	12,558	12,833	12,809	5,879	6,467	7,308
<i>Police</i>	318	-	-	343	343	339	4,089	4,497	4,967
<i>Purls</i>									
<i>Public Open Space</i>	14,490	18,461	29,508	29,535	34,348	34,019	42,181	46,399	52,431
<i>Taxi Ranks/Bus Terminals</i>	11,496	15,519	21,077	35,789	22,379	22,298			
<i>Capital Spares</i>									
Sport and Recreation Facilities	3,626	3,241	5,669	3,571	3,652	3,604	3,389	3,728	4,212
<i>Indoor Facilities</i>	430	514	740	819	893	881	909	1,000	1,130
<i>Outdoor Facilities</i>	3,088	2,607	4,836	2,642	2,648	2,614	2,479	2,727	3,082
<i>Capital Spares</i>	108	120	93	110	110	109			
<i>1</i>	1	1	1	1	1	1	1	1	1
<b>Heritage assets</b>	<b>109,921</b>	<b>154,177</b>	<b>132,252</b>	<b>252,238</b>	<b>283,115</b>	<b>281,632</b>	<b>394,243</b>	<b>439,048</b>	<b>493,414</b>
Other Heritage	109,921	154,177	132,252	252,238	283,115	281,632	394,243	439,048	493,414
<b>Investment properties</b>	<b>26,772</b>	<b>21,730</b>	<b>21,593</b>	<b>31,942</b>	<b>31,942</b>	<b>31,942</b>	<b>32,243</b>	<b>35,467</b>	<b>39,014</b>
Non-revenue Generating	26,772	21,730	21,593	31,942	31,942	31,942	32,243	35,467	39,014
<i>Improved Property</i>	26,772	21,730	21,593	31,942	31,942	31,942	32,243	35,467	39,014
<i>Unimproved Property</i>									
<b>Other assets</b>	<b>15,655</b>	<b>18,111</b>	<b>25,375</b>	<b>25,374</b>	<b>30,357</b>	<b>30,151</b>	<b>138,366</b>	<b>68,586</b>	<b>74,770</b>
Operational Buildings	-	-	-	-	-	-	681	750	847
<i>Municipal Offices</i>							681	750	847
Housing	15,655	18,111	25,375	25,374	30,357	30,151	137,684	67,836	73,923
<i>Staff Housing</i>									
<i>Social Housing</i>	15,655	18,111	25,375	25,374	30,357	30,151	137,684	67,836	73,923
<b>Computer Equipment</b>	<b>48,763</b>	<b>57,338</b>	<b>89,085</b>	<b>108,200</b>	<b>108,200</b>	<b>106,900</b>	<b>142,229</b>	<b>156,452</b>	<b>176,791</b>
Computer Equipment	48,763	57,338	89,085	108,200	108,200	106,900	142,229	156,452	176,791
<b>Furniture and Office Equipment</b>	<b>18,749</b>	<b>16,997</b>	<b>21,368</b>	<b>27,263</b>	<b>28,780</b>	<b>28,871</b>	<b>27,950</b>	<b>30,705</b>	<b>34,688</b>
Furniture and Office Equipment	18,749	16,997	21,368	27,263	28,780	28,871	27,950	30,705	34,688
<b>Transport Assets</b>	<b>93,497</b>	<b>94,400</b>	<b>109,864</b>	<b>214,602</b>	<b>207,364</b>	<b>206,034</b>	<b>229,612</b>	<b>252,564</b>	<b>283,766</b>
Transport Assets	93,497	94,400	109,864	214,602	207,364	206,034	229,612	252,564	283,766
<b>Total Repairs and Maintenance</b>	<b>1,336,283</b>	<b>1,328,381</b>	<b>1,660,851</b>	<b>2,934,165</b>	<b>2,975,641</b>	<b>2,958,013</b>	<b>3,519,006</b>	<b>3,792,620</b>	<b>4,231,597</b>

The amount budgeted for repairs and maintenance in the 2017/18 financial year represents 6.7% of the value of Property, Plant and Equipment (see table above). Due to the increase in the R&M budget, this percentage will increase to 7% in 2019/20.

### 1.5.2 Free Basic Services: Basic Social Services Package

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

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

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

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

**Table 19 Cost of Free Basic Services and Indigents**

Description	Actuals 2015/2016	Amended Budget 2016/17	Full Year Forecast	Budget 2017/18	% Increase	Budget 2018/19	% Increase	Budget 2019/20	% Increase
Income Forgone: R150K Rate Exclusions	738,434	637,481	637,481	738,914	15.91%	790,638	7.00%	845,982	7.00%
Income Forgone: Sanitation 6Kl	349,971	351,745	351,745	399,332	13.53%	431,279	8.00%	465,781	8.00%
Income Forgone: Water 6Kl	482,637	492,617	492,617	537,248	9.06%	580,228	8.00%	626,646	8.00%
<b>TOTAL FREE BASIC SERVICES</b>	<b>1,571,042</b>	<b>1,481,843</b>	<b>1,481,843</b>	<b>1,675,494</b>	<b>13.07%</b>	<b>1,802,144</b>	<b>7.56%</b>	<b>1,938,410</b>	<b>7.56%</b>
Grants: Indigent Rates	35,685	45,557	45,557	41,233	-9.49%	44,120	7.00%	47,208	7.00%
Grants: Free Basic Electricity	219,574	221,694	221,694	222,212	0.23%	244,433	10.00%	268,877	10.00%
Eskom: Free Basic Electricity	92,212	130,000	130,000	143,000	10.00%	151,437	5.90%	160,220	5.80%
Tankering of Water	10,475	20,055	20,055	20,872	4.08%	22,104	5.90%	23,386	5.80%
Refuse Removal: Informal Settlements	8,097	15,000	15,000	15,000	0.00%	15,885	5.90%	16,806	5.80%
Grants: Sanitation 3Kl	28,305	34,533	34,533	36,260	5.00%	39,161	8.00%	42,294	8.00%
Grants: Water 3Kl	38,895	47,777	47,777	50,166	5.00%	54,180	8.00%	58,514	8.00%
chemical toilets funded by own revenue	-	-	-	168,751	0.00%	178,708	5.90%	189,073	5.80%
Excess Consumption	379,765	290,768	290,768	308,214	6.00%	329,789	7.00%	352,874	7.00%
<b>TOTAL GRANTS: INDIGENTS</b>	<b>813,009</b>	<b>805,385</b>	<b>805,385</b>	<b>1,005,710</b>	<b>24.87%</b>	<b>1,079,816</b>	<b>7.37%</b>	<b>1,159,252</b>	<b>7.36%</b>
Grants: Pensioner Rebate	48,154	51,263	51,263	56,878	10.95%	60,859	7.00%	65,119	7.00%
Grants: Rates (Other)	24,318	26,762	26,762	29,815	11.41%	31,902	7.00%	34,135	7.00%
Grants: Refuse Removal	129,592	112,716	112,716	127,369	13.00%	136,922	7.50%	147,191	7.50%
<b>TOTAL GRANTS: SOCIAL CONTRIBUTIONS</b>	<b>202,065</b>	<b>190,741</b>	<b>190,741</b>	<b>214,061</b>	<b>12.23%</b>	<b>229,683</b>	<b>7.30%</b>	<b>246,445</b>	<b>7.30%</b>
<b>TOTAL: FREE BASIC SERVICES AND GRANTS</b>	<b>2,586,116</b>	<b>2,477,968</b>	<b>2,477,968</b>	<b>2,895,265</b>	<b>16.84%</b>	<b>3,111,643</b>	<b>7.47%</b>	<b>3,344,107</b>	<b>7.47%</b>
DISCRETIONARY GRANTS: SOCIAL SUPPORT	19,589,360	100,000,000	100,000,000	100,000,000	0.00%	100,000,000	0.00%	100,000,000	0.00%
INDIGENT BURIALS	2,107,900	1,555,000	1,534,785	1,008,580	-35.14%	1,108,429	9.90%	1,219,272	10.00%
SUBSIDY: SPCA	3,022,750	3,175,000	3,175,000	3,368,675	6.10%	3,567,427	5.90%	3,774,338	5.80%
GRANTS: EDUCATION (EXTERNAL)	33,163,428	135,500,000	131,164,000	100,000,000	-26.20%	100,000,000	0.00%	100,000,000	0.00%
GRANTS: INDIGENT MANAGEMENT	1,312,494	6,400,000	6,400,000	5,163,961	-19.31%	5,673,193	9.86%	6,242,712	10.04%
<b>Total Other</b>	<b>59,195,932</b>	<b>246,630,000</b>	<b>242,273,785</b>	<b>209,541,216</b>	<b>-15.04%</b>	<b>210,349,049</b>	<b>0.39%</b>	<b>211,236,322</b>	<b>0.42%</b>
<b>TOTAL</b>	<b>2,645,311,715</b>	<b>2,724,598,430</b>	<b>2,720,242,215</b>	<b>3,104,806,598</b>	<b>13.95%</b>	<b>3,321,992,422</b>	<b>7.00%</b>	<b>3,555,343,213</b>	<b>7.02%</b>

The total cost of FBS and grants and subsidies as budgeted in 2017/18 amounts to R3.1 billion.

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

- Electricity supply to all Tariff A users is heavily subsidised and sold below cost to residents. The cost to subsidise the tariff is not included in the above table.

- The provision of chemical toilets to informal settlements is not included because the cost thereof is funded by USDG.
- The Council's Indigent Policy prescribes various concessions to registered indigents on sundry services, such as cemetery fees, use of halls and community centres, ambulance and emergency fees, etc.

Further detail relating to FBS, the cost of FBS, revenue lost owing to FBS and basic service delivery measurement is contained in Table 31 MBRR A10 (Basic Service Delivery Measurement) on page 77.

## 1.6 Capital expenditure

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

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

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

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

The Capital Budget will be funded as follows:

- ▶ **USDG grant** to be based on Housing Department's integrated planning and funding strategy and in compliance with the USDG framework;

- ▶ **Other grant** funding to be used to fund social projects that will not necessarily generate revenue;
- ▶ **External Loans** to be used to fund economic infrastructure that will stimulate economic growth and job creation;
- ▶ **Cash** generated from revenue will be used to fund movable assets;

The capital programme is aligned to asset renewal needs and backlog eradication goals and 42.20% of the total capital amount will be utilised for asset renewals. Operational gains and efficiencies will be directed to funding the Capital Budget. Strict adherence to the principle of no project plans no budget, if there is no business plan, no funding allocation can be made.

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

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

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

Economic development	– R 1,462,968,000 (22.86%)
Upgrading and renewal	– R 2,700,282,470 (42.20%)
Urban restructuring	– R 2,236,106,242 (34.94%)

The National Treasury has set a benchmark of 39% - 40% of the Capital Budget to be spent on renewal projects and this was taken into account. This budget allocates 42.20% for asset renewals.

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

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

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

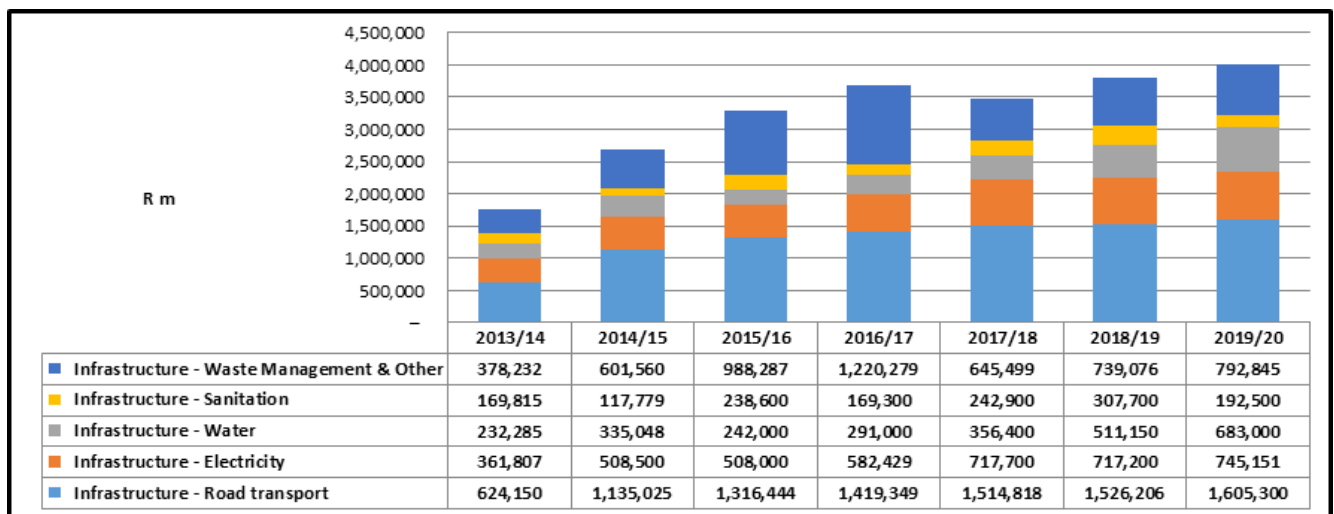
Vote Description	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework				
	Adjusted Budget	%	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	%
<b>R thousand</b>								
Chief Operating Officer	180,000	0.00%	171,000	171,000	112,200,000	112,200,000	112,200,000	1.64%
City Manager	3,240,000	0.06%	3,078,000	3,078,000	3,078,000	140,000	140,000	0.00%
City Planning	31,566,000	0.62%	29,987,700	29,987,700	2,900,000	51,788,636	48,400,000	0.76%
Communication and Brand Management	1,550,000	0.03%	1,472,500	1,472,500	750,000	950,000	1,150,000	0.01%
Corporate Legal Services	650,000	0.01%	617,500	617,500	450,000	500,000	500,000	0.01%
Council General	421,418,041	8.21%	400,347,139	400,347,139	400,347,139	532,400,000	581,400,000	7.77%
Customer Relations Management	63,234,796	1.23%	60,073,056	60,073,056	35,000,000	8,000,000	5,000,000	0.12%
Disaster & Emergency Management Services	198,151,320	3.86%	188,243,754	188,243,754	188,243,754	192,500,000	142,000,000	2.81%
Economic Development	174,473,566	3.40%	165,749,888	165,749,888	145,100,000	180,800,000	175,300,000	2.64%
EMPD	108,200,000	2.11%	102,790,000	102,790,000	149,000,000	114,500,000	95,000,000	1.67%
Energy	648,829,000	12.65%	616,387,550	616,387,550	717,700,000	717,200,000	745,151,000	10.46%
Environmental Resources Management	142,219,668	2.77%	135,108,685	135,108,685	167,000,000	320,950,000	345,200,000	4.68%
EPMO	550,000	0.01%	522,500	522,500	1,150,000	1,150,000	1,100,000	0.02%
Executive Office	12,900,000	0.25%	12,255,000	12,255,000	7,550,000	3,500,000	4,300,000	0.05%
Finance	8,951,000	0.17%	8,503,450	8,503,450	8,503,450	660,000	680,000	0.01%
Fleet Management	23,320,486	0.45%	22,154,462	22,154,462	2,154,462	3,017,200	11,514,000	0.04%
Health & Social Development	82,613,484	1.61%	78,482,810	78,482,810	91,150,000	111,700,000	144,700,000	1.63%
Human Resources Management & Development	1,000,000	0.02%	950,000	950,000	1,500,000	1,800,000	1,400,000	0.03%
Human Settlements	710,359,021	13.84%	674,841,070	674,841,070	1,001,526,242	1,087,711,733	1,293,466,717	15.86%
ICT	426,814,962	8.32%	405,474,214	405,474,214	609,347,770	570,606,971	644,846,768	8.32%
Internal Audit	424,500	0.01%	403,275	403,275	440,000	450,000		0.01%
Legislature	5,859,500	0.11%	5,566,525	5,566,525	6,444,500	5,979,850	6,492,835	0.09%
Real Estate	113,520,000	2.21%	107,844,000	107,844,000	166,710,000	199,220,000	196,500,000	2.91%
Risk Management	324,000	0.01%	307,800	307,800	307,800	310,000	310,000	0.00%
Roads and Stormwater	645,638,415	12.58%	613,356,494	613,356,494	683,800,000	662,450,000	712,050,000	9.66%
SRAC	125,173,112	2.44%	118,914,456	118,914,456	132,900,000	124,150,000	159,700,000	1.81%
Strategy & Corporate Planning	520,000	0.01%	494,000	494,000	560,000	570,000	570,000	0.01%
Transport	718,458,860	14.00%	682,535,917	682,535,917	831,018,000	863,756,000	893,250,000	12.60%
Waste Management	126,210,700	2.46%	119,900,165	119,900,165	166,450,000	168,500,000	167,500,000	2.46%
Water & Sanitation	334,555,269	6.52%	317,827,506	317,827,506	599,300,000	818,850,000	875,500,000	11.94%
<b>Total Capital Budget</b>	<b>5,130,905,700</b>	<b>100.00%</b>	<b>4,874,360,415</b>	<b>4,874,360,415</b>	<b>6,399,356,712</b>	<b>6,856,310,390</b>	<b>7,365,321,320</b>	<b>100.00%</b>

For 2017/18 an amount of R3.477 billion has been appropriated for the development of infrastructure which represents 54.33% of the total Capital Budget. In the outer years, this amount totals R3.801 billion, 55.44% and R4.018 billion, 54.56% respectively for each of the financial years. Infrastructure development relates to roads and stormwater, electricity, water and waste water management, and waste management. According to National

Treasury’s new reforms, Housing has now been classified as Investment Properties and not Infrastructure.

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

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



**Figure 2 Capital Infrastructure Programme**

### 1.7 Annual Budget Tables - Parent Municipality

The following pages in this section presents the 10 main budget tables as required in terms of Section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality’s 2017/18 budget and MTREF as approved by Council. Each table is accompanied by explanatory notes on the facing page.



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

Table 21 MBRR Table A1 - Budget Summary

EKU Ekurhuleni Metro - Table A1 Budget Summary										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Financial Performance</b>										
Property rates	3,427,709	3,693,387	3,946,659	4,661,284	4,661,284	4,637,970	4,637,970	5,088,330	5,601,001	6,161,365
Service charges	14,861,038	16,304,459	17,130,455	20,989,266	20,959,265	20,733,186	20,733,186	19,807,888	21,720,158	23,818,312
Investment revenue	370,295	519,167	632,624	322,080	322,080	316,895	316,895	394,026	417,239	458,776
Transfers recognised - operational	3,823,804	4,113,096	4,464,972	3,502,418	3,513,278	3,513,278	3,513,278	5,406,054	5,798,706	6,261,312
Other own revenue	1,065,760	1,173,701	1,326,391	2,903,921	2,919,041	2,768,551	2,768,551	1,433,750	1,518,341	1,618,812
<b>Total Revenue (excluding capital transfers and contributions)</b>	23,548,607	25,803,810	27,501,101	32,378,969	32,374,949	31,969,880	31,969,880	32,130,048	35,055,445	38,318,577
Employee costs	5,432,135	5,587,350	6,338,421	6,515,448	6,244,842	6,086,850	6,086,850	7,130,392	7,548,773	8,032,963
Remuneration of councillors	94,141	99,977	105,696	126,553	126,553	116,809	116,809	130,316	139,308	148,781
Depreciation & asset impairment	1,978,922	2,057,381	1,945,234	1,805,346	1,805,346	1,803,583	1,803,583	2,001,799	2,382,937	2,741,668
Finance charges	572,960	571,556	848,639	662,383	663,333	640,390	640,390	738,209	986,116	1,125,824
Materials and bulk purchases	10,821,994	11,546,889	13,323,007	15,423,188	15,464,592	15,300,547	15,300,547	16,437,334	17,928,287	19,700,378
Transfers and grants	1,060,444	1,167,559	1,096,477	1,941,318	2,125,735	2,120,724	2,120,724	1,117,152	1,185,870	1,259,619
Other expenditure	3,247,752	4,362,364	3,820,536	5,903,961	5,927,775	5,827,176	5,827,176	4,574,736	4,884,120	5,309,319
<b>Total Expenditure</b>	23,208,349	25,393,075	27,478,011	32,378,197	32,358,177	31,896,079	31,896,079	32,129,938	35,055,410	38,318,552
<b>Surplus/(Deficit)</b>	340,258	410,735	23,090	773	16,772	73,801	73,801	110	35	25
Transfers and subsidies - capital (money)	1,516,157	1,647,087	2,147,158	1,876,755	1,797,686	1,797,686	1,797,686	2,303,664	2,412,096	2,565,554
Contributions recognised - capital & contributions	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	1,856,415	2,057,822	2,170,248	1,877,528	1,814,458	1,871,487	1,871,487	2,303,775	2,412,131	2,565,579
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	1,856,415	2,057,822	2,170,248	1,877,528	1,814,458	1,871,487	1,871,487	2,303,775	2,412,131	2,565,579

CITY OF EKURHULENI – FINAL BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro - Table A1 Budget Summary										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousands</b>										
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>2,612,301</b>	3,069,164	4,093,865	5,130,961	5,103,440	4,848,268	4,848,268	6,399,357	6,856,310	7,365,321
Transfers recognised - capital	<b>1,514,442</b>	1,647,442	2,146,263	1,876,755	1,797,686	1,797,686	1,797,686	2,303,664	2,412,096	2,565,554
Public contributions & donations	<b>26,259</b>	1,700	–	–	–	–	–	–	–	–
Borrowing	<b>838,118</b>	971,607	–	1,790,950	1,856,087	1,763,282	1,763,282	3,245,427	3,448,561	3,805,800
Internally generated funds	<b>233,482</b>	448,415	1,947,602	1,463,256	1,449,667	1,287,299	1,287,299	850,265	995,654	993,968
<b>Total sources of capital funds</b>	<b>2,612,301</b>	3,069,164	4,093,865	5,130,961	5,103,440	4,848,268	4,848,268	6,399,357	6,856,310	7,365,321
<b>Financial position</b>										
Total current assets	<b>11,258,186</b>	13,324,231	14,615,895	14,555,196	13,531,111	12,181,645	12,181,645	14,422,973	15,033,129	14,584,190
Total non current assets	<b>43,635,914</b>	45,911,054	48,162,544	49,061,352	49,821,666	51,171,132	51,171,132	55,301,654	59,432,772	63,505,680
Total current liabilities	<b>6,536,463</b>	7,353,457	8,600,478	6,307,447	8,307,447	8,307,447	8,307,447	8,988,710	9,570,027	11,934,822
Total non current liabilities	<b>7,851,057</b>	8,311,132	8,524,801	8,790,780	8,800,593	8,800,593	8,800,593	11,826,364	15,023,215	16,872,327
Community wealth/Equity	<b>40,506,580</b>	43,570,696	45,653,160	48,518,321	46,244,736	46,244,736	46,244,736	48,909,553	49,872,659	49,282,721
<b>Cash flows</b>										
Net cash from (used) operating	<b>3,910,406</b>	4,529,589	4,860,358	4,702,372	4,639,302	4,639,302	4,639,302	4,725,613	4,460,140	5,154,713
Net cash from (used) investing	<b>(2,568,554)</b>	(3,284,829)	(4,281,597)	(4,518,103)	(4,488,932)	(5,838,398)	(5,838,398)	(6,219,561)	(6,566,123)	(6,950,168)
Net cash from (used) financing	<b>178,311</b>	562,075	(307,551)	1,427,285	1,437,098	1,437,098	1,437,098	2,569,316	2,886,600	1,496,083
<b>Cash/cash equivalents at the year end</b>	<b>5,894,540</b>	7,701,376	7,972,586	9,312,930	8,288,845	6,939,379	6,939,379	9,364,213	10,144,830	9,845,458
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	<b>6,674,872</b>	8,698,950	9,215,438	10,525,032	9,500,947	9,500,947	9,500,947	12,168,079	13,196,644	13,151,250
Application of cash and investments	<b>3,264,687</b>	4,045,967	3,603,114	3,076,551	4,030,490	3,966,263	3,966,263	5,054,185	5,761,019	6,534,488
<b>Balance - surplus (shortfall)</b>	<b>3,410,185</b>	4,652,983	5,612,323	7,448,481	5,470,458	5,534,685	5,534,685	7,113,895	7,435,626	6,616,761

CITY OF EKURHULENI – FINAL BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro - Table A1 Budget Summary										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Asset management</b>										
Asset register summary (WDV)	<b>42,996,146</b>	45,024,483	47,059,822	47,987,346	48,747,659	48,747,659	52,635,882	52,635,882	56,519,053	60,337,982
Depreciation	<b>1,978,923</b>	2,057,381	1,945,234	1,805,346	1,805,346	1,803,583	2,001,799	2,001,799	2,382,937	2,741,668
Renewal of Existing Assets	<b>1,183,988</b>	1,263,430	1,928,851	2,044,696	2,081,055	1,977,002	1,977,002	2,730,268	2,584,241	2,962,868
Repairs and Maintenance	<b>1,336,283</b>	1,328,381	1,660,851	2,934,165	2,975,641	2,958,013	3,519,006	3,519,006	3,792,620	4,231,597
<b>Free services</b>										
Cost of Free Basic Services provided	<b>518,165</b>	600,287	2,067,504	2,589,856	2,614,176	2,614,176	2,679,412	2,679,412	2,893,404	3,104,557
Revenue cost of free services provided	<b>1,224,258</b>	1,293,374	1,714,127	1,672,225	1,663,343	1,663,343	1,127,342	1,127,342	1,224,639	1,292,072
<b>Households below minimum service level</b>										
Water:	22	11	11	11	11	11	11	11	11	11
Sanitation/sewerage:	–	35	35	35	35	35	35	35	35	35
Energy:	27	27	27	27	15	15	10	10	10	10
Refuse:	187	165	165	165	164	164	164	164	164	164

### **Explanatory notes to MBRR Table A1 - Budget Summary**

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

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

EKU Ekurhuleni Metro - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)									
Functional Classification Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue - Functional</b>									
<b><i>Governance and administration</i></b>	<b>5,947,493</b>	<b>6,548,796</b>	<b>7,037,898</b>	<b>7,667,769</b>	<b>7,669,618</b>	<b>7,611,613</b>	<b>8,244,484</b>	<b>8,998,359</b>	<b>9,827,293</b>
Executive and council	508	612	1,562	–	–	(135)	–	–	–
Finance and administration	5,946,372	6,547,569	7,037,010	7,667,368	7,665,319	7,610,353	8,242,665	8,996,489	9,825,377
Internal audit	614	615	(674)	400	4,298	1,394	1,819	1,870	1,916
<b><i>Community and public safety</i></b>	<b>514,924</b>	<b>532,186</b>	<b>502,131</b>	<b>1,090,651</b>	<b>1,134,326</b>	<b>1,115,281</b>	<b>1,227,529</b>	<b>1,097,929</b>	<b>1,201,514</b>
Community and social services	33,504	33,419	(3,224)	41,403	42,946	35,486	35,736	37,525	39,644
Sport and recreation	166,712	29,936	(51,356)	21,426	22,738	22,421	308	(650)	(1,713)
Public safety	3,275	3,844	(76,243)	7,743	7,743	1,728	(1,064)	(1,451)	(1,902)
Housing	118,183	278,344	497,331	816,768	856,990	856,047	1,060,732	923,894	1,017,530
Health	193,249	186,643	135,622	203,311	203,909	199,599	131,817	138,612	147,954
<b><i>Economic and environmental services</i></b>	<b>916,183</b>	<b>935,202</b>	<b>1,207,358</b>	<b>991,954</b>	<b>917,165</b>	<b>863,154</b>	<b>1,229,613</b>	<b>1,221,426</b>	<b>1,242,929</b>
Planning and development	80,368	119,216	78,904	62,708	62,708	53,626	135,423	141,147	143,039
Road transport	835,389	815,610	1,112,886	929,121	854,301	809,384	1,094,060	1,080,140	1,099,743
Environmental protection	426	376	15,569	125	156	143	131	139	147
<b><i>Trading services</i></b>	<b>17,432,027</b>	<b>19,157,577</b>	<b>20,645,497</b>	<b>24,194,293</b>	<b>24,140,469</b>	<b>23,933,992</b>	<b>23,407,740</b>	<b>25,806,409</b>	<b>28,249,134</b>
Energy sources	11,137,892	12,144,306	12,964,303	14,394,541	14,349,612	14,204,948	14,132,644	15,553,697	17,085,737
Water management	4,040,273	4,577,129	4,834,142	6,124,905	6,025,732	6,005,225	6,031,619	6,725,634	7,354,856
Waste water management	885,852	1,005,144	1,399,639	1,605,000	1,695,278	1,688,925	1,386,668	1,497,574	1,617,350
Waste management	1,368,009	1,430,998	1,447,413	2,069,847	2,069,847	2,034,893	1,856,809	2,029,504	2,191,191
<b><i>Other</i></b>	<b>254,136</b>	<b>277,136</b>	<b>255,376</b>	<b>311,058</b>	<b>311,057</b>	<b>243,527</b>	<b>324,346</b>	<b>343,417</b>	<b>363,261</b>
<b>Total Revenue - Functional</b>	<b>25,064,764</b>	<b>27,450,897</b>	<b>29,648,259</b>	<b>34,255,725</b>	<b>34,172,635</b>	<b>33,767,566</b>	<b>34,433,713</b>	<b>37,467,541</b>	<b>40,884,131</b>

CITY OF EKURHULENI – FINAL BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)									
Functional Classification Description R thousand	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Expenditure - Functional</b>									
<b>Governance and administration</b>	<b>2,537,497</b>	<b>2,995,254</b>	<b>3,116,009</b>	<b>3,164,322</b>	<b>3,134,413</b>	<b>3,043,376</b>	<b>3,283,531</b>	<b>3,916,635</b>	<b>4,515,492</b>
Executive and council	311,217	513,475	647,638	845,204	825,741	802,115	877,840	940,461	1,003,428
Finance and administration	1,809,599	2,112,639	2,184,831	2,034,017	1,930,122	1,871,165	2,007,756	2,549,905	3,055,455
Internal audit	416,680	369,139	283,540	285,100	378,549	370,096	397,935	426,269	456,609
<b>Community and public safety</b>	<b>2,918,653</b>	<b>3,146,127</b>	<b>3,179,407</b>	<b>3,573,605</b>	<b>3,584,484</b>	<b>3,514,773</b>	<b>3,897,448</b>	<b>4,082,347</b>	<b>4,401,044</b>
Community and social services	273,793	290,248	631,905	663,879	758,378	742,056	478,726	513,044	550,482
Sport and recreation	941,079	857,786	860,004	923,216	772,492	760,605	873,206	940,324	1,014,037
Public safety	310,538	412,273	34,417	49,613	50,766	49,678	407,104	437,004	470,005
Housing	370,761	486,935	510,969	681,236	698,174	686,714	705,904	650,446	710,343
Health	1,022,482	1,098,885	1,142,112	1,255,660	1,304,674	1,275,720	1,432,509	1,541,528	1,656,177
<b>Economic and environmental services</b>	<b>2,557,004</b>	<b>2,688,719</b>	<b>3,233,648</b>	<b>3,985,552</b>	<b>4,015,249</b>	<b>3,929,969</b>	<b>4,239,997</b>	<b>4,515,834</b>	<b>4,858,132</b>
Planning and development	254,529	367,549	411,355	568,529	638,044	625,227	549,924	549,429	589,084
Road transport	2,264,212	2,255,282	2,746,632	3,299,413	3,266,574	3,195,737	3,604,488	3,874,875	4,170,912
Environmental protection	38,262	65,889	75,661	117,610	110,631	109,005	85,585	91,530	98,136
<b>Trading services</b>	<b>14,999,839</b>	<b>16,360,246</b>	<b>17,731,329</b>	<b>21,436,784</b>	<b>21,418,543</b>	<b>21,206,708</b>	<b>20,471,822</b>	<b>22,286,585</b>	<b>24,271,833</b>
Energy sources	10,305,012	11,244,541	11,780,257	13,445,631	13,429,343	13,400,429	13,236,024	14,510,021	15,876,331
Water management	3,283,608	3,426,110	4,022,628	5,637,381	5,643,105	5,491,534	5,102,653	5,495,176	5,930,704
Waste water management	445,927	516,682	633,113	735,383	732,721	723,305	728,452	786,876	850,134
Waste management	965,292	1,172,913	1,295,331	1,618,389	1,613,375	1,591,441	1,404,693	1,494,512	1,614,663
<b>Other</b>	<b>195,356</b>	<b>202,729</b>	<b>217,618</b>	<b>217,935</b>	<b>205,488</b>	<b>201,253</b>	<b>237,140</b>	<b>254,008</b>	<b>272,051</b>
<b>Total Expenditure - Functional</b>	<b>23,208,349</b>	<b>25,393,075</b>	<b>27,478,011</b>	<b>32,378,197</b>	<b>32,358,177</b>	<b>31,896,079</b>	<b>32,129,938</b>	<b>35,055,410</b>	<b>38,318,552</b>
<b>Surplus/(Deficit) for the year</b>	<b>1,856,415</b>	<b>2,057,822</b>	<b>2,170,248</b>	<b>1,877,528</b>	<b>1,814,458</b>	<b>1,871,487</b>	<b>2,303,775</b>	<b>2,412,131</b>	<b>2,565,579</b>

---

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

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

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

EKU Ekurhuleni Metro - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)									
Vote Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue by Vote</b>									
Vote 1 - Executive and Council	–	0	–	–	–	–	–	–	–
Vote 2 - Finance and Corporate Services	6,008,617	6,577,490	7,039,113	7,668,826	7,670,675	7,612,670	8,245,684	8,999,630	9,828,637
Vote 3 - Energy	10,977,661	11,967,281	12,778,786	14,221,218	14,179,789	14,037,214	13,967,455	15,378,920	16,901,157
Vote 4 - Water and Sanitation	4,926,149	5,582,272	6,233,781	7,729,905	7,721,010	7,694,150	7,418,287	8,223,208	8,972,207
Vote 5 - Waste Management	1,368,009	1,430,998	1,447,413	2,069,847	2,069,847	2,034,893	1,856,809	2,029,504	2,191,191
Vote 6 - Human Settlements	118,183	278,344	497,331	816,768	856,990	856,047	1,060,732	923,894	1,017,530
Vote 7 - City Planning	33,412	81,543	65,156	40,583	40,583	31,501	90,705	141,147	143,039
Vote 8 - Economic Development	65,273	56,704	31,767	44,344	44,344	39,827	67,578	24,202	25,598
Vote 9 - Disaster and Emergency Management Services	167,218	185,596	55,630	188,132	184,632	173,883	161,319	169,974	178,704
Vote 10 - Sports, Recreation, Arts & Culture (SRAC)	139,229	34,775	(35,233)	29,745	32,599	31,265	1,215	(9)	(1,091)
Vote 11 - Health and Social Development	189,492	181,917	189,267	196,245	196,843	195,179	134,636	141,977	151,942
Vote 12 - Environmental Resource Management	312	261	(4,994)	32,152	32,183	25,727	33,760	35,751	37,825
Vote 13 - Ekurhuleni Metropolitan Police Department (EMPD)	18,159	107,231	65,760	107,542	122,542	122,377	155,149	164,264	173,747
Vote 14 - Transport Planning & Provisioning	503,349	764,452	900,663	911,044	835,044	741,866	1,079,718	1,073,174	1,135,087
Vote 15 - Roads and Stormwater	549,702	202,032	383,820	199,373	185,553	170,966	160,666	161,903	128,557
<b>Total Revenue by Vote</b>	<b>25,064,764</b>	<b>27,450,897</b>	<b>29,648,259</b>	<b>34,255,725</b>	<b>34,172,635</b>	<b>33,767,566</b>	<b>34,433,713</b>	<b>37,467,541</b>	<b>40,884,131</b>



CITY OF EKURHULENI – FINAL BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)									
Vote Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Expenditure by Vote to be appropriated</b>									
Vote 1 - Executive and Council	234,752	278,855	328,600	431,579	457,639	440,748	525,111	563,224	599,877
Vote 2 - Finance and Corporate Services	2,860,124	3,288,861	2,808,023	2,757,653	2,700,292	2,625,256	2,780,469	3,377,042	3,940,933
Vote 3 - Energy	10,305,012	11,244,541	11,774,155	13,423,497	13,395,756	13,368,300	13,205,934	14,477,807	15,841,869
Vote 4 - Water and Sanitation	3,714,069	3,935,822	4,647,317	6,352,528	6,359,010	6,199,108	5,812,245	6,261,545	6,758,393
Vote 5 - Waste Management	961,557	1,172,913	1,295,331	1,618,389	1,613,375	1,591,441	1,404,693	1,494,512	1,614,663
Vote 6 - Human Settlements	370,866	486,935	510,988	684,257	698,186	686,725	705,913	650,456	710,354
Vote 7 - City Planning	159,736	235,105	240,259	264,947	269,925	264,703	307,143	331,245	358,378
Vote 8 - Economic Development	102,772	143,043	172,372	301,296	369,913	362,746	246,196	221,927	234,882
Vote 9 - Disaster and Emergency Management Services	642,791	762,245	749,238	798,160	808,313	791,130	860,368	921,765	988,045
Vote 10 - Sports, Recreation, Arts & Culture (SRAC)	681,025	598,662	588,255	625,671	608,590	598,093	657,375	704,676	755,002
Vote 11 - Health and Social Development	687,217	746,324	779,400	881,501	911,908	891,735	1,009,092	1,088,722	1,172,322
Vote 12 - Environmental Resource Management	25,303	52,280	633,993	727,625	700,952	687,485	779,452	839,486	906,866
Vote 13 - Ekurhuleni Metropolitan Police Department (EMPD)	876,380	966,386	1,191,695	1,370,515	1,369,192	1,341,034	1,474,900	1,593,475	1,703,893
Vote 14 - Transport Planning & Provisioning	284,629	291,399	352,028	612,283	525,021	484,604	576,677	619,304	666,524
Vote 15 - Roads and Stormwater	1,302,115	1,189,704	1,406,357	1,528,295	1,570,106	1,562,971	1,784,369	1,910,223	2,066,552
<b>Total Expenditure by Vote</b>	<b>23,208,349</b>	<b>25,393,075</b>	<b>27,478,011</b>	<b>32,378,197</b>	<b>32,358,177</b>	<b>31,896,079</b>	<b>32,129,938</b>	<b>35,055,410</b>	<b>38,318,552</b>
<b>Surplus/(Deficit) for the year</b>	<b>1,856,415</b>	<b>2,057,822</b>	<b>2,170,248</b>	<b>1,877,528</b>	<b>1,814,458</b>	<b>1,871,487</b>	<b>2,303,775</b>	<b>2,412,131</b>	<b>2,565,579</b>

## Explanatory notes to MBRR Table A3 - Budgeted Financial Performance

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

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

Description	1314	1415	1516	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full year Forecast	Budget 2017/18	Budget 2018/19	Budget 2019/20
<b>Electricity</b>									
Total Revenue (incl. capital grants and transfers)	11,048,479.00	11,945,513.00	13,247,392.00	14,221,218.00	14,179,789.00	14,037,214.00	13,967,455.00	15,378,920.00	16,901,157.00
Operating Expenditure	10,613,300.00	11,564,865.00	11,774,155.00	13,423,497.00	13,395,976.00	13,368,300.00	13,205,934.00	14,477,807.00	15,841,869.00
<b>Surplus/ (Deficit) for the year</b>	<b>435,179.00</b>	<b>380,648.00</b>	<b>1,473,237.00</b>	<b>797,721.00</b>	<b>783,813.00</b>	<b>668,914.00</b>	<b>761,521.00</b>	<b>901,113.00</b>	<b>1,059,288.00</b>
<b>Percentage Surplus</b>	3.94%	3.19%	11.12%	5.61%	5.53%	5%	5.45%	5.86%	6.27%
<b>Water</b>									
Total Revenue (incl capital grants and transfers)	4,937,452.00	5,462,948.00	7,094,140.00	7,729,905.00	7,721,010.00	7,694,150.00	7,418,287.00	8,223,208.00	8,972,207.00
Operating Expenditure	3,889,156.00	4,112,360.00	4,714,517.00	6,352,528.00	6,340,860.00	6,199,108.00	5,812,245.00	6,261,545.00	6,758,393.00
<b>Surplus/ (Deficit) for the year</b>	<b>1,048,296.00</b>	<b>1,350,588.00</b>	<b>2,379,623.00</b>	<b>1,377,377.00</b>	<b>1,380,150.00</b>	<b>1,495,042.00</b>	<b>1,606,042.00</b>	<b>1,961,663.00</b>	<b>2,213,814.00</b>
<b>Percentage Surplus</b>	21.23%	24.72%	33.54%	17.82%	17.88%	19%	21.65%	23.86%	24.67%
<b>Refuse</b>									
Total Revenue (incl capital grants and transfers)	1,520,875.00	1,615,343.00	1,610,038.00	2,069,847.00	2,069,847.00	2,034,893.00	1,856,809.00	2,029,504.00	2,191,191.00
Operating Expenditure	1,135,652.00	1,361,043.00	1,424,923.00	1,618,389.00	1,613,355.00	1,591,441.00	1,404,693.00	1,494,512.00	1,614,663.00
<b>Surplus/ (Deficit) for the year</b>	<b>385,223.00</b>	<b>254,300.00</b>	<b>185,115.00</b>	<b>451,458.00</b>	<b>456,492.00</b>	<b>443,452.00</b>	<b>452,116.00</b>	<b>534,992.00</b>	<b>576,528.00</b>
<b>Percentage Surplus</b>	25%	16%	11%	22%	22%	22%	24%	26%	26%
<b>Total for Trading Services</b>									
Total Revenue (incl capital grants and transfers)	17,506,806.00	19,023,804.00	21,951,570.00	24,020,970.00	23,970,646.00	23,766,257.00	23,242,551.00	25,631,632.00	28,064,555.00
Operating Expenditure	15,638,108.00	17,038,268.00	17,913,595.00	21,394,414.00	21,350,191.00	21,158,849.00	20,422,872.00	22,233,864.00	24,214,925.00
<b>Surplus/ (Deficit) for the year</b>	<b>1,868,698.00</b>	<b>1,985,536.00</b>	<b>4,037,975.00</b>	<b>2,626,556.00</b>	<b>2,620,455.00</b>	<b>2,607,408.00</b>	<b>2,819,679.00</b>	<b>3,397,768.00</b>	<b>3,849,630.00</b>
<b>Percentage Surplus</b>	11%	10%	18%	11%	11%	11%	12%	13%	14%

---

The electricity trading surplus is **decreasing** from R783 million in 2016/17 budget to R761 million in 2017/18 MTREF. The decline is due to the SCOA framework reclassification of the cost of free basic services.

Due to improved efficiencies in the water and sanitation account the surplus is increasing from from R1.38 billion in 2016/17 budget to R1.60 billion in 2017/18 MTREF.

Waste Management reflects a surplus of R452 million in 2017/18. In the outer years, the surplus is R534 million and R576 million respectively.

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

EKU Ekurhuleni Metro - Table A4 Budgeted Financial Performance (revenue and expenditure)										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
<b>Revenue By Source</b>										
Property rates	3,427,709	3,693,387	3,946,659	4,661,284	4,661,284	4,637,970	4,637,970	5,088,330	5,601,001	6,161,365
Service charges - electricity revenue	10,358,669	11,215,634	11,824,170	13,458,637	13,458,637	13,315,364	13,315,364	13,027,720	14,327,264	15,756,488
Service charges - water revenue	2,576,373	2,970,665	3,217,167	4,260,889	4,260,888	4,212,303	4,212,303	4,087,720	4,492,404	4,937,228
Service charges - sanitation revenue	895,456	1,005,144	1,054,668	1,646,274	1,646,274	1,688,507	1,688,507	1,355,300	1,463,724	1,580,822
Service charges - refuse revenue	962,652	1,040,979	961,447	1,486,709	1,486,709	1,452,359	1,452,359	1,214,668	1,307,061	1,406,545
Service charges - other	67,889	72,037	73,002	136,757	106,757	64,653	64,653	122,479	129,706	137,229
Rental of facilities and equipment	55,705	62,455	59,256	65,479	65,599	63,641	63,641	74,361	78,748	83,316
Interest earned - external investments	370,295	519,167	632,624	322,080	322,080	316,895	316,895	394,026	417,239	458,776
Interest earned - outstanding debtors	362,065	292,740	459,031	344,563	344,563	339,016	339,016	468,086	495,703	525,718
Dividends received	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	274,317	313,355	319,360	274,237	289,237	409,844	409,844	402,592	426,345	461,714
Licences and permits	41,011	53,622	51,651	193,025	193,025	47,961	47,961	74,483	78,877	83,737
Agency services	235,641	257,983	276,375	304,932	304,932	242,259	242,259	319,873	338,746	358,393
Transfers and subsidies	3,823,804	4,113,096	4,464,972	3,502,418	3,513,278	3,513,278	3,513,278	5,406,054	5,798,706	6,261,312
Other revenue	97,021	193,547	160,717	1,716,684	1,716,684	1,665,831	1,665,831	89,354	94,626	100,333
Gains on disposal of PPE				5,000	5,000	-	-	5,000	5,295	5,602
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>23,548,607</b>	<b>25,803,810</b>	<b>27,501,101</b>	<b>32,378,969</b>	<b>32,374,949</b>	<b>31,969,880</b>	<b>31,969,880</b>	<b>32,130,048</b>	<b>35,055,445</b>	<b>38,318,577</b>

---

**CITY OF EKURHULENI – FINAL BUDGET 2017/18 TO 2019/20**

<b>EKU Ekurhuleni Metro - Table A4 Budgeted Financial Performance (revenue and expenditure)</b>										
<b>Description</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>Current Year 2016/17</b>				<b>2017/18 Medium Term Revenue &amp; Expenditure Framework</b>		
	<b>Audited Outcome</b>	<b>Audited Outcome</b>	<b>Audited Outcome</b>	<b>Original Budget</b>	<b>Adjusted Budget</b>	<b>Full Year Forecast</b>	<b>Pre-audit outcome</b>	<b>Budget Year 2017/18</b>	<b>Budget Year +1 2018/19</b>	<b>Budget Year +2 2019/20</b>
<b>R thousand</b>										
<b>Expenditure By Type</b>										
Employee related costs	5,432,135	5,587,350	6,338,421	6,515,448	6,244,842	6,086,850	6,086,850	7,130,392	7,548,773	8,032,963
Remuneration of councillors	94,141	99,977	105,696	126,553	126,553	116,809	116,809	130,316	139,308	148,781
Debt impairment	1,343,750	2,211,425	1,434,058	1,468,871	1,468,871	1,468,871	1,468,871	1,540,949	1,662,032	1,820,811
Depreciation & asset impairment	1,978,922	2,057,381	1,945,234	1,805,346	1,805,346	1,803,583	1,803,583	2,001,799	2,382,937	2,741,668
Finance charges	572,960	571,556	848,639	662,383	663,333	640,390	640,390	738,209	986,116	1,125,824
Bulk purchases	9,485,711	10,218,508	11,662,156	12,489,022	12,488,950	12,342,535	12,342,535	12,918,328	14,135,667	15,468,781
Other materials	1,336,283	1,328,381	1,660,851	2,934,165	2,975,641	2,958,012	2,958,012	3,519,006	3,792,620	4,231,597
Contracted services	685,925	714,568	856,564	1,074,371	1,132,380	1,090,869	1,090,869	1,220,002	1,294,966	1,409,418
Transfers and subsidies	1,060,444	1,167,559	1,096,477	1,941,318	2,125,735	2,120,724	2,120,724	1,117,152	1,185,870	1,259,619
Other expenditure	1,217,356	1,428,532	1,529,914	3,345,719	3,326,524	3,267,437	3,267,437	1,798,784	1,911,236	2,062,284
Loss on disposal of PPE	721	7,838	–	15,000	–	–	–	15,000	15,885	16,806
<b>Total Expenditure</b>	<b>23,208,349</b>	<b>25,393,075</b>	<b>27,478,011</b>	<b>32,378,197</b>	<b>32,358,177</b>	<b>31,896,079</b>	<b>31,896,079</b>	<b>32,129,938</b>	<b>35,055,410</b>	<b>38,318,552</b>
<b>Surplus/(Deficit)</b>	<b>340,258</b>	<b>410,735</b>	<b>23,090</b>	<b>773</b>	<b>16,772</b>	<b>73,801</b>	<b>73,801</b>	<b>110</b>	<b>35</b>	<b>25</b>
allocations) (National / Provincial and District)	1,516,157	1,647,087	2,147,158	1,876,755	1,797,686	1,797,686	1,797,686	2,303,664	2,412,096	2,565,554
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental)	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>1,856,415</b>	<b>2,057,822</b>	<b>2,170,248</b>	<b>1,877,528</b>	<b>1,814,458</b>	<b>1,871,487</b>	<b>1,871,487</b>	<b>2,303,775</b>	<b>2,412,131</b>	<b>2,565,579</b>
Taxation	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after taxation</b>	<b>1,856,415</b>	<b>2,057,822</b>	<b>2,170,248</b>	<b>1,877,528</b>	<b>1,814,458</b>	<b>1,871,487</b>	<b>1,871,487</b>	<b>2,303,775</b>	<b>2,412,131</b>	<b>2,565,579</b>
Attributable to minorities	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) attributable to municipality</b>	<b>1,856,415</b>	<b>2,057,822</b>	<b>2,170,248</b>	<b>1,877,528</b>	<b>1,814,458</b>	<b>1,871,487</b>	<b>1,871,487</b>	<b>2,303,775</b>	<b>2,412,131</b>	<b>2,565,579</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>1,856,415</b>	<b>2,057,822</b>	<b>2,170,248</b>	<b>1,877,528</b>	<b>1,814,458</b>	<b>1,871,487</b>	<b>1,871,487</b>	<b>2,303,775</b>	<b>2,412,131</b>	<b>2,565,579</b>

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

Revenue generated from **rates and service charges** forms a significant percentage of the revenue basket for the metro. Rates and service charge revenues comprise 62% of the total revenue mix. In the 2017/18 financial year, revenue from rates and service charges totalled R19.8 billion in the income budget. It increases to R21.7 billion and R23.8 billion in the respective outer years.

Details in this regard are contained in Table 96 MBRR Table SA1 - Supporting detail to budgeted financial performance on page 246.

Electricity is the biggest source of income and represents R13 billion or 40.5% of the total income budget in 2017/18.

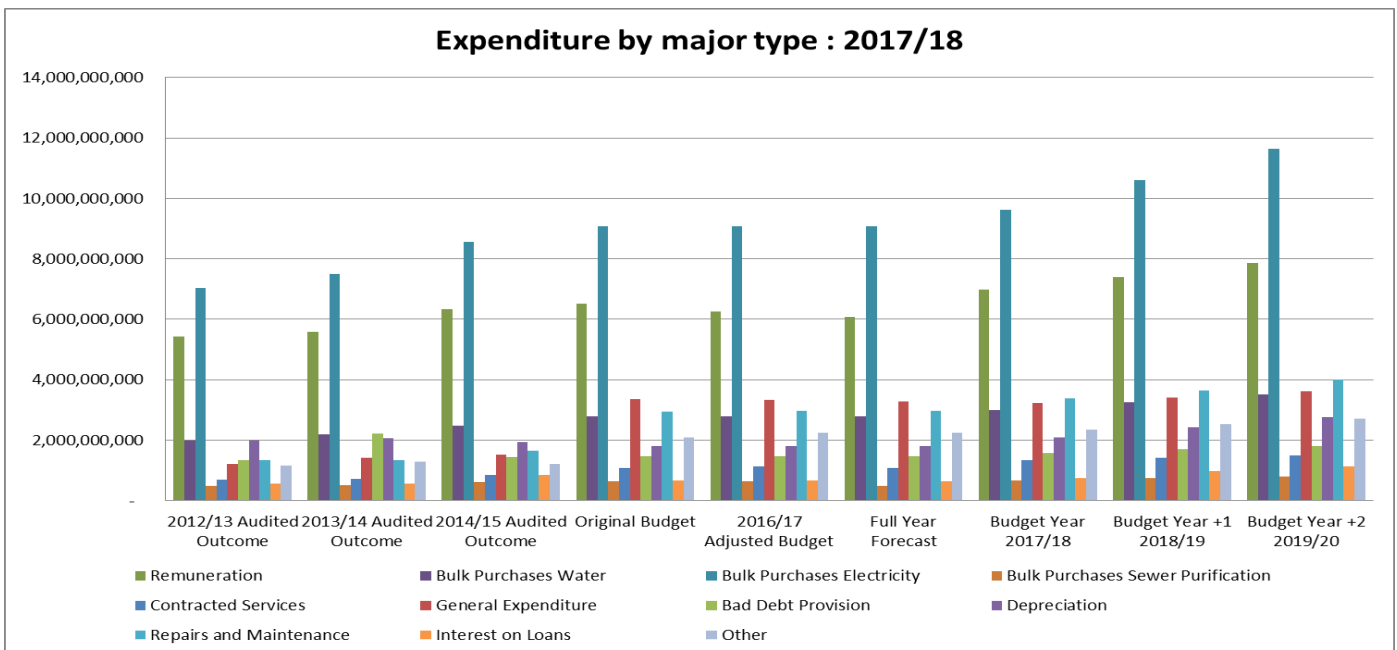
Property rates are the second largest revenue source totalling 16.0% of the total income budget or R5.6 billion.

Transfers and subsidies of R5.4 billion includes fuel levy of R1.6 billion in terms of GRAP standards. Operating grants and transfers in totals R3.7 billion or 10.5% of total income budget in the 2017/18 financial year and moves to R4.4 billion by 2019/20.

Bulk purchases significantly increased between 2016/17 and 2017/18, escalating from R12.4 billion to R12.9 billion.

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

**The following graph illustrates the major expenditure items per type.**



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

EKU Ekurhuleni Metro - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding										
Vote Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital expenditure - Vote</b>										
<b>Multi-year expenditure to be appropriated</b>										
Vote 1 - Executive and Council	–	–	–	–	–	–	–	–	–	–
Vote 2 - Finance and Corporate Services	313,061	385,015	547,317	834,577	834,577	792,849	792,849	1,393,917	1,356,308	1,467,929
Vote 3 - Energy	356,689	491,410	470,552	626,129	596,129	566,323	566,323	680,000	693,500	716,451
Vote 4 - Water and Sanitation	377,050	417,703	458,502	485,300	334,555	317,828	317,828	541,300	779,550	842,000
Vote 5 - Waste Management	63,810	29,563	91,263	86,250	82,711	78,575	78,575	120,950	123,000	117,000
Vote 6 - Human Settlements	52,630	100,072	422,671	549,117	708,979	673,530	673,530	991,156	1,085,412	1,290,028
Vote 7 - City Planning	–	–	–	–	–	–	–	–	48,389	45,000
Vote 8 - Economic Development	52,233	55,220	52,570	230,500	141,424	134,352	134,352	137,000	173,000	170,000
Vote 9 - Disaster and Emergency Management Services	33,984	48,142	65,069	67,100	109,881	104,387	104,387	101,400	102,600	57,000
Vote 10 - Sports, Recreation, Arts & Culture (SRAC)	126,977	69,535	157,886	100,760	103,473	98,300	98,300	90,000	89,150	140,700
Vote 11 - Health and Social Development	76,744	77,712	99,392	61,200	58,960	56,012	56,012	58,500	85,500	118,500
Vote 12 - Environmental Resource Management	8,979	7,399	70,014	42,150	55,508	52,732	52,732	29,500	132,550	137,600
Vote 13 - Ekurhuleni Metropolitan Police Department (EMPD)	17,626	33,962	19,533	33,300	52,700	50,065	50,065	66,500	55,000	39,000
Vote 14 - Transport Planning & Provisioning	247,795	478,859	613,850	865,189	712,059	676,456	676,456	811,718	795,156	828,150
Vote 15 - Roads and Stormwater	577,640	349,303	611,039	641,960	618,938	587,991	587,991	667,600	645,750	693,300
<b>Capital multi-year expenditure sub-total</b>	<b>2,305,217</b>	<b>2,543,894</b>	<b>3,679,659</b>	<b>4,623,533</b>	<b>4,409,895</b>	<b>4,189,400</b>	<b>4,189,400</b>	<b>5,689,541</b>	<b>6,164,864</b>	<b>6,662,657</b>



CITY OF EKURHULENI – FINAL BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding										
Vote Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
<b>Capital expenditure - Vote</b>										
<b>Single-year expenditure to be appropriated</b>										
Vote 1 - Executive and Council	8,064	4,924	6,018	23,100	22,000	20,900	20,900	16,375	9,620	10,933
Vote 2 - Finance and Corporate Services	67,616	101,236	60,042	58,829	58,829	55,888	55,888	89,451	75,526	89,242
Vote 3 - Energy	18,533	32,878	20,350	22,700	52,700	50,065	50,065	37,700	23,700	28,700
Vote 4 - Water and Sanitation	8,784	16,327	8,029	8,500	169,051	160,599	160,599	58,000	39,300	33,500
Vote 5 - Waste Management	43,522	46,156	37,571	43,500	43,500	41,325	41,325	45,500	45,500	50,500
Vote 6 - Human Settlements	954	78,533	2,125	1,380	1,380	1,311	1,311	10,370	2,300	3,439
Vote 7 - City Planning	4,473	2,578	2,981	4,300	4,100	3,895	3,895	2,900	3,400	3,400
Vote 8 - Economic Development	3,665	2,743	4,079	43,050	33,050	31,398	31,398	8,100	7,800	5,300
Vote 9 - Disaster and Emergency Management Services	32,771	42,733	47,878	88,270	88,270	83,857	83,857	110,370	89,900	85,000
Vote 10 - Sports, Recreation, Arts & Culture (SRAC)	26,433	20,778	31,375	20,500	21,700	20,615	20,615	42,900	35,000	19,000
Vote 11 - Health and Social Development	16,808	14,278	12,827	27,600	23,653	22,470	22,470	32,650	26,200	26,200
Vote 12 - Environmental Resource Management	1,472	951	62,045	93,700	86,712	82,376	82,376	137,500	188,400	207,600
Vote 13 - Ekurhuleni Metropolitan Police Department (EMPD)	43,796	98,299	57,040	48,500	55,500	52,725	52,725	82,500	59,500	56,000
Vote 14 - Transport Planning & Provisioning	16,321	44,432	39,848	6,400	6,400	6,080	6,080	19,300	68,600	65,100
Vote 15 - Roads and Stormwater	13,871	18,425	21,997	17,100	26,700	25,365	25,365	16,200	16,700	18,750
<b>Capital single-year expenditure sub-total</b>	<b>307,084</b>	<b>525,270</b>	<b>414,206</b>	<b>507,429</b>	<b>693,545</b>	<b>658,868</b>	<b>658,868</b>	<b>709,816</b>	<b>691,446</b>	<b>702,664</b>
<b>Total Capital Expenditure - Vote</b>	<b>2,612,301</b>	<b>3,069,164</b>	<b>4,093,865</b>	<b>5,130,961</b>	<b>5,103,440</b>	<b>4,848,268</b>	<b>4,848,268</b>	<b>6,399,357</b>	<b>6,856,310</b>	<b>7,365,321</b>

CITY OF EKURHULENI – FINAL BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding										
Vote Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
<b>Capital Expenditure - Functional</b>										
<b>Governance and administration</b>	<b>319,024</b>	<b>414,329</b>	<b>613,377</b>	<b>916,506</b>	<b>1,084,457</b>	<b>1,030,234</b>	<b>1,030,234</b>	<b>1,499,742</b>	<b>1,441,454</b>	<b>1,568,104</b>
Executive and council	60,950	5,565	11,528	385,900	446,218	423,907	423,907	679,595	656,100	706,413
Finance and administration	258,073	408,764	601,849	530,607	638,240	606,328	606,328	819,708	784,904	861,691
Internal audit	-	-	-	-	-	-	-	440	450	-
<b>Community and public safety</b>	<b>497,464</b>	<b>660,890</b>	<b>1,038,179</b>	<b>1,121,277</b>	<b>1,354,767</b>	<b>1,287,028</b>	<b>1,287,028</b>	<b>1,742,146</b>	<b>1,903,912</b>	<b>2,108,467</b>
Community and social services	100,033	125,012	236,509	180,750	188,670	179,236	179,236	207,700	299,350	286,100
Sport and recreation	122,117	42,147	75,135	64,060	66,773	63,435	63,435	81,000	98,150	147,200
Public safety	128,177	223,136	189,520	237,170	306,351	291,034	291,034	360,770	307,000	237,000
Housing	53,584	178,604	424,796	550,497	710,359	674,841	674,841	1,001,526	1,087,712	1,293,467
Health	93,552	91,990	112,219	88,800	82,613	78,483	78,483	91,150	111,700	144,700
<b>Economic and environmental services</b>	<b>908,302</b>	<b>945,620</b>	<b>1,338,699</b>	<b>1,796,799</b>	<b>1,522,621</b>	<b>1,446,490</b>	<b>1,446,490</b>	<b>1,638,018</b>	<b>1,770,395</b>	<b>1,847,100</b>
Planning and development	41,248	46,252	42,286	253,850	146,574	139,245	139,245	112,000	196,589	170,200
Road transport	855,627	891,019	1,286,735	1,530,649	1,364,097	1,295,892	1,295,892	1,514,818	1,526,206	1,605,300
Environmental protection	11,427	8,350	9,677	12,300	11,950	11,353	11,353	11,200	47,600	71,600
<b>Trading services</b>	<b>868,388</b>	<b>1,034,037</b>	<b>1,086,267</b>	<b>1,272,379</b>	<b>1,109,595</b>	<b>1,054,115</b>	<b>1,054,115</b>	<b>1,483,450</b>	<b>1,704,550</b>	<b>1,788,151</b>
Energy sources	375,222	524,288	490,902	648,829	648,829	616,388	616,388	717,700	717,200	745,151
Water management	269,434	353,191	293,306	318,500	216,155	205,348	205,348	356,400	511,150	683,000
Waste water management	116,400	80,838	173,225	175,300	118,400	112,480	112,480	242,900	307,700	192,500
Waste management	107,332	75,719	128,834	129,750	126,211	119,900	119,900	166,450	168,500	167,500
<b>Other</b>	<b>19,123</b>	<b>14,288</b>	<b>17,344</b>	<b>24,000</b>	<b>32,000</b>	<b>30,400</b>	<b>30,400</b>	<b>36,000</b>	<b>36,000</b>	<b>53,500</b>
<b>Total Capital Expenditure - Functional</b>	<b>2,612,301</b>	<b>3,069,164</b>	<b>4,093,865</b>	<b>5,130,961</b>	<b>5,103,440</b>	<b>4,848,268</b>	<b>4,848,268</b>	<b>6,399,357</b>	<b>6,856,310</b>	<b>7,365,321</b>

CITY OF EKURHULENI – FINAL BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding										
Vote Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Funded by:</b>										
National Government	1,495,287	1,642,429	2,118,921	1,850,283	1,766,827	1,766,827	1,766,827	2,294,664	2,403,096	2,556,554
Provincial Government	19,156	5,012	27,342	26,473	30,859	30,859	30,859	9,000	9,000	9,000
District Municipality										
Other transfers and grants	–	–	–	–	–	–	–			
<b>Transfers recognised - capital</b>	<b>1,514,442</b>	<b>1,647,442</b>	<b>2,146,263</b>	<b>1,876,755</b>	<b>1,797,686</b>	<b>1,797,686</b>	<b>1,797,686</b>	<b>2,303,664</b>	<b>2,412,096</b>	<b>2,565,554</b>
<b>Public contributions &amp; donations</b>	26,259	1,700	–	–	–	–	–			
<b>Borrowing</b>	838,118	971,607	–	1,790,950	1,856,087	1,763,282	1,763,282	3,245,427	3,448,561	3,805,800
<b>Internally generated funds</b>	233,482	448,415	1,947,602	1,463,256	1,449,667	1,287,299	1,287,299	850,265	995,654	993,968
<b>Total Capital Funding</b>	<b>2,612,301</b>	<b>3,069,164</b>	<b>4,093,865</b>	<b>5,130,961</b>	<b>5,103,440</b>	<b>4,848,268</b>	<b>4,848,268</b>	<b>6,399,357</b>	<b>6,856,310</b>	<b>7,365,321</b>

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the Capital Budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year Capital Budget appropriations. In relation to multi-year appropriations for 2017/18, R5.689 billion has been allocated of the R6.399 billion Capital Budget, which totals 88.90%. This allocation escalates to R6.164 billion in 2018/19 and R6.662 billion in 2019/20.
3. Single-year capital expenditure has been appropriated at R709.8m for the 2017/18 financial year and remains relatively constant over the MTREF at levels of R691.4m and R702.6m respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialised tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the metro. For funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. In terms of Circular 58, any downward adjustments for 2017/18 (relating to the multi-year appropriation for 2017/18) in the 2016/17 budget must be explained. The following votes had downward adjustments:
  - **Economic Development** – Most of the Aerotropolis projects have been delayed.
  - **Transport** – The PTNG grant has been reduced as per the gazetted amounts hence the reduction in the departmental Budget.
  - **Water & Sanitation** – Projects have been aligned to the stage gate model in terms of readiness to readiness.
6. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations, borrowing and internally generated funds from current year surpluses. For 2017/18, capital grants and transfers totals R2.303 billion (36.00%) and increases to R2.412 billion by 2018/19 (35.18%) and R2.565 billion (34.83%) in 2019/20. A substantial portion of the Capital Budget will be funded from borrowing over MTREF, with anticipated borrowings of R3.245 billion in 2017/18. Borrowing is estimated at R3.438 billion in 2018/19 and R3.782 billion in the 2019/20 financial years. The balance will be funded from internally generated funding totalling R850 million, R1.005 billion and R1.017 billion in the respective multi-year budgets. These funding sources are further discussed in detail in 2.6 (overview of budget funding).

**Table 27 MBRR Table A6 - Budgeted Financial Position**

EKU Ekurhuleni Metro - Table A6 Budgeted Financial Position										
Description R thousand	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>ASSETS</b>										
<b>Current assets</b>										
Cash	5,894,540	7,701,376	7,972,586	9,312,930	8,288,845	6,939,379	6,939,379	9,364,213	10,144,830	9,845,458
Call investment deposits	143,070	115,978	147,021	143,070	143,070	143,070	143,070	143,070	143,070	143,070
Consumer debtors	4,460,073	4,386,818	5,256,387	4,455,686	4,455,686	4,455,686	4,455,686	4,257,825	4,075,024	3,911,187
Other debtors	605,178	753,123	884,983	486,351	486,351	486,351	486,351	486,351	486,351	486,351
Current portion of long-term receivables										
Inventory	155,324	366,936	354,918	157,160	157,160	157,160	157,160	171,514	183,855	198,125
<b>Total current assets</b>	<b>11,258,186</b>	<b>13,324,231</b>	<b>14,615,895</b>	<b>14,555,196</b>	<b>13,531,111</b>	<b>12,181,645</b>	<b>12,181,645</b>	<b>14,422,973</b>	<b>15,033,129</b>	<b>14,584,190</b>
<b>Non current assets</b>										
Long-term receivables	2,506	4,974	6,891	4,974	4,974	4,974	4,974	4,974	4,974	4,974
Investments	637,262	881,596	1,095,831	1,069,033	1,069,033	2,418,499	2,418,499	2,660,797	2,908,745	3,162,723
Investment property	152,324	565,447	621,177	174,321	174,321	174,321	174,321	174,321	174,321	174,321
Investment in Associate	0	0	0	0	0	0	0	0	0	0
Property, plant and equipment	42,685,284	44,272,586	46,090,970	47,646,570	48,406,883	48,406,883	48,406,883	52,295,108	56,178,278	59,997,208
Agricultural										
Biological										
Intangible	122,342	126,997	288,222	130,260	130,260	130,260	130,260	130,260	130,260	130,260
Other non-current assets	36,196	59,454	59,454	36,194	36,194	36,194	36,194	36,194	36,194	36,194
<b>Total non current assets</b>	<b>43,635,914</b>	<b>45,911,054</b>	<b>48,162,544</b>	<b>49,061,352</b>	<b>49,821,666</b>	<b>51,171,132</b>	<b>51,171,132</b>	<b>55,301,654</b>	<b>59,432,772</b>	<b>63,505,680</b>
<b>TOTAL ASSETS</b>	<b>54,894,100</b>	<b>59,235,285</b>	<b>62,778,439</b>	<b>63,616,548</b>	<b>63,352,777</b>	<b>63,352,777</b>	<b>63,352,777</b>	<b>69,724,627</b>	<b>74,465,901</b>	<b>78,089,870</b>

CITY OF EKURHULENI – FINAL BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro - Table A6 Budgeted Financial Position										
Description R thousand	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Bank overdraft										
Borrowing	267,666	368,432	384,807	381,507	381,507	381,507	381,507	316,839	240,032	1,862,577
Consumer deposits	643,209	713,699	750,847	661,051	661,051	661,051	661,051	711,051	761,051	811,051
Trade and other payables	5,352,657	5,898,455	7,061,017	4,853,108	6,853,108	6,853,108	6,853,108	7,479,039	8,017,163	8,639,412
Provisions	272,930	372,872	403,807	411,781	411,781	411,781	411,781	481,781	551,781	621,781
<b>Total current liabilities</b>	<b>6,536,463</b>	<b>7,353,457</b>	<b>8,600,478</b>	<b>6,307,447</b>	<b>8,307,447</b>	<b>8,307,447</b>	<b>8,307,447</b>	<b>8,988,710</b>	<b>9,570,027</b>	<b>11,934,822</b>
<b>Non current liabilities</b>										
Borrowing	5,021,111	5,411,930	5,050,855	5,760,444	5,770,257	5,770,257	5,770,257	8,438,845	11,437,373	13,057,596
Provisions	2,829,947	2,899,201	3,473,946	3,030,336	3,030,336	3,030,336	3,030,336	3,387,519	3,585,841	3,814,731
<b>Total non current liabilities</b>	<b>7,851,057</b>	<b>8,311,132</b>	<b>8,524,801</b>	<b>8,790,780</b>	<b>8,800,593</b>	<b>8,800,593</b>	<b>8,800,593</b>	<b>11,826,364</b>	<b>15,023,215</b>	<b>16,872,327</b>
<b>TOTAL LIABILITIES</b>	<b>14,387,520</b>	<b>15,664,589</b>	<b>17,125,279</b>	<b>15,098,227</b>	<b>17,108,040</b>	<b>17,108,040</b>	<b>17,108,040</b>	<b>20,815,074</b>	<b>24,593,242</b>	<b>28,807,149</b>
<b>NET ASSETS</b>	<b>40,506,580</b>	<b>43,570,696</b>	<b>45,653,160</b>	<b>48,518,321</b>	<b>46,244,736</b>	<b>46,244,736</b>	<b>46,244,736</b>	<b>48,909,553</b>	<b>49,872,659</b>	<b>49,282,721</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)	40,506,580	43,570,696	45,653,160	48,518,321	46,244,736	46,244,736	46,244,736	48,909,553	49,872,659	49,282,721
Reserves	–	–	–	–	–	–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>40,506,580</b>	<b>43,570,696</b>	<b>45,653,160</b>	<b>48,518,321</b>	<b>46,244,736</b>	<b>46,244,736</b>	<b>46,244,736</b>	<b>48,909,553</b>	<b>49,872,659</b>	<b>49,282,721</b>

---

**Explanatory notes to MBRR Table A6 - Budgeted Financial Position**

1. Table MBRR A6 is consistent with international standards of good financial management practice, and improves councilors' and management's understanding of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents assets less liabilities as "accounting" community wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash or liabilities immediately required to be met from cash, appear first.
3. Table 101 MBRR Table SA3 – supporting detail to the statement of financial position is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits.
  - Consumer debtors.
  - Property, plant and equipment.
  - Trade and other payables.
  - Provisions non-current.
  - Changes in net assets.
  - Reserves.
4. The municipal equivalent of equity is community wealth/equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the budgeted financial performance or the Capital Budget will inevitably impact on the budgeted financial position. For example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 28 MBRR Table A7 - Budgeted Cash Flow Statement

EKU Ekurhuleni Metro - Table A7 Budgeted Cash Flows										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates	3,106,102	3,728,133	3,894,773	4,459,590	4,459,590	4,459,590	4,459,590	4,833,913	5,320,951	5,853,297
Service charges	13,190,103	14,281,853	15,102,231	19,529,590	19,529,590	19,529,590	19,529,590	18,823,618	20,640,636	22,634,258
Other revenue	607,604	335,254	634,583	2,425,384	2,410,504	2,410,504	2,410,504	961,196	1,017,906	1,088,078
Government - operating	3,825,396	3,904,523	4,345,583	3,502,418	3,513,278	3,513,278	3,513,278	5,406,054	5,798,706	6,261,312
Government - capital	1,629,069	2,038,103	2,146,788	1,876,755	1,797,686	1,797,686	1,797,686	2,303,664	2,412,096	2,565,554
Interest	732,360	811,907	969,054	666,643	666,643	666,643	666,643	862,113	912,942	984,494
Dividends								-	-	-
<b>Payments</b>										
Suppliers and employees	(17,546,823)	(18,831,069)	(20,535,349)	(25,154,308)	(24,948,921)	(24,948,921)	(24,948,921)	(25,693,764)	(28,272,078)	(30,758,198)
Finance charges	(572,960)	(571,556)	(600,828)	(662,383)	(663,333)	(663,333)	(663,333)	(753,661)	(986,116)	(1,125,824)
Transfers and Grants	(1,060,444)	(1,167,559)	(1,096,477)	(1,941,318)	(2,125,735)	(2,125,735)	(2,125,735)	(2,017,520)	(2,384,903)	(2,348,257)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>3,910,406</b>	<b>4,529,589</b>	<b>4,860,358</b>	<b>4,702,372</b>	<b>4,639,302</b>	<b>4,639,302</b>	<b>4,639,302</b>	<b>4,725,613</b>	<b>4,460,140</b>	<b>5,154,713</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE	-							-	-	-
Decrease (Increase) in non-current debtors								-	-	-
Decrease (increase) other non-current receivab	(120)	1,578	4,089					-	-	-
Decrease (increase) in non-current investments	46,654	(217,242)	(245,277)	287,437	287,437	(1,062,029)	(1,062,029)	(242,297)	(247,948)	(253,978)
<b>Payments</b>										
Capital assets	(2,615,088)	(3,069,164)	(4,040,408)	(4,805,541)	(4,776,369)	(4,776,369)	(4,776,369)	(5,977,264)	(6,318,175)	(6,696,190)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(2,568,554)</b>	<b>(3,284,829)</b>	<b>(4,281,597)</b>	<b>(4,518,103)</b>	<b>(4,488,932)</b>	<b>(5,838,398)</b>	<b>(5,838,398)</b>	<b>(6,219,561)</b>	<b>(6,566,123)</b>	<b>(6,950,168)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans								-	-	-
Borrowing long term/refinancing	785,000	750,000		1,790,950	1,800,763	1,800,763	1,800,763	2,836,156	3,076,633	3,308,660
Increase (decrease) in consumer deposits	22,731	70,490	37,149	17,842	17,842	17,842	17,842	50,000	50,000	50,000
<b>Payments</b>										
Repayment of borrowing	(629,421)	(258,415)	(344,700)	(381,507)	(381,507)	(381,507)	(381,507)	(316,839)	(240,032)	(1,862,577)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>178,311</b>	<b>562,075</b>	<b>(307,551)</b>	<b>1,427,285</b>	<b>1,437,098</b>	<b>1,437,098</b>	<b>1,437,098</b>	<b>2,569,316</b>	<b>2,886,600</b>	<b>1,496,083</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>1,520,163</b>	<b>1,806,836</b>	<b>271,210</b>	<b>1,611,554</b>	<b>1,587,469</b>	<b>238,003</b>	<b>238,003</b>	<b>1,075,368</b>	<b>780,617</b>	<b>(299,372)</b>
Cash/cash equivalents at the year begin:	4,374,377	5,894,540	7,701,376	7,701,376	6,701,376	6,701,376	6,701,376	8,288,845	9,364,213	10,144,830
Cash/cash equivalents at the year end:	5,894,540	7,701,376	7,972,586	9,312,930	8,288,845	6,939,379	6,939,379	9,364,213	10,144,830	9,845,458



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

EKU Ekurhuleni Metro - Table A8 Cash backed reserves/accumulated surplus reconciliation										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end	5,894,540	7,701,376	7,972,586	9,312,930	8,288,845	6,939,379	6,939,379	9,364,213	10,144,830	9,845,458
Other current investments > 90 days	143,070	115,978	147,021	143,070	143,070	143,070	143,070	143,070	143,070	143,070
Non current assets - Investments	637,262	881,596	1,095,831	1,069,033	1,069,033	2,418,499	2,418,499	2,660,797	2,908,745	3,162,723
<b>Cash and investments available:</b>	<b>6,674,872</b>	<b>8,698,950</b>	<b>9,215,438</b>	<b>10,525,032</b>	<b>9,500,947</b>	<b>9,500,947</b>	<b>9,500,947</b>	<b>12,168,079</b>	<b>13,196,644</b>	<b>13,151,250</b>
<b>Application of cash and investments</b>										
Unspent conditional transfers	370,603	553,046	433,286	-	-	-	-	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements										
Other working capital requirements	555,985	887,317	1,240,176	276,031	2,276,223	2,211,996	2,211,996	3,037,703	3,744,537	4,518,006
Other provisions	762,445	743,849	838,026	838,079	838,079	838,079	838,079	924,856	924,856	924,856
Long term investments committed	772,469	856,741	1,091,626	916,188	916,188	916,188	916,188	1,091,626	1,091,626	1,091,626
Reserves to be backed by cash/investments	803,186	1,005,015	-	1,046,253						
<b>Total Application of cash and investments:</b>	<b>3,264,687</b>	<b>4,045,967</b>	<b>3,603,114</b>	<b>3,076,551</b>	<b>4,030,490</b>	<b>3,966,263</b>	<b>3,966,263</b>	<b>5,054,185</b>	<b>5,761,019</b>	<b>6,534,488</b>
<b>Surplus(shortfall)</b>	<b>3,410,185</b>	<b>4,652,983</b>	<b>5,612,323</b>	<b>7,448,481</b>	<b>5,470,458</b>	<b>5,534,685</b>	<b>5,534,685</b>	<b>7,113,895</b>	<b>7,435,626</b>	<b>6,616,761</b>

### **Explanatory notes to MBRR Table A7 - Budgeted Cash Flow Statement**

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

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

1. The cash-backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. It is also in line with Council's Funding and Reserves Policy.
2. In essence, the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. The end objective of the medium-term framework is to ensure the budget is funded and aligned to Section 18 of the MFMA.

- 
6. From the table it can be seen that the cash surplus is increasing over the years.
  7. As part of the budgeting and planning guidelines that informed the compilation of the 207/2018 MTREF and considering the requirements of Section 18 of the MFMA, it can be concluded that the 2017/2018 MTREF is funded due to the significant cash surplus.
  8. Cash and investments available increase from R9.5 billion in 2016/17, to R13.1 billion by 2019/20, mainly due to the increase in the cash and cash equivalents, as discussed in the cash flow section. The application of cash and commitments increase from R4 billion in 2016/14 to R6.5 billion by 2019/20. This is mainly because of the fact that no unspent grants are projected over the MTREF. The increase is as a result of working capital and commitment over MTREF.

Table 30 MBRR Table A9 - Asset Management

EKU Ekurhuleni Metro - Table A9 Asset Management									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>									
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	<b>1,428,313</b>	<b>1,805,734</b>	<b>2,165,014</b>	<b>3,086,265</b>	<b>3,022,385</b>	<b>2,871,265</b>	<b>3,075,692</b>	<b>3,491,787</b>	<b>3,604,033</b>
Roads Infrastructure	551,047	696,276	788,867	1,069,579	1,069,579	1,016,100	381,650	435,389	327,900
Storm water Infrastructure	-	-	-	-	-	-	127,450	90,900	59,750
Electrical Infrastructure	239,441	386,399	390,713	503,429	473,429	449,758	550,500	550,500	571,451
Water Supply Infrastructure	219,756	324,960	204,276	170,000	151,347	143,780	116,600	236,650	360,000
Sanitation Infrastructure	70,591	58,120	126,126	73,300	69,100	65,645	50,600	66,100	19,000
Solid Waste Infrastructure	36,980	-	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	111,071	43,030	38,472	205,500	119,000	113,050	96,632	102,169	38,325
<b>Infrastructure</b>	<b>1,228,886</b>	<b>1,508,785</b>	<b>1,548,453</b>	<b>2,021,808</b>	<b>1,882,455</b>	<b>1,788,333</b>	<b>1,323,432</b>	<b>1,481,708</b>	<b>1,376,426</b>
Community Facilities	99,370	73,628	102,594	28,800	23,937	22,740	302,700	397,100	387,100
Sport and Recreation Facilities	14,957	3,462	16,068	19,000	19,000	18,050	-	-	-
<b>Community Assets</b>	<b>114,328</b>	<b>77,090</b>	<b>118,662</b>	<b>47,800</b>	<b>42,937</b>	<b>40,790</b>	<b>302,700</b>	<b>397,100</b>	<b>387,100</b>
<b>Heritage Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenue Generating	15,174	138,256	281,214	519,117	521,849	495,756	1,400,660	1,553,979	1,810,507
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	<b>15,174</b>	<b>138,256</b>	<b>281,214</b>	<b>519,117</b>	<b>521,849</b>	<b>495,756</b>	<b>1,400,660</b>	<b>1,553,979</b>	<b>1,810,507</b>
Operational Buildings	39,593	59,205	197,747	472,540	550,144	522,636	33,900	59,000	30,000
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>39,593</b>	<b>59,205</b>	<b>197,747</b>	<b>472,540</b>	<b>550,144</b>	<b>522,636</b>	<b>33,900</b>	<b>59,000</b>	<b>30,000</b>
<b>Biological or Cultivated Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	15,000	-	-
Transport Assets	30,333	22,399	18,938	25,000	25,000	23,750	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-

**CITY OF EKURHULENI – FINAL BUDGET 2017/18 TO 2019/20**

<b>EKU Ekurhuleni Metro - Table A9 Asset Management</b>									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>CAPITAL EXPENDITURE</b>									
<b>Total Upgrading of Existing Assets</b>	-	-	-	-	-	-	593,396	780,282	798,421
<i>Roads Infrastructure</i>	-	-	-	-	-	-	41,500	55,500	21,000
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	42,750	29,500	25,700
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	-	-	-	-	-	-	52,000	90,000	195,000
<i>Sanitation Infrastructure</i>	-	-	-	-	-	-	80,500	80,000	50,000
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	25,000	44,000	65,000
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infra</i>	-	-	-	-	-	-	10,000	12,000	13,200
<b>Infrastructure</b>	-	-	-	-	-	-	251,750	311,000	369,900
Community Facilities	-	-	-	-	-	-	56,300	118,050	95,600
Sport and Recreation Facilities	-	-	-	-	-	-	33,000	56,200	78,500
<b>Community Assets</b>	-	-	-	-	-	-	89,300	174,250	174,100
<b>Heritage Assets</b>	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	91,000	15,611	10,000
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	91,000	15,611	10,000
Operational Buildings	-	-	-	-	-	-	98,646	161,221	135,221
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	-	-	-	-	-	-	98,646	161,221	135,221
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>	-	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>	-	-	-	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>	-	-	-	-	-	-	-	-	-
<b>Machinery and Equipment</b>	-	-	-	-	-	-	1,200	1,200	1,200
<b>Transport Assets</b>	-	-	-	-	-	-	61,500	117,000	108,000
<b>Libraries</b>	-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Anim</b>	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>									
<i>Roads Infrastructure</i>	772,960	801,424	1,193,811	1,419,349	1,396,327	1,326,511	471,900	515,550	561,450
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	174,200	126,200	131,650
<i>Electrical Infrastructure</i>	356,689	491,410	470,552	626,129	596,129	566,323	680,000	693,500	716,451
<i>Water Supply Infrastructure</i>	256,444	336,864	278,352	291,000	205,355	195,088	309,100	440,650	652,000
<i>Sanitation Infrastructure</i>	116,400	80,838	173,225	169,300	124,000	117,800	197,700	268,400	180,000
<i>Solid Waste Infrastructure</i>	54,370	29,563	91,263	86,250	82,711	78,575	120,950	123,000	117,000
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infra</i>	172,638	283,709	372,348	512,211	520,711	494,676	379,049	322,187	280,345
<b>Infrastructure</b>	<b>1,729,501</b>	<b>2,023,809</b>	<b>2,579,551</b>	<b>3,104,239</b>	<b>2,925,234</b>	<b>2,778,972</b>	<b>2,332,899</b>	<b>2,489,487</b>	<b>2,638,896</b>
Community Facilities	193,216	199,834	271,630	122,550	124,588	118,359	659,870	773,050	701,900
Sport and Recreation Facilities	98,125	24,178	57,379	49,060	51,773	49,185	64,830	83,800	130,700
<b>Community Assets</b>	<b>291,340</b>	<b>224,013</b>	<b>329,009</b>	<b>171,610</b>	<b>176,361</b>	<b>167,543</b>	<b>724,700</b>	<b>856,850</b>	<b>832,600</b>
<b>Heritage Assets</b>	-	-	-	-	-	-	-	-	-
Revenue Generating	52,630	138,432	333,478	549,117	551,849	524,256	1,492,660	1,569,591	1,820,507
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	<b>52,630</b>	<b>138,432</b>	<b>333,478</b>	<b>549,117</b>	<b>551,849</b>	<b>524,256</b>	<b>1,492,660</b>	<b>1,569,591</b>	<b>1,820,507</b>
Operational Buildings	232,711	221,269	453,652	808,193	922,947	876,800	556,526	563,337	569,599
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>232,711</b>	<b>221,269</b>	<b>453,652</b>	<b>808,193</b>	<b>922,947</b>	<b>876,800</b>	<b>556,526</b>	<b>563,337</b>	<b>569,599</b>
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	998	800	800
<b>Intangible Assets</b>	-	-	-	-	-	-	998	800	800
<b>Computer Equipment</b>	-	-	-	-	-	-	44,479	38,087	39,950
<b>Furniture and Office Equipment</b>	51,807	94,683	59,685	91,600	80,991	76,942	62,251	43,480	46,977
<b>Machinery and Equipment</b>	33,803	37,777	33,300	80,670	75,783	71,994	130,820	128,662	104,395
<b>Transport Assets</b>	220,509	329,182	305,191	325,532	370,275	351,761	946,524	960,416	994,897
<b>Libraries</b>	-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Anim</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>2,612,301</b>	<b>3,069,164</b>	<b>4,093,865</b>	<b>5,130,961</b>	<b>5,103,440</b>	<b>4,848,268</b>	<b>6,291,857</b>	<b>6,650,710</b>	<b>7,048,621</b>

**CITY OF EKURHULENI – FINAL BUDGET 2017/18 TO 2019/20**

<b>EKU Ekurhuleni Metro - Table A9 Asset Management</b>									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>CAPITAL EXPENDITURE</b>									
<b>Total Renewal of Existing Assets</b>	<b>1,183,988</b>	<b>1,263,430</b>	<b>1,928,851</b>	<b>2,044,696</b>	<b>2,081,055</b>	<b>1,977,002</b>	<b>2,730,268</b>	<b>2,584,241</b>	<b>2,962,868</b>
<i>Roads Infrastructure</i>	221,913	105,148	404,944	349,770	326,748	310,411	49,750	73,050	257,550
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	4,000	5,800	46,200
<i>Electrical Infrastructure</i>	117,248	105,012	79,839	122,700	122,700	116,565	129,500	143,000	145,000
<i>Water Supply Infrastructure</i>	36,688	11,904	74,076	121,000	54,008	51,308	140,500	114,000	97,000
<i>Sanitation Infrastructure</i>	45,809	22,719	47,100	96,000	54,900	52,155	66,600	122,300	111,000
<i>Solid Waste Infrastructure</i>	17,390	29,563	91,263	86,250	82,711	78,575	95,950	79,000	52,000
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infra</i>	61,567	240,679	333,876	306,711	401,711	381,626	372,417	408,018	528,820
<b>Infrastructure</b>	<b>500,615</b>	<b>515,024</b>	<b>1,031,098</b>	<b>1,082,431</b>	<b>1,042,778</b>	<b>990,639</b>	<b>858,717</b>	<b>945,168</b>	<b>1,237,570</b>
Community Facilities	93,845	126,206	169,036	93,750	100,651	95,619	300,870	257,900	219,200
Sport and Recreation Facilities	83,167	20,716	41,311	30,060	32,773	31,135	31,830	27,600	52,200
<b>Community Assets</b>	<b>177,013</b>	<b>146,922</b>	<b>210,346</b>	<b>123,810</b>	<b>133,424</b>	<b>126,753</b>	<b>332,700</b>	<b>285,500</b>	<b>271,400</b>
<b>Heritage Assets</b>	-	-	-	-	-	-	-	-	-
Revenue Generating	37,456	176	52,264	30,000	30,000	28,500	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	<b>37,456</b>	<b>176</b>	<b>52,264</b>	<b>30,000</b>	<b>30,000</b>	<b>28,500</b>	-	-	-
Operational Buildings	193,118	162,064	255,905	335,653	372,804	354,163	423,980	343,116	404,378
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>193,118</b>	<b>162,064</b>	<b>255,905</b>	<b>335,653</b>	<b>372,804</b>	<b>354,163</b>	<b>423,980</b>	<b>343,116</b>	<b>404,378</b>
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	998	800	800
<b>Intangible Assets</b>	-	-	-	-	-	-	<b>998</b>	<b>800</b>	<b>800</b>
<b>Computer Equipment</b>	-	-	-	-	-	-	<b>51,979</b>	<b>43,687</b>	<b>56,650</b>
<b>Furniture and Office Equipment</b>	<b>51,807</b>	<b>94,683</b>	<b>59,685</b>	<b>91,600</b>	<b>80,991</b>	<b>76,942</b>	<b>62,251</b>	<b>43,480</b>	<b>46,977</b>
<b>Machinery and Equipment</b>	<b>33,803</b>	<b>37,777</b>	<b>33,300</b>	<b>80,670</b>	<b>75,783</b>	<b>71,994</b>	<b>114,620</b>	<b>127,462</b>	<b>103,195</b>
<b>Transport Assets</b>	<b>190,176</b>	<b>306,783</b>	<b>286,254</b>	<b>300,532</b>	<b>345,275</b>	<b>328,011</b>	<b>885,024</b>	<b>795,028</b>	<b>841,897</b>
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Anim	-	-	-	-	-	-	-	-	-
<b>Total Upgrading of Existing Assets</b>	-	-	-	-	-	-	<b>593,396</b>	<b>780,282</b>	<b>798,421</b>
<i>Roads Infrastructure</i>	-	-	-	-	-	-	41,500	55,500	21,000
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	42,750	29,500	25,700
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	-	-	-	-	-	-	52,000	90,000	195,000
<i>Sanitation Infrastructure</i>	-	-	-	-	-	-	80,500	80,000	50,000
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	25,000	44,000	65,000
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infra</i>	-	-	-	-	-	-	10,000	12,000	13,200
<b>Infrastructure</b>	-	-	-	-	-	-	<b>251,750</b>	<b>311,000</b>	<b>369,900</b>
Community Facilities	-	-	-	-	-	-	56,300	118,050	95,600
Sport and Recreation Facilities	-	-	-	-	-	-	33,000	56,200	78,500
<b>Community Assets</b>	-	-	-	-	-	-	<b>89,300</b>	<b>174,250</b>	<b>174,100</b>
<b>Heritage Assets</b>	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	139,646	63,832	60,921
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	<b>139,646</b>	<b>63,832</b>	<b>60,921</b>
Operational Buildings	-	-	-	-	-	-	50,000	113,000	84,300
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	-	-	-	-	-	-	<b>50,000</b>	<b>113,000</b>	<b>84,300</b>
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>	-	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>	-	-	-	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>	-	-	-	-	-	-	-	-	-
<b>Machinery and Equipment</b>	-	-	-	-	-	-	<b>1,200</b>	<b>1,200</b>	<b>1,200</b>
<b>Transport Assets</b>	-	-	-	-	-	-	<b>61,500</b>	<b>117,000</b>	<b>108,000</b>
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Anim	-	-	-	-	-	-	-	-	-

**CITY OF EKURHULENI – FINAL BUDGET 2017/18 TO 2019/20**

EKU Ekurhuleni Metro - Table A9 Asset Management									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>CAPITAL EXPENDITURE</b>									
<b>Total Capital Expenditure</b>									
<i>Roads Infrastructure</i>	772,960	801,424	1,193,811	1,419,349	1,396,327	1,326,511	472,900	563,939	606,450
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	174,200	126,200	131,650
<i>Electrical Infrastructure</i>	356,689	491,410	470,552	626,129	596,129	566,323	680,000	693,500	716,451
<i>Water Supply Infrastructure</i>	256,444	336,864	278,352	291,000	205,355	195,088	309,100	440,650	652,000
<i>Sanitation Infrastructure</i>	116,400	80,838	173,225	169,300	124,000	117,800	197,700	268,400	180,000
<i>Solid Waste Infrastructure</i>	54,370	29,563	91,263	86,250	82,711	78,575	120,950	123,000	117,000
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infra</i>	172,638	283,709	372,348	512,211	520,711	494,676	479,049	522,187	580,345
<b>Infrastructure</b>	<b>1,729,501</b>	<b>2,023,809</b>	<b>2,579,551</b>	<b>3,104,239</b>	<b>2,925,234</b>	<b>2,778,972</b>	<b>2,433,899</b>	<b>2,737,876</b>	<b>2,983,896</b>
Community Facilities	193,216	199,834	271,630	122,550	124,588	118,359	659,870	773,050	701,900
Sport and Recreation Facilities	98,125	24,178	57,379	49,060	51,773	49,185	64,830	83,800	130,700
<b>Community Assets</b>	<b>291,340</b>	<b>224,013</b>	<b>329,009</b>	<b>171,610</b>	<b>176,361</b>	<b>167,543</b>	<b>724,700</b>	<b>856,850</b>	<b>832,600</b>
<b>Heritage Assets</b>	-	-	-	-	-	-	-	-	-
Revenue Generating	52,630	138,432	333,478	549,117	551,849	524,256	1,540,306	1,617,812	1,871,428
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	<b>52,630</b>	<b>138,432</b>	<b>333,478</b>	<b>549,117</b>	<b>551,849</b>	<b>524,256</b>	<b>1,540,306</b>	<b>1,617,812</b>	<b>1,871,428</b>
Operational Buildings	232,711	221,269	453,652	808,193	922,947	876,800	507,880	515,116	518,678
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>232,711</b>	<b>221,269</b>	<b>453,652</b>	<b>808,193</b>	<b>922,947</b>	<b>876,800</b>	<b>507,880</b>	<b>515,116</b>	<b>518,678</b>
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	998	800	800
<b>Intangible Assets</b>	-	-	-	-	-	-	<b>998</b>	<b>800</b>	<b>800</b>
<b>Computer Equipment</b>	-	-	-	-	-	-	<b>51,979</b>	<b>43,687</b>	<b>56,650</b>
<b>Furniture and Office Equipment</b>	<b>51,807</b>	<b>94,683</b>	<b>59,685</b>	<b>91,600</b>	<b>80,991</b>	<b>76,942</b>	<b>62,251</b>	<b>43,480</b>	<b>46,977</b>
<b>Machinery and Equipment</b>	<b>33,803</b>	<b>37,777</b>	<b>33,300</b>	<b>80,670</b>	<b>75,783</b>	<b>71,994</b>	<b>130,820</b>	<b>128,662</b>	<b>104,395</b>
<b>Transport Assets</b>	<b>220,509</b>	<b>329,182</b>	<b>305,191</b>	<b>325,532</b>	<b>370,275</b>	<b>351,761</b>	<b>946,524</b>	<b>912,028</b>	<b>949,897</b>
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Anim	-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>2,612,301</b>	<b>3,069,164</b>	<b>4,093,865</b>	<b>5,130,961</b>	<b>5,103,440</b>	<b>4,848,268</b>	<b>6,399,357</b>	<b>6,856,310</b>	<b>7,365,321</b>

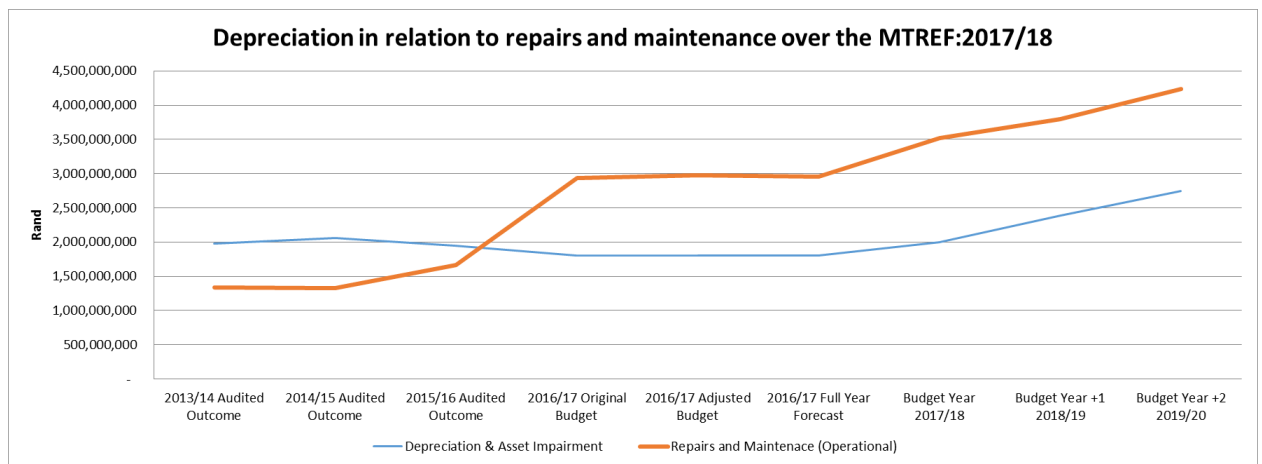
**CITY OF EKURHULENI – FINAL BUDGET 2017/18 TO 2019/20**

EKU Ekurhuleni Metro - Table A9 Asset Management									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>									
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>									
<i>Roads Infrastructure</i>	15,960,518	15,177,981	15,500,796	16,598,628	17,575,607	17,575,607	17,204,274	16,769,505	16,309,267
<i>Storm water Infrastructure</i>									
<i>Electrical Infrastructure</i>	13,847,308	13,806,465	14,231,159	12,568,179	12,501,984	12,501,984	12,701,206	12,941,697	12,958,914
<i>Water Supply Infrastructure</i>	2,732,195	2,803,990	2,996,887	3,612,556	3,463,261	3,463,261	3,896,146	4,499,631	5,117,175
<i>Sanitation Infrastructure</i>	2,776,005	2,840,024	2,837,378	2,923,865	2,923,865	2,923,865	2,812,888	2,698,149	2,580,249
<i>Solid Waste Infrastructure</i>							116,359	229,786	332,231
<i>Rail Infrastructure</i>									
<i>Coastal Infrastructure</i>									
<i>Information and Communication Infra</i>	573,664	503,910	479,310	1,431,387	1,575,786	1,575,786	1,993,197	2,258,908	2,471,011
<b>Infrastructure</b>	<b>35,889,689</b>	<b>35,132,369</b>	<b>36,045,530</b>	<b>37,134,615</b>	<b>38,040,503</b>	<b>38,040,503</b>	<b>38,724,069</b>	<b>39,397,676</b>	<b>39,768,848</b>
Community Facilities	2,429,989	3,430,607	3,770,325	6,215,050	6,024,127	6,024,127	5,908,902	5,773,704	5,661,421
Sport and Recreation Facilities	934,343	901,105	843,716						
<b>Community Assets</b>	<b>3,364,332</b>	<b>4,331,713</b>	<b>4,614,040</b>	<b>6,215,050</b>	<b>6,024,127</b>	<b>6,024,127</b>	<b>5,908,902</b>	<b>5,773,704</b>	<b>5,661,421</b>
<b>Heritage Assets</b>	<b>36,196</b>	<b>59,454</b>	<b>59,454</b>	<b>36,195</b>	<b>36,195</b>	<b>36,195</b>	<b>36,195</b>	<b>36,195</b>	<b>36,195</b>
Revenue Generating									
Non-revenue Generating	152,324	565,447	621,177	174,321	174,321	174,321	174,321	174,321	174,321
<b>Investment properties</b>	<b>152,324</b>	<b>565,447</b>	<b>621,177</b>	<b>174,321</b>	<b>174,321</b>	<b>174,321</b>	<b>174,321</b>	<b>174,321</b>	<b>174,321</b>
Operational Buildings	899,122	1,384,630	1,859,555	1,100,148	1,100,148	1,100,148	2,411,402	3,847,199	5,277,234
Housing	1,485,133	2,202,910	2,162,747	1,549,117	1,594,466	1,594,466	2,440,684	3,319,246	4,407,478
<b>Other Assets</b>	<b>2,384,255</b>	<b>3,587,540</b>	<b>4,022,302</b>	<b>2,649,265</b>	<b>2,694,614</b>	<b>2,694,614</b>	<b>4,852,086</b>	<b>7,166,445</b>	<b>9,684,712</b>
<b>Biological or Cultivated Assets</b>									
Servitudes									
Licences and Rights	122,342	126,997	288,222	130,260	130,260	130,260	130,260	130,260	130,260
<b>Intangible Assets</b>	<b>122,342</b>	<b>126,997</b>	<b>288,222</b>	<b>130,260</b>	<b>130,260</b>	<b>130,260</b>	<b>130,260</b>	<b>130,260</b>	<b>130,260</b>
<b>Computer Equipment</b>	<b>63,868</b>	<b>88,418</b>	<b>98,563</b>	<b>125,113</b>	<b>125,113</b>	<b>125,113</b>	<b>157,624</b>	<b>184,376</b>	<b>211,309</b>
<b>Furniture and Office Equipment</b>	<b>54,732</b>	<b>79,032</b>	<b>86,704</b>	<b>108,194</b>	<b>108,194</b>	<b>108,194</b>	<b>131,481</b>	<b>150,612</b>	<b>169,282</b>
<b>Machinery and Equipment</b>	<b>127,933</b>	<b>134,204</b>	<b>154,638</b>	<b>234,823</b>	<b>234,823</b>	<b>234,823</b>	<b>360,615</b>	<b>461,933</b>	<b>560,474</b>
<b>Transport Assets</b>	<b>775,610</b>	<b>895,852</b>	<b>1,045,565</b>	<b>1,155,525</b>	<b>1,155,525</b>	<b>1,155,525</b>	<b>2,137,257</b>	<b>3,021,398</b>	<b>3,919,997</b>
<b>Libraries</b>	<b>24,866</b>	<b>23,457</b>	<b>23,628</b>	<b>23,984</b>	<b>23,984</b>	<b>23,984</b>	<b>23,073</b>	<b>22,132</b>	<b>21,165</b>
<b>Zoo's, Marine and Non-biological Animals</b>									
<b>TOTAL ASSET REGISTER SUMMARY - PPE (V)</b>	<b>42,996,146</b>	<b>45,024,483</b>	<b>47,059,822</b>	<b>47,987,346</b>	<b>48,747,659</b>	<b>48,747,659</b>	<b>52,635,882</b>	<b>56,519,053</b>	<b>60,337,982</b>
<b>EXPENDITURE OTHER ITEMS</b>									
<b>Depreciation</b>	1,978,923	2,057,381	1,945,234	1,805,346	1,805,346	1,803,583	2,001,799	2,382,937	2,741,668
<b>Repairs and Maintenance by Asset Class</b>	<b>1,336,283</b>	<b>1,328,381</b>	<b>1,660,851</b>	<b>2,934,165</b>	<b>2,975,641</b>	<b>2,958,013</b>	<b>3,519,006</b>	<b>3,792,620</b>	<b>4,231,597</b>
<i>Roads Infrastructure</i>	240,419	139,083	262,839	537,707	589,702	586,706	776,939	854,633	959,481
<i>Storm water Infrastructure</i>	8,554	21,181	43,794	55,826	56,926	56,436	30,812	33,893	38,299
<i>Electrical Infrastructure</i>	465,127	526,489	584,083	948,415	918,480	913,432	1,000,142	1,100,157	1,215,963
<i>Water Supply Infrastructure</i>	113,380	85,078	116,998	398,543	401,087	397,772	363,315	399,647	444,796
<i>Sanitation Infrastructure</i>	89,576	78,273	107,918	161,305	160,654	159,721	240,778	264,856	293,761
<i>Solid Waste Infrastructure</i>	55,799	55,702	52,090	61,142	61,142	61,142	55,234	60,757	68,655
<i>Rail Infrastructure</i>									
<i>Coastal Infrastructure</i>									
<i>Information and Communication Infra</i>									
<b>Infrastructure</b>	<b>972,855</b>	<b>905,805</b>	<b>1,167,721</b>	<b>2,162,937</b>	<b>2,187,990</b>	<b>2,175,209</b>	<b>2,467,221</b>	<b>2,713,943</b>	<b>3,020,957</b>
Community Facilities	46,444	56,582	87,924	108,038	94,241	93,671	83,754	92,128	103,986
Sport and Recreation Facilities	3,626	3,241	5,669	3,571	3,652	3,604	3,389	3,728	4,212
<b>Community Assets</b>	<b>50,070</b>	<b>59,823</b>	<b>93,593</b>	<b>111,609</b>	<b>97,892</b>	<b>97,274</b>	<b>87,143</b>	<b>95,856</b>	<b>108,198</b>
<b>Heritage Assets</b>	<b>109,921</b>	<b>154,177</b>	<b>132,252</b>	<b>252,238</b>	<b>283,115</b>	<b>281,632</b>	<b>394,243</b>	<b>439,048</b>	<b>493,414</b>
Revenue Generating									
Non-revenue Generating	26,772	21,730	21,593	31,942	31,942	31,942	32,243	35,467	39,014
<b>Investment properties</b>	<b>26,772</b>	<b>21,730</b>	<b>21,593</b>	<b>31,942</b>	<b>31,942</b>	<b>31,942</b>	<b>32,243</b>	<b>35,467</b>	<b>39,014</b>
Operational Buildings							681	750	847
Housing	15,655	18,111	25,375	25,374	30,357	30,151	137,684	67,836	73,923
<b>Other Assets</b>	<b>15,655</b>	<b>18,111</b>	<b>25,375</b>	<b>25,374</b>	<b>30,357</b>	<b>30,151</b>	<b>138,366</b>	<b>68,586</b>	<b>74,770</b>
<b>Biological or Cultivated Assets</b>									
Servitudes									
Licences and Rights									
<b>Intangible Assets</b>									
<b>Computer Equipment</b>	<b>48,763</b>	<b>57,338</b>	<b>89,085</b>	<b>108,200</b>	<b>108,200</b>	<b>106,900</b>	<b>142,229</b>	<b>156,452</b>	<b>176,791</b>
<b>Furniture and Office Equipment</b>	<b>18,749</b>	<b>16,997</b>	<b>21,368</b>	<b>27,263</b>	<b>28,780</b>	<b>28,871</b>	<b>27,950</b>	<b>30,705</b>	<b>34,688</b>
<b>Machinery and Equipment</b>									
<b>Transport Assets</b>	<b>93,497</b>	<b>94,400</b>	<b>109,864</b>	<b>214,602</b>	<b>207,364</b>	<b>206,034</b>	<b>229,612</b>	<b>252,564</b>	<b>283,766</b>
<b>Libraries</b>									
<b>Zoo's, Marine and Non-biological Animals</b>									
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>3,315,206</b>	<b>3,385,762</b>	<b>3,606,085</b>	<b>4,739,511</b>	<b>4,780,987</b>	<b>4,761,596</b>	<b>5,520,805</b>	<b>6,175,557</b>	<b>6,973,266</b>
<i>Renewal and upgrading of Existing Assets</i>	45.3%	41.2%	47.1%	39.9%	40.8%	40.8%	51.9%	49.1%	51.1%
<i>Renewal and upgrading of Existing Assets</i>	59.8%	61.4%	99.2%	113.3%	115.3%	109.6%	166.0%	141.2%	137.2%
<i>R&amp;M as a % of PPE</i>	3.1%	3.0%	3.6%	6.2%	6.1%	6.1%	6.7%	6.8%	7.1%
<i>Renewal and upgrading and R&amp;M as a % of PPE</i>	6.0%	6.0%	8.0%	10.0%	10.0%	10.0%	13.0%	13.0%	13.0%



**Explanatory notes to MBRR Table A9 - Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40% of their Capital Budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8% of PPE. The metro meets the 40% renewal requirement.
3. The repairs and maintenance is not met due to the City of Ekurhuleni having revalued its assets with the first time adoption of GRAP 17 and asset values are currently high in relation to other municipalities. However, the R&M budget has increased significantly to 6.7%. The increase is not only to meet the NT benchmark target of 8%, but to improve the service delivery to the community.
4. The percentage is increase slightly from the current **6.1%** in 2016/17 to **6.7%** in 2017/18. Though the target is not met, Council is gradually increasing the R&M budget to meet the target.
5. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the metro’s strategy to address the maintenance backlog.



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

**Table 31 MBRR Table A10 - Basic Service Delivery Measurement**

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

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

CITY OF EKURHULENI – FINAL BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro - Table A10 Basic service delivery measurement									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Household service targets</b>									
<b>Households receiving Free Basic Service</b>									
Water (6 kilolitres per household per month)	645,666	655,307	461,311	465,924	465,924	465,924	472,913	482,371	506,490
Sanitation (free minimum level service)	645,666	655,307	458,127	462,708	462,708	462,708	469,649	479,042	502,994
Electricity/other energy (50kwh per household per month)	310,000	264,184	336,100	368,288	368,288	368,288	371,971	375,691	394,476
Refuse (removed at least once a week)	42,040	42,040	98,523	115,000	115,000	115,000	115,000	115,000	115,000
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>									
Water (6 kilolitres per indigent household per month)	309,505	362,728	399,710	566,241	445,878	445,878	465,587	504,958	540,794
Sanitation (free sanitation service to indigent households)	130,152	155,058	234,555	220,607	292,097	292,097	304,690	330,079	353,102
Electricity/other energy (50kwh per indigent household per month)	35,508	39,501	1,058,228	1,332,126	1,220,038	1,220,038	1,424,305	1,539,775	1,660,825
Refuse (removed once a week for indigent households)	43,000	43,000	214,061	256,567	253,343	253,343	269,577	289,347	305,840
<b>Cost of Free Basic Services provided - Informal Formal Settlements</b>	–	–	160,951	214,316	214,316	214,316	234,247	256,172	280,289
<b>Total cost of FBS provided</b>	<b>518,165</b>	<b>600,287</b>	<b>2,067,504</b>	<b>2,589,856</b>	<b>2,425,671</b>	<b>2,425,671</b>	<b>2,698,405</b>	<b>2,920,331</b>	<b>3,140,849</b>
<b>Highest level of free service provided per household</b>									
Property rates (R value threshold)	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Water (kilolitres per household per month)	9	9	9	9	9	9	9	9	9
Sanitation (kilolitres per household per month)	9	9	9	9	9	9	9	9	9
Sanitation (Rand per household per month)	63	69	74	89	89	89	97	105	113
Electricity (kwh per household per month)	100	100	100	100	100	100	100	100	100
Refuse (average litres per week)	240	240	240	240	240	240	240	240	240
<b>Revenue cost of subsidised services provided (R'000)</b>									
Property rates (tariff adjustment) ( impermissible values per section 17 of MPRA)	–	–	–	–	–	–	–	–	–
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	615,776	673,053	738,434	637,481	637,481	637,481	738,914	790,638	845,982
Water (in excess of 6 kilolitres per indigent household per month)	349,416	353,275	418,454	418,806	409,924	409,924	459,876	500,498	484,364
Sanitation (in excess of free sanitation service to indigent households)	259,066	267,046	303,013	298,857	298,857	298,857	339,709	370,102	359,289
Electricity/other energy (in excess of 50 kwh per indigent household per month)	–	–	254,226	317,081	317,081	317,081	330,862	358,460	389,905
Refuse (in excess of one removal a week for indigent households)	–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates									
Housing - top structure subsidies									
Other									
<b>Total revenue cost of subsidised services provided</b>	<b>1,224,258</b>	<b>1,293,374</b>	<b>1,714,127</b>	<b>1,672,225</b>	<b>1,663,343</b>	<b>1,663,343</b>	<b>1,869,361</b>	<b>2,019,696</b>	<b>2,079,540</b>

---

**Explanatory note to MBRR Table A10 - Basic Service Delivery Measurement**

1. It is anticipated that these FBS will cost the municipality R2.6 billion in 2017/18. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services.
2. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
3. The metro continues to make good progress with the eradication of backlogs:
4. The budget provides for 115 000 households to be registered as indigent in 2017/18, and therefore entitled to receiving FBS. The level of FBS will have to be reviewed to cover the cost of additional indigents given the rapid rate of immigration to the metro, especially by poor people seeking economic opportunities.

## Part 2 – Supporting Documentation

### 2.1 Overview of the annual budget process

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

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

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

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

#### 2.1.1 Budget Process Overview

The key deadlines for the compilation of the IDP and MTREF was submitted to Council for approval during August 2016 as required by Section 21(b) of the MFMA. In January 2017 Council approved a revised schedule of key deadlines mainly on recommendation emanating from Budget Circular No 86 dated 9 December 2016. In terms of the revised approved key deadlines, the IDP and Budget must be **tabled** to Council at the end of **March 2017**. The draft budget was tabled on the 16<sup>th</sup> March 2017. Consultation with community and various oversight committees took place during April 2017. The schedule of key deadline indicated that the **final adaptation** of the IDP and budget will take place in **May 2017**.

Council adopted an approach that each ward was to identify its 5 key/top priorities for inclusion in the IDP for the term. The first round of engagements with communities was conducted in October 2016; where ward level meetings were held and ward councillors were requested to submit confirmed ward priorities for their respective wards. Ward Councillors were requested to coordinate and facilitate their respective ward meetings; for the purpose of collating and confirming such 5 key/top ward priorities. Consolidated needs were then forwarded to departments for consideration during budgeting process. Further details on community engagements and extent to which the identified needs are being responded to is contained in chapter 6 of **Annexure A**.

The IDP engaged with each department between December 2016 and January 2017. This consisted of one-on-one engagement with departments to discuss the SDBIP and to finalise indicators and targets. The process also ensures that departmental outputs are aligned with national outcomes and the GDS.

The departments received budget compilation guidelines and templates for the submission Budget Office by 28 October 2016. Departments duly complied and submitted their Operating Budget and Capital Budget requests to the Finance Department for consolidation.

### **Budget Steering Committee**

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

The Budget Steering Committee is chaired by the MMC Finance and all the members of Mayoral Committee are invited to the meetings.

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

No	Activity	Date
1	Budget Steering Committee meeting  (The submissions of the departments without any curtailment)	10 February 2017
2	One –on- One discussions with departments  (The purpose is to analyse and finalise the draft figures)	13 – 24 February 2017
3	First Draft of 2017/18 MTREF	13 March 2017
4	Council meeting for tabling MTREF	16 March 2017
5	Public participation and Oversight input	18-22 April 2017
6	Approval of Final MTREF	25 May 2017

### **2.1.2 IDP and Service Delivery and Budget Implementation Plan**

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

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

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

- It must support and work towards achieving the vision and mission of City of Ekurhuleni.

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

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

### **2.1.3 Financial Modelling and Key Planning Drivers**

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

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

In addition to the above, the strategic guidance given in National Treasury's MFMA Circular 78-86 have been taken into consideration in the planning and prioritisation process.

### **2.1.4 Community Consultation**

Section 29 (1) (b) of Chapter 5 of the Municipal Systems Act of 2000 states that municipalities through appropriate mechanisms, processes and procedures established in terms of public participation; allow for communities to be consulted on their development needs and priorities; and that the local community to participate in drafting of the IDP.

City of Ekurhuleni used the ward committees as a mechanism for the purpose of engaging and consulting communities on their needs and priorities. As it is currently the case, the term of office of the ward committees lapsed with the previous term of Council and the ward committees for the current term have not yet been elected; thus placing total reliance on Ward Councilors to facilitate engagements with communities until such time that all ward committees have being established and are functional. The IDP review meetings were held



in all 20 Customer Care Areas with ward councilors from 112 wards. These meetings took place in October 2016.

## A. REVIEW PROCESS

Working sessions with all Ward Councilors were scheduled to take place after consultations with their respective wards and these sessions were held per CCA and they focused on the following:

- A presentation of the EMM Public Consultation Process for the IDP and Budget;
- Basic feedback on the past IDP / Budget Process – comments and process;
- Discussion of 5 ward Priorities of the old ward and align them to the new ward; and
- Signing off and submission of community needs per ward

A total of 560 IDP ward priorities were received from the Ekurhuleni community in October 2016 as part of the 2017/2021 IDP process. The 560 priorities represent the 5 priorities per ward for the 112 wards in Ekurhuleni. The table below indicates the number of priorities that will be addressed in the MTREF (2017/2018 to 2019/2020) and those that are non-committal from departments about the likely implementation in the MTREF.

<b>NUMBER OF PRIORITIES RECEIVED</b>	<b>560</b>	
Number of priorities that are being addressed in the current FY <b>2016/2017</b>	18	
Number of priorities to be addressed in <b>2017/2018</b> FY	106	TOTAL NUMBER OF PRIORITIES TO BE ADRESSED IN THE MTREF (106+201) <b>307</b>
Number of priorities to be addressed in <b>2018-2020 (MTREF)</b>	201	
Number of needs that <b>will not be addressed</b> in the MTREF 2017/2020 (560-307-18-24)	<b>211</b>	
Number of priorities that are <b>outside the municipality's mandate</b>	24	

A total of 307 (54.8% of the 560 needs) IDP ward needs will be addressed in the MTREF (2017/2020) and 211 (37.7% of the 560 needs) are non-committal from departments in terms of their implementation in the MTREF. 18 (3.2% IDP needs) of the identified needs are already being addressed in the 2016/2017 financial year.

24 needs (4.3% of 560 needs) fall outside the municipality's mandate (these include, police stations, schools and solar geysers amongst others), these have been referred to the relevant provincial departments to address

## 2.2 Overview of alignment of annual budget with IDP

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

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

---

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

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

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

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

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

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

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

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives an indication of the intended purposes

---

of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2017/18 MTREF and further planning refinements that have directly informed the compilation of the budget:

The main objectives of the city include:

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

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

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

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

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

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

EKU Ekurhuleni Metro - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)										
Strategic Objective	Goal	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
National Outcome 1	Improved quality of basic education									
National Outcome 2	A long and healthy life for all South Africans	20,718	14,162	189,267	14,279	196,843	195,179	134,636	141,977	151,942
National Outcome 3	All people in South Africa are and feel safe	209,596	293,856	121,389	298,778	307,174	296,261	316,467	334,238	352,452
National Outcome 4	Decent employment through inclusive economic growth	24,745	59,150	31,767	22,522	44,344	39,827	67,578	24,202	25,598
National Outcome 5	A skilled and capable workforce to support an inclusive growth path	-	-	1,435	-	23,821	23,821	24,768	24,736	24,701
National Outcome 6	An efficient, competitive and responsive economic infrastructure network	728,739	1,146,404	20,297,049	2,209,915	22,921,396	22,644,196	22,626,126	24,837,206	27,137,009
National Outcome 7	Vibrant, equitable and sustainable rural communities with food security for all									
National Outcome 8	Sustainable human settlements and improved quality of household life	5,860,053	6,349,114	1,944,745	8,068,143	2,926,838	2,890,940	2,911,541	2,948,398	3,208,721
National Outcome 9	A responsive, accountable, effective and efficient local government system	16,867,905	17,898,135	7,038,106	22,046,235	7,642,940	7,587,654	8,225,535	8,978,487	9,802,511
National Outcome 10	Environmental assets and natural resources that are well protected and continually enhanced	1,353,008	1,690,075	60,162	1,595,852	72,766	57,228	124,464	176,899	180,864
National Outcome 11	Create a better South Africa and contribute to a better and safer Africa and World	-	-	(35,233)	-	32,600	31,265	1,215	(9)	(1,091)
National Outcome 12	An efficient, effective and development-oriented public service and An empowered, fair and inclusive citizenship	-	1	(428)	-	3,913	1,194	1,381	1,407	1,426
<b>Allocations to other priorities</b>										
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>25,064,764</b>	<b>27,450,897</b>	<b>29,648,259</b>	<b>34,255,725</b>	<b>34,172,635</b>	<b>33,767,566</b>	<b>34,433,713</b>	<b>37,467,541</b>	<b>40,884,131</b>

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

EKU Ekurhuleni Metro - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)										
Strategic Objective	Goal	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
National Outcome 1	Improved quality of basic education									
National Outcome 2	A long and healthy life for all South Africans	578,398	655,101	779,400	722,610	911,908	891,735	1,009,092	1,088,722	1,172,322
National Outcome 3	All people in South Africa are and feel safe	842,121	1,215,468	1,950,423	1,165,218	2,199,893	2,153,666	2,353,245	2,534,496	2,712,550
National Outcome 4	Decent employment through inclusive economic growth	4,379	5,577	172,372	6,145	369,913	362,746	246,196	221,927	234,882
National Outcome 5	A skilled and capable workforce to support an inclusive growth path	31,800	26,728	129,330	49,633	164,348	159,563	172,241	186,700	202,405
National Outcome 6	An efficient, competitive and responsive economic infrastructure network	1,559,716	2,001,184	18,194,111	4,626,084	21,876,111	21,640,190	21,429,063	23,322,251	25,390,457
National Outcome 7	Vibrant, equitable and sustainable rural communities with food security for all	–	–	–	–	–	–	–	–	–
National Outcome 8	Sustainable human settlements and improved quality of household life	1,428,511	2,230,684	1,806,319	3,373,304	2,311,560	2,278,165	2,005,477	2,114,968	2,295,018
National Outcome 9	A responsive, accountable, effective and efficient local government system	18,246,889	18,432,235	2,764,700	20,997,879	2,652,797	2,572,828	2,859,431	3,379,079	3,936,901
National Outcome 10	Environmental assets and natural resources that are well protected and continually enhanced	226,307	394,202	874,251	468,133	970,877	952,188	1,086,596	1,170,731	1,265,244
National Outcome 11	Create a better South Africa and contribute to a better and safer Africa and World	–	–	588,255	–	608,590	598,093	657,574	704,894	755,249
National Outcome 12	An efficient, effective and development-oriented public service and An empowered, fair and inclusive citizenship	290,227	431,897	218,850	969,191	292,180	286,905	311,024	331,640	353,525
<b>Allocations to other priorities</b>										
<b>Total Expenditure</b>		<b>23,208,349</b>	<b>25,393,075</b>	<b>27,478,011</b>	<b>32,378,197</b>	<b>32,358,177</b>	<b>31,896,079</b>	<b>32,129,938</b>	<b>35,055,410</b>	<b>38,318,552</b>

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

EKU Ekurhuleni Metro - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)									
Strategic Objective	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year	Budget Year +1	Budget Year +2
National Outcome 1 - Improved quality of basic education	-	-	-	-	-	-	-	-	-
National Outcome 2 - A long and healthy life for all South	71,200	66,633	91,664	37,500	32,043	30,440	14,000	95,000	128,000
National Outcome 3 - All people in South Africa are and	36,859	74,217	81,262	102,300	148,221	140,810	172,900	174,600	115,500
National Outcome 4 - Decent employment through inclusive	64,117	43,030	38,472	245,500	120,835	114,794	107,000	143,000	120,000
National Outcome 5 - skilled and capable workforce to	-	-	-	-	-	-	-	-	-
National Outcome 6 - An efficient, competitive and	285,088	382	-	-	-	-	-	-	-
National Outcome 7 - Vibrant, equitable and sustainable	-	-	-	-	-	-	-	-	-
National Outcome 8 - Sustainable human	1,577,951	2,062,265	2,664,874	3,298,133	3,076,483	2,922,658	4,010,124	4,499,856	4,920,554
National Outcome 9 - A responsive, accountable,	512,318	803,250	1,153,619	1,447,529	1,725,858	1,639,565	1,983,332	1,805,454	1,928,268
National Outcome 10 - Environmental assets and	64,768	13,307	63,976	-	-	-	-	26,400	41,000
National Outcome 11 - Create a better South africa and	-	-	-	-	-	-	112,000	112,000	112,000
National Outcome 12 - An efficient, effective and	-	6,080	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	<b>2,612,301</b>	<b>3,069,164</b>	<b>4,093,865</b>	<b>5,130,961</b>	<b>5,103,440</b>	<b>4,848,268</b>	<b>6,399,357</b>	<b>6,856,310</b>	<b>7,365,321</b>

### 2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the metro has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

**Table 35 MBRR Table SA7 - Measurable performance objectives**

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

**CITY OF EKURHULENI – FINAL BUDGET 2017/18 TO 2019/20**

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



**CITY OF EKURHULENI – FINAL BUDGET 2017/18 TO 2019/20**

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

**CITY OF EKURHULENI – FINAL BUDGET 2017/18 TO 2019/20**

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

**CITY OF EKURHULENI – FINAL BUDGET 2017/18 TO 2019/20**

<b>EKU Ekurhuleni Metro - Supporting Table SA7 Measureable performance objectives</b>										
Description	Unit of measurement	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Vote 16 - SRAC</b>										
<i>Function 1 - Sport and Recreation</i>										
<i>Sub-function 1 - Sport Recreation</i>										
<i>Number of sports and recreation facilities constructed</i>	Number	1			1	0	0	1	1	0
<i>Number of children aged 3-6 years participating in accredited ECD</i>	Number	10	5533	9767	10640	0	10640	0	0	0
<i>Number of ECDs supported through SRAC programmes</i>	Number	162		0	0	0	0	480	530	583
<i>Number of beneficiaries participating in accredited capacity</i>	Number	5118	200	305	490	0	490	780	820	920
<i>Number of SRAC schools programs implemented</i>	Number		20	17	16	0	16	18	18	18
<i>Function 2 - Library Information Services</i>										
<i>Number of new library facilities constructed</i>	Number	12	2	0	2	0	2	0	0	2
<i>Function 3 - Arts and culture facilities</i>										
<i>Number of new arts and culture facilities constructed</i>	Number		3	0	1	0	1	0	0	0
<b>Vote 17 - Disaster Management &amp; Emergency</b>										
<i>Function 1 - Disaster Management &amp; Emergency</i>										
<i>Number of fire stations constructed</i>	Number			2	1	2	2	1	3	0
<i>Number of approved municipal critical infrastructure and/or mission critical contingency plans</i>	Number			4	4	0	4	4	4	4
<i>Percentage compliance with the required attendance times for structural firefighting incidents</i>	Percentage	82%		63%	75%	0	75%	75%	75%	75%
<i>% compliance with the required attendance times for dispatched Priority 1 emergency medical services</i>	Percentage		86%	64%	65%	0%	0%	0	0	0
<i>% of structural fire fighting calls in urban areas within 14 minutes from call receipt</i>	Percentage				0	0	0	0	0	0
<b>Vote 18 - Environmental Resource Management</b>										
<i>Function 1 - Environmental Resources</i>										
<i>number of adaptation or mitigation initiatives identified, advised on and reported on to increase climate change resilience</i>	Number				4	0	4	4	4	4
<i>Percentage of targeted members of the regulated community upon which regulatory actions were taken</i>	Percentage				100%	0%	100%	100%	100%	100%
<i>Number of water bodies rehabilitated</i>	Number				4	0	4	5	5	5
<i>Function - Parks</i>										
<i>Number of cemeteries upgraded</i>	Number			3	5	0	5	5	5	5
<i>Number of parks upgraded.</i>	Number			5	5	0	5	5	5	5
<b>Vote 19- Waste Management</b>										
<i>Number of landfill sites compliant with the minimum requirements for waste disposal by a landfill</i>	Number	5	4	4	5	0	5	5	5	5
<i>Cleanliness levels of EMM CD areas as determined by GDARD Gauteng Waste standards</i>	number				3	0	3	3	3	2
<i>Number of households with access to weekly kerbside refuse collection</i>	Number	998880	652498	100%	100%	674385	674385	674385	674385	674385
<i>Number of informal settlements with access to basic waste management services</i>	Number		119	100%	100%	119	119	119	119	119
<i>number of 240l bins rolled out in line with the mass roll out</i>	Number		52623	41367	88000	0	88000	88000	88000	88000

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

**Table 36 MBRR Table SA8 - Performance indicators and benchmarks**

EKU Ekurhuleni Metro - Supporting Table SA8 Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b><u>Borrowing Management</u></b>											
Credit Rating		Aa3.za	Aa3.za	Aaa.za	Aaa.za	Aaa.za	Aaa.za	Aaa.za			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	5.2%	3.3%	4.3%	3.2%	3.2%	3.2%	3.2%	3.3%	3.5%	7.8%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	6.1%	3.8%	5.2%	3.6%	3.6%	3.6%	3.6%	3.9%	4.2%	9.3%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	73.3%	52.8%	0.0%	55.0%	54.5%	59.0%	59.0%	69.2%	69.2%	68.9%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	1.7	1.8	1.7	2.3	1.6	1.5	1.5	1.6	1.6	1.2
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.7	1.8	1.7	2.3	1.6	1.5	1.5	1.6	1.6	1.2
Liquidity Ratio	Monetary Assets/Current Liabilities	0.9	1.1	0.9	1.5	1.0	0.9	0.9	1.1	1.1	0.8

**CITY OF EKURHULENI – FINAL BUDGET 2017/18 TO 2019/20**

EKU Ekurhuleni Metro - Supporting Table SA8 Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	89.1%	90.1%	90.1%	90.2%	93.5%	93.6%	94.6%	94.6%	95.0%	95.0%
Current Debtors Collection Rate (Cash receipts % of Outstanding Debtors to Revenue)	Total Outstanding Debtors to Annual Revenue	89.1%	90.1%	90.1%	93.5%	93.6%	94.6%	94.6%	95.0%	95.0%	95.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	21.5%	19.9%	22.4%	15.3%	15.3%	15.5%	15.5%	14.8%	13.0%	11.5%
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' c	76.0%	77.8%	76.7%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Creditors to Cash and Investments		84.5%	69.4%	83.1%	52.1%	82.7%	98.8%	98.8%	79.9%	79.0%	87.8%
<b>Other Indicators</b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	1,139,315	1,209,548	10,649,908	1,301,228	1,301,228	1,301,228	1,301,228	6,499,507	7,649,574	8,390,777
	Total Cost of Losses (Rand '000)	696,441	790,181	1,327,873	762,348	762,348	762,348	762,348	810,384	953,779	1,046,195
	% Volume (units purchased and generated less units sold)/units purchased and	10.59	11.34	15.64	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Water Distribution Losses (2)	Total Volume Losses (kℓ)	110,110	120,903	111,363	127,695	127,695	127,695	127,695	153,781	166,084	179,370
	Total Cost of Losses (Rand '000)	557,052	669,060	759,000	646,014	646,014	646,014	646,014	1,048,107	1,131,956	1,222,513
	% Volume (units purchased and generated less units sold)/units purchased and	33.90	32.11	30.60	30.00	30.00	30.00	30.00	30.00	30.00	30.00
Employee costs	Employee costs/(Total Revenue - capital revenue)	23.1%	21.7%	23.0%	20.1%	19.3%	19.0%	19.0%	22.2%	21.5%	21.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	23.5%	22.0%	23.4%	20.5%	19.7%	19.4%		22.6%	21.9%	21.4%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5.7%	5.1%	6.0%	9.1%	9.2%	9.3%		11.0%	10.8%	11.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	10.8%	10.2%	10.2%	7.6%	7.6%	7.6%	7.6%	8.5%	9.6%	10.1%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	18.4	16.5	22.0	27.5	27.5	27.5	24.1	23.2	10.3	11.3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	27.6%	25.6%	29.1%	19.2%	19.2%	19.4%	19.4%	19.0%	16.6%	14.6%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3.8	4.4	4.2	4.4	4.0	3.4	3.4	4.3	4.3	4.0

### 2.3.1 Performance indicators and benchmarks+

#### • 2.3.1.1 Borrowing Management

- Capital expenditure in local government can be funded by capital grants, own-source revenue and long-term borrowing. The ability of a municipality to raise long-term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, City of Ekurhuleni borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the metro's debt portfolio is dominated by municipal bonds. The following financial performance indicators have formed part of the compilation of the 2017/18 MTREF.
- Capital charges to operating expenditure is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is slightly increasing from 3.1% in 2016/17 to 3.3% in 2017/18. The stable percentage is maintained despite the fact that Council's capital budget is increasing significantly over the MTREF period.
- Capital charges to Own Revenue is a measure of the cost of borrowing in relation to the Own Revenue. It can be seen that the cost of borrowing will increase from 3.6% in 2016/17 to 3.9% in 2017/18.
- Borrowing funding of own capital expenditure measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The percentage for the 2016/17 year is 54.5% and will increase significantly to 69.2% in 2017/18. This is a clear indication that Council will have relatively less funding available from grants to fund the capital budget.

#### 2.3.1.2 Safety of Capital

- The gearing ratio is a measure of the long-term borrowings (non-current) over funds and reserves.

#### 2.3.1.3 Liquidity

- Current ratio is a measure of the metro's ability to pay short-term obligations with its short-term assets. The higher the ratio, the better the metro's ability to adhere to its short-term obligations. The calculation is the current assets divided by the current liabilities and as a benchmark the metro has set a limit of 1.2, hence at no point in time should this ratio be less than 1.2. For the 2017/18 MTREF the ratio is expected to be 1.1.
- The liquidity ratio is a measure of the ability of the metro to utilise cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2016/17 financial year the ratio is projected to be 1.0 at the end of this year and as part of the financial planning strategy it is projected to increase to 1.1 in the 2017/18

#### 2.3.1.4 Revenue Management

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

#### 2.3.1.5 Creditors Management

- The efficiency ratio is predicted to improve to 90% as a result from the capacity building programme in the Supply Chain Management Division.

#### 2.3.1.6 Other Indicators

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

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

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

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

- Employee costs and remuneration as a percentage of revenue (excluding capital revenue) remains steady over the MTREF period. The averages of the ratios are 21% respectively over the MTREF period.
- Repairs and maintenance as a percentage of revenue (excluding capital revenue) needs to be at an appropriate level to ensure that capital assets remain efficient and perform at an optimal level. The average ratio is 11% over the MTREF period.
- Finance charges and depreciation as a percentage of revenue (excluding capital revenue) is dependent on borrowing, interest rate levels, and the rate of depreciation of capital assets. As a result of the increase in borrowing the rate increase from 8.5% in 2017/18 to 10.1% in 2019/20.

#### 2.3.1.7 IDP regulation financial viability indicators

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

- Outstanding service debtors to revenue ratio is an indication of what percentage of revenue is in outstanding service debtors. This is also an indicator of the metro's effectiveness in managing credit control and debt collection. The lower the ratio, the more effective the management of receivables. The ratio is estimated to be 23.2% in 2017/18 and is expected to move to 11.3% in 2019/20
- Cost coverage is an indication of the metro's ability to cover fixed operational expenditure with its cash and investment balances. The higher the ratio, the higher the ability. The ratio is estimated at 4.4 in 2017/18 and is expected to be at 4.1% over the MTREF period.

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

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

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

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

Further detail relating to the number of households receiving FBS, the cost of FBS, highest level of FBS and revenue cost associated with FBS is contained in Table 31 MBRR A10 (Basic Service Delivery Measurement) on page 82.

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



## 2.4 Overview of budget-related policies

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

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

### LIST OF BUDGET RELATED POLICIES

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

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

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

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

**Annexure D1 MEDIUM TERM BUDGET POLICY STATEMENT (Reviewed)**

Minor changes for relevancy.

**Annexure D2 PRICING POLICY (Reviewed)**

Minor changes without affecting the main meaning of the content.

**Annexure D3 PROPERTY RATES POLICY (Reviewed)**

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

The rates policy takes effect from the **1<sup>st</sup> July 2017**

**Annexure D4 PROVISION OF FREE BASIC ELECTRICITY POLICY (Reviewed)**

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

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

**Annexure D5 WASTE MANAGEMENT SERVICES TARIFF POLICY (Reviewed)**

Under definitions: changed wheelie bin containers, environmental levy, zero rated waste and institutions.

Provided additional information on theft/loss of bins under waste and management services title, the information is extended as follows: **A register of all bins damaged by Council employees shall be kept and presented to Senior Management on a monthly basis to measure the impact. Income shall not be collected at depots but EMM bank account must be used to pay for a replacement bin. The bin will be issued by depots upon producing the deposit slip. Income will be journalized into waste management income vote number created for this purpose.**

Additional information under user 'category and rebates and subsidiaries' titles.

Information under the titles "garden refuse removal service, terminations, departures and regular review processes" summarised.

**Annexure D6 CONSUMER DEPOSIT POLICY (Remains unchanged)**

**Annexure D7 INDIGENT POLICY (Reviewed)**

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

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

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

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

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

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

**Annexure D10 BUDGET IMPLEMENTATION AND MONITORING POLICY (Remains unchanged)**

**Annexure D11 MUNICIPAL ENTITY FINANCIAL SUPPORT POLICY (Reviewed)**

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

**Annexure D12 ACCOUNTING POLICY (Reviewed)**

Minor changes without affecting the content.

**Annexure D 13 FUNDING AND RESERVES POLICY (Remains unchanged)**

**Annexure D 14 BORROWING POLICY (Remains unchanged)**

**Annexure D 15 CASH MANAGEMENT POLICY (Remains unchanged)**

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

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

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

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

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

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

**Annexure D 19 ELECTRICITY TARIFF POLICY (Reviewed)**

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

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

**Annexure D 20 VIREMENT POLICY (Remains unchanged)**

**Annexure D 21 CONSUMER AGREEMENT POLICY (Remains unchanged)**

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

**Annexure D23 Supply Chain Management Policy (Reviewed)**

## 2.5 Overview of budget assumptions

### 2.5.1 General inflation outlook and its impact on the municipal activities

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

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

The inflation outlook for the MTREF is as follows:

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

Fiscal year	2015/16 Actual	2016/17 Estimate	2017/18 Forecast	2018/19	2019/20
CPI Inflation	4.6%	6.4%	6.1%	5.9%	5.8%
Real GDP growth	1.6%	0.9%	1.2%	1.9%	2.5%

### 2.5.2 Credit rating outlook

**Table 37 Credit rating outlook**

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

The rating definitions are:

- Short-term: Prime – 1 (highest quality)  
Short-term Debt Ratings (maturities of less than one year)  
Prime-1 (highest quality)
- Long-term: Aa2za  
Defined as high grade. "Aa" rated are judged to be of high quality and are subject to very low credit risk.
- Senior unsecured debt (rating attached to municipal bond programme): Aa2za  
Defined as high grade. "Aa" rated are judged to be of high quality and are subject to very low credit risk.
- Long-term: Aa3.za  
Defined as high grade: "Aa" rated are judged to be of high quality and subject to very low risk for long-term debt and the best ability to repay short-term debt.
- Long-term: A1.za  
Defined as high grade: "A" rated are judged to be of upper medium grade and subject to very low risk for long-term debt and the best ability to repay short-term debt.

### 2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The City have a R8 billion Domestic Medium-term Note Programme registered with Johannesburg Stock Exchange which was applicable to last six financial years for the capital expenditure funding and formed the basis of the borrowings programme. For the 2017/18 MTREF the council approved external funding for R3.2 billion which will be drawn down from the existing Domestic Medium-term Note programme. It is based on the assumption that borrowings are undertaken using fixed interest rates (assumed at 10.5% p.a.) for external funding requiring semi-annual interest payments for a bullet facility or semi-annual capital and interest repayments for a mortising facility.

### 2.5.4 Collection rate for revenue services

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

### 2.5.5 Growth or decline in tax base of the municipality

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

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

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition, the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of FBS.

#### **2.5.6 Salary increases**

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

- 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent, being 7.36%.

#### **2.5.7 Impact of national, provincial and local policies**

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

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

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

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

## 2.6 Overview of budget funding

### 2.6.1 Medium-term Outlook: Operating Revenue

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

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

- Growth in the city and economic development.
- Revenue management and enhancement.
- Achievement of a 94% annual collection rate for consumer revenue.
- National Treasury guidelines.
- Electricity tariff increases within the National Energy Regulator of South Africa (NERSA) approval.
- Achievement of full cost recovery of specific user charges.
- Determining tariff escalation rate by establishing/calculating revenue requirements.
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA).
- The ability to extend new services and obtain cost recovery levels.

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

The proposed tariff increases for the 2017/18 MTREF on the different revenue categories are:

**Table 38 Proposed tariff increases over the MTREF**

Revenue category	2017/18 Proposed tariff increase	2018/19 Proposed tariff increase	2019/20 Proposed tariff increase
	%	%	%
Property rates	0.0	10.0	10.0
Sanitation	9.00	8.0	8.0
Refuse removal	7.5	7.5	7.5
Water	10.0	8.0	8.0
Electricity	Ranges between 1.88 & 2.2	10.0	10.0

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

**Table 39 Detailed Budget Assumption for services**

CITY OF EKURHULENI – FINAL BUDGET 2017/18 TO 2019/20

<b>INCREASE IN SERVICES INCOME</b>	<b>2016/2017</b>	<b>2017/2018</b>	<b>2018/2019</b>	<b>2016/2017</b>
<b>Base Adjustment/ Efficiency Adjustment</b>				
- Assessment Rates Income	-1.13%	12.00%	0.00%	0.00%
- Electricity Sales	-2.32%	-0.74%	0.00%	0.00%
- Water Sales	0.76%	0.00%	0.00%	0.00%
- Sanitation Sales	-0.86%	0.00%	0.00%	0.00%
- Refuse Removal	-0.08%	-0.90%	0.00%	0.00%
<b>Growth in Consumption of Services</b>				
- Assessment Rates Income	1.00%	0.9%	1.0%	1.0%
- Electricity Sales	-3.00%	0.0%	0.0%	0.0%
- Water Sales	1.00%	0.9%	1.0%	1.0%
- Sanitation Sales	1.00%	0.9%	1.0%	1.0%
- Refuse Removal	1.00%	0.9%	1.0%	1.0%
<b>Tariff Increases</b>				
- Assessment Rates Income	7.50%	0.0%	10.0%	10.0%
- Electricity Sales	7.64%	1.88%	10.0%	10.0%
- Water Sales	9.00%	10.0%	8.0%	8.0%
- Sanitation Sales	9.00%	9.0%	8.0%	8.0%
- Refuse Removal	8.00%	7.5%	7.5%	7.5%
<b>Total Income Increases</b>				
- Assessment Rates Income	7.37%	12.9%	11.0%	11.0%
- Electricity Sales	2.32%	1.14%	10.0%	10.0%
- Water Sales	10.76%	10.9%	9.0%	9.0%
- Sanitation Sales	9.14%	9.9%	9.0%	9.0%
- Refuse Removal	8.92%	7.5%	8.5%	8.5%
<b>Bulk purchase increase</b>				
- Electricity	7.86%	1.16%	10.0%	10.0%
- Water	9.00%	9.2%	8.0%	8.0%
- Sanitation	9.00%	11.58%	8.0%	8.0%

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



Table 40 MBRR SA15 – Detailed Investment Information

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

**Table 41 MBRR SA16 – Investment particulars by maturity**

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

## 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:

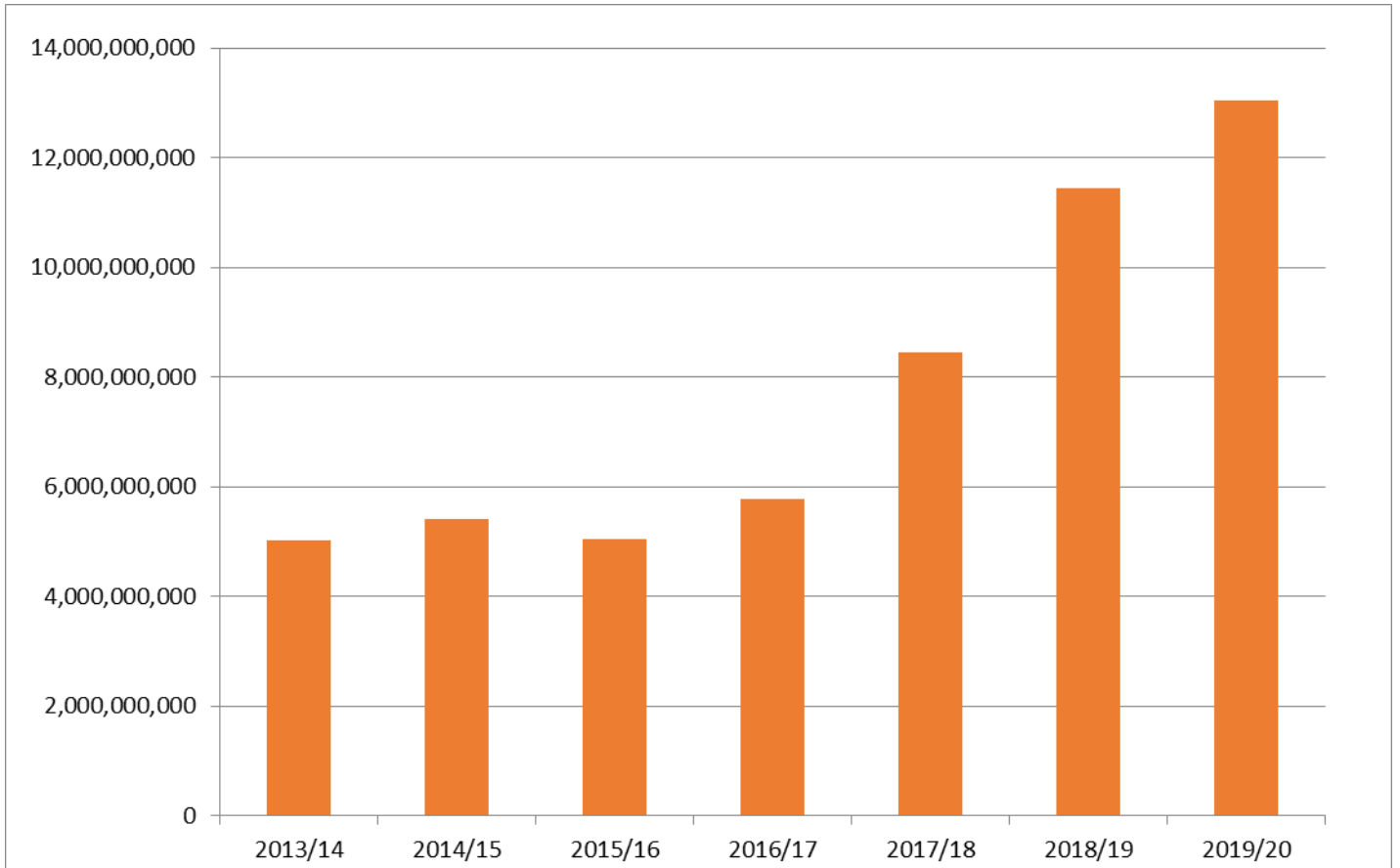
**Table 42 Sources of capital revenue over the MTREF**

<b>2017/18 - 2019/20 MULTI YEAR CAPITAL BUDGET - PER SOURCES OF FINANCE</b>						
<b>Source Of Finance</b>	<b>Budget Year 2017/18</b>	<b>%</b>	<b>Budget Year 2018/19</b>	<b>%</b>	<b>Budget Year 2019/20</b>	<b>%</b>
Energy Efficiency & Demand Side Management (EEDMS)	12,000,000	0.19%	16,000,000	0.23%	20,000,000	0.27%
External Loans	3,245,427,170	50.71%	3,438,560,778	50.15%	3,782,800,000	51.36%
Intergrated City Development Grant (ICDG)	48,646,000	0.76%	48,221,000	0.70%	50,921,000	0.69%
Intergrated National Electrification Programme (INEP)	40,000,000	0.63%	45,000,000	0.66%	45,451,000	0.62%
Neighborhood Development Partnership Grant (NDPG)	82,000,000	1.28%	55,000,000	0.80%	55,000,000	0.75%
SRAC Provincial Grant	9,000,000	0.14%	9,000,000	0.13%	9,000,000	0.12%
Public Transport Network Grant (PTNG)	660,718,000	10.32%	631,906,000	9.22%	670,650,000	9.11%
Revenue	850,265,300	13.29%	1,005,654,021	14.67%	1,016,967,603	13.81%
Urban Settlement development Grant (USDG)	1,451,300,242	22.68%	1,606,968,591	23.44%	1,714,531,717	23.28%
<b>Total</b>	<b>6,399,356,712</b>	<b>100%</b>	<b>6,856,310,390</b>	<b>100%</b>	<b>7,365,321,320</b>	<b>100%</b>

Table 43 MBRR Table SA17 - Detail of borrowings

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

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



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

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash-backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash-backed reserves and accumulated funds reconciliation, as discussed below.

**Table 44 MBRR Table SA18 - Capital transfers and grant receipts**

<b>EKU Ekurhuleni Metro - Supporting Table SA18 Transfers and grant receipts</b>									
<b>Description</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>Current Year 2016/17</b>			<b>2017/18 Medium Term Revenue &amp;</b>		
	<b>Audited Outcome</b>	<b>Audited Outcome</b>	<b>Audited Outcome</b>	<b>Original Budget</b>	<b>Adjusted Budget</b>	<b>Full Year Forecast</b>	<b>Budget Year 2017/18</b>	<b>Budget Year +1 2018/19</b>	<b>Budget Year +2 2019/20</b>
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	<b>1,632,538</b>	<b>1,888,481</b>	<b>1,954,852</b>	<b>1,850,283</b>	<b>1,766,827</b>	<b>1,766,827</b>	<b>2,294,664</b>	<b>2,403,096</b>	<b>2,556,554</b>
MIG/USDG	1,358,995	1,569,981	1,550,181	1,255,969	1,220,664	1,220,664	1,451,300	1,606,969	1,714,532
Public Transport and Systems	239,543	240,000	309,296	460,002	410,002	410,002	660,718	631,906	670,650
INEP	10,000	61,000	50,000	40,000	40,000	40,000	40,000	45,000	45,451
Electrification Demand Side Management	16,000	17,500	18,000	15,000	15,000	15,000	12,000	16,000	20,000
Other capital transfers/grants [insert description]	8,000	–	27,375	79,312	81,161	81,161	130,646	103,221	105,921
<b>Provincial Government:</b>	<b>4,644</b>	<b>1,000</b>	<b>31,487</b>	<b>26,473</b>	<b>30,859</b>	<b>30,859</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>
Other capital transfers/grants [insert description]	4,644	1,000	31,487	26,473	30,859	30,859	9,000	9,000	9,000
<b>District Municipality:</b> [insert description]	–	–	–	–	–	–	–	–	–
<b>Other grant providers:</b> [insert description]	–	–	–	–	–	–	–	–	–
<b>Total Capital Transfers and Grants</b>	<b>1,637,183</b>	<b>1,889,481</b>	<b>1,986,339</b>	<b>1,876,755</b>	<b>1,797,686</b>	<b>1,797,686</b>	<b>2,303,664</b>	<b>2,412,096</b>	<b>2,565,554</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>4,102,547</b>	<b>4,555,110</b>	<b>4,964,666</b>	<b>5,379,173</b>	<b>5,310,964</b>	<b>5,310,964</b>	<b>6,015,463</b>	<b>6,434,223</b>	<b>6,967,636</b>

### **2.6.3 Cash Flow Management**

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

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

**Table 45 MBRR Table A7 - Budget cash flow statement**

EKU Ekurhuleni Metro - Table A7 Budgeted Cash Flows										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates	3,106,102	3,728,133	3,894,773	4,459,590	4,459,590	4,459,590	4,459,590	4,833,913	5,320,951	5,853,297
Service charges	13,190,103	14,281,853	15,102,231	19,529,590	19,529,590	19,529,590	19,529,590	18,823,618	20,640,636	22,634,258
Other revenue	607,604	335,254	634,583	2,425,384	2,410,504	2,410,504	2,410,504	961,196	1,017,906	1,088,078
Government - operating	3,825,396	3,904,523	4,345,583	3,502,418	3,513,278	3,513,278	3,513,278	5,406,054	5,798,706	6,261,312
Government - capital	1,629,069	2,038,103	2,146,788	1,876,755	1,797,686	1,797,686	1,797,686	2,303,664	2,412,096	2,565,554
Interest	732,360	811,907	969,054	666,643	666,643	666,643	666,643	862,113	912,942	984,494
<b>Payments</b>										
Suppliers and employees	(17,546,823)	(18,831,069)	(20,535,349)	(25,154,308)	(24,948,921)	(24,948,921)	(24,948,921)	(25,693,764)	(28,272,078)	(30,758,198)
Finance charges	(572,960)	(571,556)	(600,828)	(662,383)	(663,333)	(663,333)	(663,333)	(753,661)	(986,116)	(1,125,824)
Transfers and Grants	(1,060,444)	(1,167,559)	(1,096,477)	(1,941,318)	(2,125,735)	(2,125,735)	(2,125,735)	(2,017,520)	(2,384,903)	(2,348,257)
<b>NET CASH FROM/(USED) OPERATING</b>	<b>3,910,406</b>	<b>4,529,589</b>	<b>4,860,358</b>	<b>4,702,372</b>	<b>4,639,302</b>	<b>4,639,302</b>	<b>4,639,302</b>	<b>4,725,613</b>	<b>4,460,140</b>	<b>5,154,713</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current	(120)	1,578	4,089	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	46,654	(217,242)	(245,277)	287,437	287,437	(1,062,029)	(1,062,029)	(242,297)	(247,948)	(253,978)
<b>Payments</b>										
Capital assets	(2,615,088)	(3,069,164)	(4,040,408)	(4,805,541)	(4,776,369)	(4,776,369)	(4,776,369)	(5,977,264)	(6,318,175)	(6,696,190)
<b>NET CASH FROM/(USED) INVESTING</b>	<b>(2,568,554)</b>	<b>(3,284,829)</b>	<b>(4,281,597)</b>	<b>(4,518,103)</b>	<b>(4,488,932)</b>	<b>(5,838,398)</b>	<b>(5,838,398)</b>	<b>(6,219,561)</b>	<b>(6,566,123)</b>	<b>(6,950,168)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	785,000	750,000	-	1,790,950	1,800,763	1,800,763	1,800,763	2,836,156	3,076,633	3,308,660
Increase (decrease) in consumer credit	22,731	70,490	37,149	17,842	17,842	17,842	17,842	50,000	50,000	50,000
<b>Payments</b>										
Repayment of borrowing	(629,421)	(258,415)	(344,700)	(381,507)	(381,507)	(381,507)	(381,507)	(316,839)	(240,032)	(1,862,577)
<b>NET CASH FROM/(USED) FINANCING</b>	<b>178,311</b>	<b>562,075</b>	<b>(307,551)</b>	<b>1,427,285</b>	<b>1,437,098</b>	<b>1,437,098</b>	<b>1,437,098</b>	<b>2,569,316</b>	<b>2,886,600</b>	<b>1,496,083</b>
<b>NET INCREASE/ (DECREASE) IN CASH</b>	<b>1,520,163</b>	<b>1,806,836</b>	<b>271,210</b>	<b>1,611,554</b>	<b>1,587,469</b>	<b>238,003</b>	<b>238,003</b>	<b>1,075,368</b>	<b>780,617</b>	<b>(299,372)</b>
Cash/cash equivalents at the year end	4,374,377	5,894,540	7,701,376	7,701,376	6,701,376	6,701,376	6,701,376	8,288,845	9,364,213	10,144,830
Cash/cash equivalents at the year start	5,894,540	7,701,376	7,972,586	9,312,930	8,288,845	6,939,379	6,939,379	9,364,213	10,144,830	9,845,458

## 2.6.4 Cash-backed Reserves/Accumulated Surplus Reconciliation

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

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

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



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

EKU Ekurhuleni Metro - Table A8 Cash backed reserves/accumulated surplus reconciliation										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end	5,894,540	7,701,376	7,972,586	9,312,930	8,288,845	6,939,379	6,939,379	9,364,213	10,144,830	9,845,458
Other current investments > 90 days	143,070	115,978	147,021	143,070	143,070	143,070	143,070	143,070	143,070	143,070
Non current assets - Investments	637,262	881,596	1,095,831	1,069,033	1,069,033	2,418,499	2,418,499	2,660,797	2,908,745	3,162,723
<b>Cash and investments available:</b>	<b>6,674,872</b>	<b>8,698,950</b>	<b>9,215,438</b>	<b>10,525,032</b>	<b>9,500,947</b>	<b>9,500,947</b>	<b>9,500,947</b>	<b>12,168,079</b>	<b>13,196,644</b>	<b>13,151,250</b>
<b>Application of cash and investments</b>										
Unspent conditional transfers	370,603	553,046	433,286	-	-	-	-	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements										
Other working capital requirements	555,985	887,317	1,240,176	276,031	2,276,223	2,211,996	2,211,996	3,037,703	3,744,537	4,518,006
Other provisions	762,445	743,849	838,026	838,079	838,079	838,079	838,079	924,856	924,856	924,856
Long term investments committed	772,469	856,741	1,091,626	916,188	916,188	916,188	916,188	1,091,626	1,091,626	1,091,626
Reserves to be backed by cash/investments	803,186	1,005,015	-	1,046,253						
<b>Total Application of cash and investments:</b>	<b>3,264,687</b>	<b>4,045,967</b>	<b>3,603,114</b>	<b>3,076,551</b>	<b>4,030,490</b>	<b>3,966,263</b>	<b>3,966,263</b>	<b>5,054,185</b>	<b>5,761,019</b>	<b>6,534,488</b>
<b>Surplus(shortfall)</b>	<b>3,410,185</b>	<b>4,652,983</b>	<b>5,612,323</b>	<b>7,448,481</b>	<b>5,470,458</b>	<b>5,534,685</b>	<b>5,534,685</b>	<b>7,113,895</b>	<b>7,435,626</b>	<b>6,616,761</b>

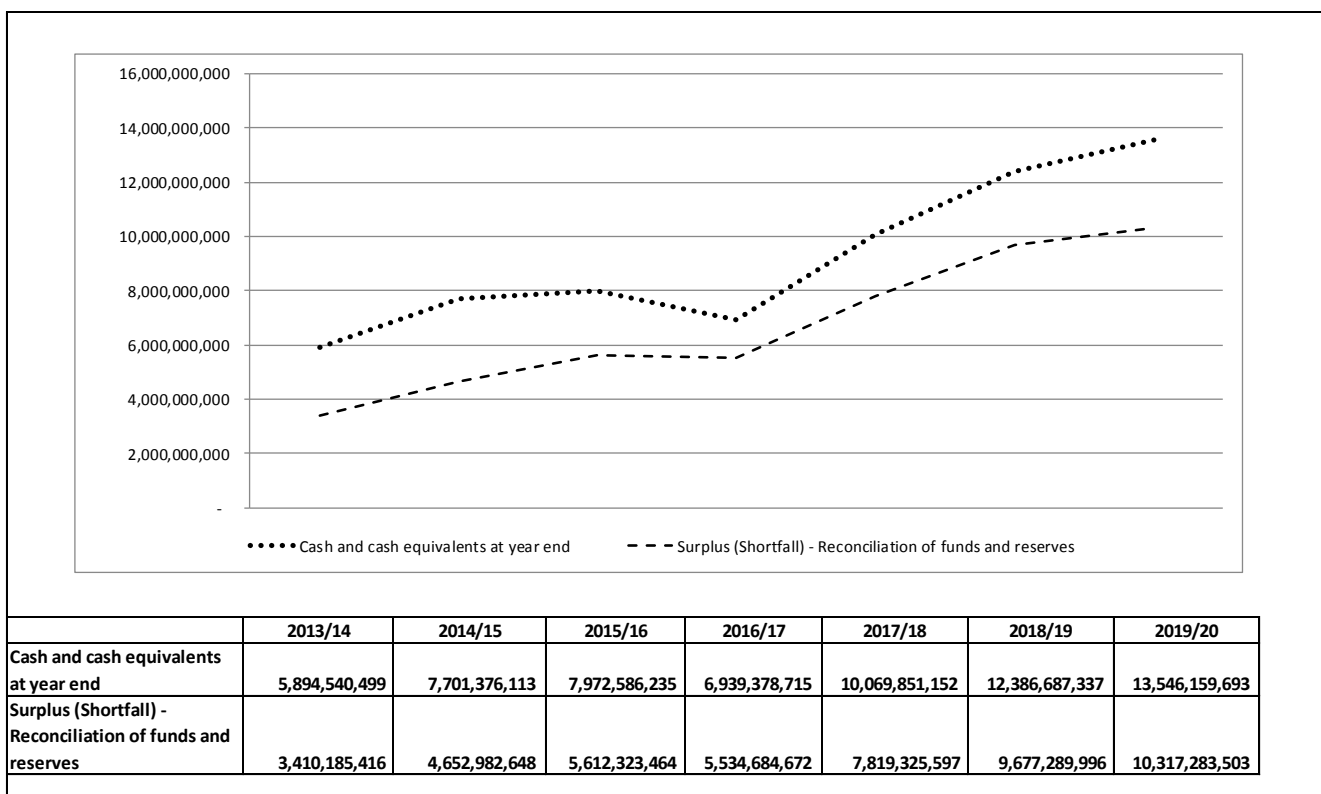
From the above table and the discussion of Table A8 on page it can be seen that the cash and investments available will increase to R13.1 billion by 2019/20, which includes the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

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

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

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

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



### 2.6.5 Funding compliance measurement

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

**Table 47 MBRR SA10 – Funding compliance measurement**

EKU Ekurhuleni Metro Supporting Table SA10 Funding measurement										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Funding measures</b>										
Cash/cash equivalents at the year end - R'000	5,894,540	7,701,376	7,972,586	9,312,930	8,288,845	6,939,379	6,939,379	9,364,213	10,144,830	9,845,458
Cash + investments at the yr end less applications - R'000	3,410,185	4,652,983	5,612,323	7,448,481	5,470,458	5,534,685	5,534,685	7,113,895	7,435,626	6,616,761
Cash year end/monthly employee/supplier payments	3.8	4.4	4.2	4.4	4.0	3.4	3.4	4.3	4.3	4.0
Surplus/(Deficit) excluding depreciation offsets: R'000	1,856,415	2,057,822	2,170,248	1,877,528	1,814,458	1,871,487	1,871,487	2,303,775	2,412,131	2,565,579
Service charge rev % change - macro CPIX target exclusiv	N.A.	3.3%	(0.6%)	15.7%	(6.1%)	(7.0%)	(6.0%)	(8.8%)	3.7%	3.7%
Cash receipts % of Ratepayer & Other revenue	87.3%	86.7%	87.6%	92.5%	92.5%	93.8%	93.8%	93.5%	93.6%	93.6%
Debt impairment expense as a % of total billable revenue	7.3%	11.1%	6.8%	5.7%	5.7%	5.8%	5.8%	6.2%	6.1%	6.1%
Capital payments % of capital expenditure	100.1%	100.0%	98.7%	93.7%	93.6%	98.5%	98.5%	93.4%	92.2%	90.9%
Borrowing receipts % of capital expenditure (excl. transf	71.5%	52.8%	0.0%	55.0%	54.5%	59.0%	59.0%	69.2%	69.2%	68.9%
Grants % of Govt. legislated/gazetted allocations								128.2%	127.6%	126.7%
Current consumer debtors % change - incr(decr)	N.A.	1.5%	19.5%	(19.5%)	0.0%	0.0%	0.0%	(4.0%)	(3.9%)	(3.6%)
Long term receivables % change - incr(decr)	N.A.	98.5%	38.5%	(27.8%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	3.1%	3.0%	3.6%	6.2%	6.1%	6.1%	7.3%	6.7%	6.8%	7.1%
Asset renewal % of capital budget	45.3%	41.2%	47.1%	39.9%	40.8%	40.8%	0.0%	42.7%	37.7%	40.2%

CITY OF EKURHULENI – FINAL BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro Supporting Table SA10 Funding 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	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Supporting indicators</b>										
% incr total service charges (incl prop rates)		9.3%	5.4%	21.7%	(0.1%)	(1.0%)	0.0%	(2.8%)	9.7%	9.7%
% incr Property Tax		7.8%	6.9%	18.1%	0.0%	(0.5%)	0.0%	9.2%	10.1%	10.0%
% incr Service charges - electricity revenue		8.3%	5.4%	13.8%	0.0%	(1.1%)	0.0%	(3.2%)	10.0%	10.0%
% incr Service charges - water revenue		15.3%	8.3%	32.4%	(0.0%)	(1.1%)	0.0%	(4.1%)	9.9%	9.9%
% incr Service charges - sanitation revenue		12.2%	4.9%	56.1%	0.0%	2.6%	0.0%	(17.7%)	8.0%	8.0%
% incr Service charges - refuse revenue		8.1%	(7.6%)	54.6%	0.0%	(2.3%)	0.0%	(18.3%)	7.6%	7.6%
% incr in Service charges - other		6.1%	1.3%	87.3%	(21.9%)	(39.4%)	0.0%	14.7%	5.9%	5.8%
Total billable revenue	18,288,748	19,997,845	21,077,114	25,650,550	25,620,550	25,371,156	25,371,156	24,896,218	27,321,159	29,979,677
Service charges	18,288,748	19,997,845	21,077,114	25,650,550	25,620,550	25,371,156	25,371,156	24,896,218	27,321,159	29,979,677
Property rates	3,427,709	3,693,387	3,946,659	4,661,284	4,661,284	4,637,970	4,637,970	5,088,330	5,601,001	6,161,365
Service charges - electricity revenue	10,358,669	11,215,634	11,824,170	13,458,637	13,458,637	13,315,364	13,315,364	13,027,720	14,327,264	15,756,488
Service charges - water revenue	2,576,373	2,970,665	3,217,167	4,260,889	4,260,888	4,212,303	4,212,303	4,087,720	4,492,404	4,937,228
Service charges - sanitation revenue	895,456	1,005,144	1,054,668	1,646,274	1,646,274	1,688,507	1,688,507	1,355,300	1,463,724	1,580,822
Service charges - refuse removal	962,652	1,040,979	961,447	1,486,709	1,486,709	1,452,359	1,452,359	1,214,668	1,307,061	1,406,545
Service charges - other	67,889	72,037	73,002	136,757	106,757	64,653	64,653	122,479	129,706	137,229
Rental of facilities and equipment	55,705	62,455	59,256	65,479	65,599	63,641	63,641	74,361	78,748	83,316
Capital expenditure excluding capital grant funding	1,097,859	1,421,722	1,947,602	3,254,206	3,305,754	3,050,582	3,050,582	4,095,692	4,444,215	4,799,768
Cash receipts from ratepayers	16,903,809	18,345,240	19,631,588	26,414,564	26,399,684	26,399,684	26,399,684	24,618,727	26,979,493	29,575,632
Ratepayer & Other revenue	19,354,507	21,171,546	22,403,505	28,549,471	28,534,590	28,139,707	28,139,707	26,324,968	28,834,205	31,592,887
Change in consumer debtors (current and non-current)	598,954	77,157	1,003,346	(1,201,249)	(1,201,249)	(1,201,249)	(1,201,249)	(197,861)	(182,801)	(163,836)
Operating and Capital Grant Revenue	5,339,961	5,760,183	6,612,130	5,379,173	5,310,964	5,310,964	5,310,964	7,709,719	8,210,802	8,826,866
Capital expenditure - total	2,612,301	3,069,164	4,093,865	5,130,961	5,103,440	4,848,268	4,848,268	6,399,357	6,856,310	7,365,321
Capital expenditure - renewal	1,183,988	1,263,430	1,928,851	2,044,696	2,081,055	1,977,002		2,730,268	2,584,241	2,962,868

CITY OF EKURHULENI – FINAL BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro Supporting Table SA10 Funding 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	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Supporting benchmarks</b>										
Growth guideline maximum	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline	4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY								3,339,339	3,673,187	4,032,231
DoRA capital grants total MFY								2,294,664	2,403,096	2,556,554
Provincial operating grants								372,460	348,940	369,851
Provincial capital grants								9,000	9,000	9,000
District Municipality grants										
Total gazetted/advised national, provincial and district grants								6,015,463	6,434,223	6,967,636
Average annual collection rate (arrears inclusive)										
<b>DoRA operating</b>										
<i>Local Government Equitable Share</i>								2,719,861	3,154,062	3,503,013
Finance Management								1,050	1,000	1,000
EPWP								44,718		
USDG & PTIS - operating								573,710	518,125	528,218
								<b>3,339,339</b>	<b>3,673,187</b>	<b>4,032,231</b>
<b>DoRA capital</b>										
<i>USDG</i>								1,451,300	1,606,969	1,714,532
Public Transport and Systems								660,718	631,906	670,650
INEP & Electrification Demand Side Management								52,000	61,000	65,451
NDPG & ICDG								130,646	103,221	105,921
								<b>2,294,664</b>	<b>2,403,096</b>	<b>2,556,554</b>



CITY OF EKURHULENI – FINAL BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro Supporting Table SA10 Funding 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	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Borrowing</b>										
Credit Rating (2009/10)								Aaa.za		
Capital Charges to Operating	5.2%	3.3%	4.3%	3.2%	3.2%	3.2%	3.2%	3.3%	3.5%	7.8%
Borrowing Receipts % of Capital Expenditure	71.5%	52.8%	0.0%	55.0%	54.5%	59.0%	59.0%	69.2%	69.2%	68.9%
<b>Reserves</b>										
Surplus/(Deficit)	3,410,185	4,652,983	5,612,323	7,448,481	5,470,458	5,534,685	5,534,685	7,113,895	7,435,626	6,616,761
<b>Free Services</b>										
Free Basic Services as a % of Equitable Share	27.0%	29.4%	94.8%	108.8%	109.8%	109.8%		98.5%	91.7%	88.6%
Free Services as a % of Operating Revenue (excl operational transfers)	6.2%	6.0%	7.4%	5.8%	5.8%	5.8%		4.2%	4.2%	4.0%
<b>High Level Outcome of Funding Compliance</b>										
Total Operating Revenue	23,548,607	25,803,810	27,501,101	32,378,969	32,374,949	31,969,880	31,969,880	32,130,048	35,055,445	38,318,577
Total Operating Expenditure	23,208,349	25,393,075	27,478,011	32,378,197	32,358,177	31,896,079	31,896,079	32,129,938	35,055,410	38,318,552
Surplus/(Deficit) Budgeted Operating Statement	340,258	410,735	23,090	773	16,772	73,801	73,801	110	35	25
Surplus/(Deficit) Considering Reserves and Cash Backing	3,410,185	4,652,983	5,612,323	7,448,481	5,470,458	5,534,685	5,534,685	7,113,895	7,435,626	6,616,761
<b>MTREF Funded (1) / Unfunded (0)</b>	1	1	1	1	1	1	1	1	1	1
<b>MTREF Funded v / Unfunded</b>	v	v	v	v	v	v	v	v	v	v



### 2.6.5.1 Cash/cash equivalent position

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

If the municipality's forecast cash position is negative, for any year of the Medium-term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with Section 45 of the MFMA, which deals with the repayment of short-term debt at the end of the financial year. The forecasted cash and cash equivalents for the MTREF shows R9.3 billion, R10.1 billion and R9.8 billion for each respective MTREF financial years.

### 2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detailed reconciliation of the cash-backed reserves/surpluses is contained in Table 28, on page 72. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made.

### 2.6.5.3 Monthly average payments covered by cash or cash equivalents

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

### 2.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium-term. For the MTREF the indicative outcome is a surplus of R110 million, R35 million and R25 million.

---

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

#### 2.6.5.5 Cash receipts as a percentage of ratepayer and other revenue

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

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

#### 2.6.5.6 Debt impairment expense as a percentage of billable revenue

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

#### 2.6.5.7 Capital payments percentage of capital expenditure

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

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

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 69.2%, 69.2% and 68.9% of own funded capital over the MTREF.

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

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

2.6.5.10 Consumer debtors change (current and non-current)

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

2.6.5.11 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium- to long-term because the revenue budget is not being protected. Details of the metro's strategy pertaining to asset management and repairs and maintenance are contained in Table 92 MBRR SA34c - repairs and maintenance expenditure by asset class on page 241

2.6.5.12 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed Capital Budget is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 91 MBRR SA34b on page 240.

## 2.7 Expenditure on grants and reconciliations of unspent funds

Table 48 MBRR SA19 - Expenditure on transfers and grant programmes

EKU Ekurhuleni Metro - Supporting Table SA19 Expenditure on transfers and grant programme									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>EXPENDITURE:</b>									
<b>Operating expenditure of Transfers and Grants</b>									
<b>National Government:</b>	<b>2,148,094</b>	<b>2,329,575</b>	<b>2,600,651</b>	<b>3,078,925</b>	<b>3,121,386</b>	<b>3,121,386</b>	<b>3,339,339</b>	<b>3,673,187</b>	<b>4,032,231</b>
Local Government Equitable Share	1,917,953	2,042,951	2,181,182	2,381,367	2,381,367	2,381,367	2,719,861	3,154,062	3,503,013
Finance Management	1,250	1,250	1,050	1,050	1,050	1,050	1,050	1,000	1,000
Public Transport and Systems	9,826	5,370	28,455	40,000	40,000	40,000	40,000	40,000	40,000
Integrated City Development Grant	751	48,380	41,634						
EPWP Operational	11,007	6,422	13,709	22,125	22,125	22,125	44,718		
Other transfers/grants [insert description]	207,308	225,202	334,622	634,383	676,844	676,844	533,710	478,125	488,218
<b>Provincial Government:</b>	<b>269,346</b>	<b>313,847</b>	<b>336,407</b>	<b>423,493</b>	<b>391,892</b>	<b>391,892</b>	<b>372,460</b>	<b>348,940</b>	<b>369,851</b>
Health subsidy	106,493	111,952	117,885	124,133	124,133	124,133	130,340	137,900	145,622
Ambulance subsidy	129,001	136,040	143,043	150,624	150,624	150,624	158,155	167,328	176,698
SETA	3,291	7,374	1,553	23,821	23,821	23,821	25,132	25,132	25,132
Other transfers/grants [insert description]	30,561	58,481	73,926	124,914	93,314	93,314	58,833	18,580	22,399
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]									
<b>Other grant providers:</b>	<b>268</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]	268								
<b>Total operating expenditure of Transfers and Grants:</b>	<b>2,417,708</b>	<b>2,643,422</b>	<b>2,937,058</b>	<b>3,502,418</b>	<b>3,513,278</b>	<b>3,513,278</b>	<b>3,711,798</b>	<b>4,022,127</b>	<b>4,402,082</b>

CITY OF EKURHULENI – FINAL BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro - Supporting Table SA19 Expenditure on transfers and grant programme									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>									
<b>Capital expenditure of Transfers and Grants</b>									
<b>National Government:</b>	<b>1,495,287</b>	<b>1,642,429</b>	<b>2,118,921</b>	<b>1,850,283</b>	<b>1,766,827</b>	<b>1,766,827</b>	<b>2,294,664</b>	<b>2,403,096</b>	<b>2,556,554</b>
MIG/USDG	1,267,760	1,274,977	1,730,618	1,255,969	1,220,664	1,220,664	1,451,300	1,606,969	1,714,532
Public Transport and Systems	198,255	289,531	294,079	460,002	410,002	410,002	660,718	631,906	670,650
INEP	5,005	60,925	49,755	40,000	40,000	40,000	40,000	45,000	45,451
Electrification Demand Side Management	16,267	16,997	17,808	15,000	15,000	15,000	12,000	16,000	20,000
Other capital transfers/grants [insert desc]	8,000		26,661	79,312	81,161	81,161	130,646	103,221	105,921
<b>Provincial Government:</b>	<b>19,156</b>	<b>4,657</b>	<b>27,342</b>	<b>26,473</b>	<b>30,859</b>	<b>30,859</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>
Other capital transfers/grants [insert description]	19,156	4,657	27,342	26,473	30,859	30,859	9,000	9,000	9,000
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]									
<b>Other grant providers:</b>	<b>26,259</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]	26,259								
<b>Total capital expenditure of Transfers and Grants</b>	<b>1,540,702</b>	<b>1,647,087</b>	<b>2,146,263</b>	<b>1,876,755</b>	<b>1,797,686</b>	<b>1,797,686</b>	<b>2,303,664</b>	<b>2,412,096</b>	<b>2,565,554</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>3,958,410</b>	<b>4,290,509</b>	<b>5,083,321</b>	<b>5,379,173</b>	<b>5,310,964</b>	<b>5,310,964</b>	<b>6,015,463</b>	<b>6,434,223</b>	<b>6,967,636</b>

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

EKU Ekurhuleni Metro - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Operating transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	34,380	54,767	152,219		7,156				
Current year receipts	2,168,482	2,427,027	2,490,877	3,078,925	3,114,230	3,121,386	3,339,339	3,673,187	4,032,231
<b>Conditions met - transferred to revenue</b>	<b>2,148,094</b>	<b>2,329,575</b>	<b>2,600,651</b>	<b>3,078,925</b>	<b>3,121,386</b>	<b>3,121,386</b>	<b>3,339,339</b>	<b>3,673,187</b>	<b>4,032,231</b>
Conditions still to be met - transferred to liabilities	54,767	152,219	42,445						
<b>Provincial Government:</b>									
Balance unspent at beginning of the year	65,827	125,766	8,411		75,094				
Current year receipts	329,286	196,492	402,300	423,493	316,798	391,892	372,460	348,940	369,851
<b>Conditions met - transferred to revenue</b>	<b>269,346</b>	<b>313,847</b>	<b>336,407</b>	<b>423,493</b>	<b>391,892</b>	<b>391,892</b>	<b>372,460</b>	<b>348,940</b>	<b>369,851</b>
Conditions still to be met - transferred to liabilities	125,766	8,411	74,304						
<b>District Municipality:</b>									
Balance unspent at beginning of the year									
Current year receipts									
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities									
<b>Other grant providers:</b>									
Balance unspent at beginning of the year	268								
Current year receipts									
<b>Conditions met - transferred to revenue</b>	<b>268</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities									
<b>Total operating transfers and grants revenue</b>	<b>2,417,708</b>	<b>2,643,422</b>	<b>2,937,058</b>	<b>3,502,418</b>	<b>3,513,278</b>	<b>3,513,278</b>	<b>3,711,798</b>	<b>4,022,127</b>	<b>4,402,082</b>
<b>Total operating transfers and grants - CTBM</b>	<b>180,534</b>	<b>160,630</b>	<b>116,748</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	53,025	184,825	391,247		1,849				
Current year receipts	1,627,087	1,848,851	2,039,066	1,850,283	1,764,978	1,766,827	2,294,664	2,403,096	2,556,554
<b>Conditions met - transferred to revenue</b>	<b>1,495,287</b>	<b>1,642,429</b>	<b>2,118,921</b>	<b>1,850,283</b>	<b>1,766,827</b>	<b>1,766,827</b>	<b>2,294,664</b>	<b>2,403,096</b>	<b>2,556,554</b>
Conditions still to be met - transferred to liabilities	184,825	391,247	311,393						
<b>Provincial Government:</b>									
Balance unspent at beginning of the year	77,330	5,243	1,169		3,798				
Current year receipts	(52,931)	938	31,318	26,473	27,061	30,859	9,000	9,000	9,000
<b>Conditions met - transferred to revenue</b>	<b>19,156</b>	<b>5,012</b>	<b>27,342</b>	<b>26,473</b>	<b>30,859</b>	<b>30,859</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>
Conditions still to be met - transferred to liabilities	5,243	1,169	5,145						
<b>District Municipality:</b>									
Balance unspent at beginning of the year									
Current year receipts									
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities									
<b>Other grant providers:</b>									
Balance unspent at beginning of the year	1,845								
Current year receipts	(1,845)								
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities									
<b>Total capital transfers and grants revenue</b>	<b>1,514,442</b>	<b>1,647,442</b>	<b>2,146,263</b>	<b>1,876,755</b>	<b>1,797,686</b>	<b>1,797,686</b>	<b>2,303,664</b>	<b>2,412,096</b>	<b>2,565,554</b>
<b>Total capital transfers and grants - CTBM</b>	<b>190,069</b>	<b>392,416</b>	<b>316,537</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>3,932,151</b>	<b>4,290,864</b>	<b>5,083,321</b>	<b>5,379,173</b>	<b>5,310,964</b>	<b>5,310,964</b>	<b>6,015,463</b>	<b>6,434,223</b>	<b>6,967,636</b>

## 2.8 Councillor and employee benefits

### Table 50 MBRR SA22 - Summary of councillor and staff benefits

EKU Ekurhuleni Metro - Supporting Table SA22 Summary councillor and staff benefits									
Summary of Employee and Councillor remuneration	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	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	A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages	50,089	50,469	50,275	64,682	64,682	62,967	72,659	77,672	82,954
Pension and UIF Contributions	7,366	7,424	7,386	9,405	9,405	3,959	4,062	4,342	4,638
Medical Aid Contributions	2,105	2,095	2,096	3,358	3,358	1,597	1,813	1,938	2,070
Motor Vehicle Allowance	10,459	11,359	11,719	14,271	14,271	13,799	6,345	6,783	7,244
Cellphone Allowance	3,339	4,253	4,252	5,702	5,702	5,558	5,670	6,061	6,473
Housing Allowances	20,783	24,377	29,968	29,136	29,136	28,928	39,767	42,511	45,402
Other benefits and allowances									
<b>Sub Total - Councillors</b>	<b>94,141</b>	<b>99,977</b>	<b>105,696</b>	<b>126,553</b>	<b>126,553</b>	<b>116,809</b>	<b>130,316</b>	<b>139,308</b>	<b>148,781</b>
<b>% increase</b>		<b>6.2%</b>	<b>5.7%</b>	<b>19.7%</b>	<b>-</b>	<b>(7.7%)</b>	<b>11.6%</b>	<b>6.9%</b>	<b>6.8%</b>
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	-	43,760	-	50,375	120,751	45,282	52,435	56,053	59,865
Pension and UIF Contributions	-	-	-	1,590	3,180	1,192	1,079	1,153	1,232
Medical Aid Contributions	-	-	-	63	126	47	96	103	110
Overtime	-	-	-	-	-	-	-	-	-
Performance Bonus	-	4,558	-	7,556	15,113	5,667	4,486	4,796	5,122
Motor Vehicle Allowance	-	-	-	2,831	5,662	2,123	1,785	1,908	2,037
Cellphone Allowance	-	-	-	1,020	2,040	765	970	1,037	1,107
Housing Allowances	-	-	-	170	340	128	127	136	145
Other benefits and allowances	-	1,823	-	3	5	2	-	-	-
Payments in lieu of leave	-	-	(0)	2,377	4,754	1,783	2,451	2,620	2,799
Long service awards	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>	<b>-</b>	<b>50,142</b>	<b>(0)</b>	<b>65,985</b>	<b>151,970</b>	<b>56,989</b>	<b>63,429</b>	<b>67,806</b>	<b>72,417</b>
<b>% increase</b>		<b>-</b>	<b>(100.0%)</b>	<b>130.3%</b>	<b>(62.5%)</b>	<b>11.3%</b>	<b>6.9%</b>	<b>6.8%</b>	
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	3,597,216	3,603,191	3,930,115	4,252,178	3,987,307	3,889,497	4,531,755	4,770,829	5,066,120
Pension and UIF Contributions	658,631	688,874	718,555	836,297	834,250	890,604	1,032,120	1,103,336	1,178,363
Medical Aid Contributions	250,279	354,350	668,413	453,051	372,409	357,038	425,203	454,543	485,451
Overtime	471,338	512,118	638,657	409,439	410,096	402,919	472,500	505,103	539,450
Performance Bonus	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	-	203,779	208,394	220,225	214,564	216,371	253,791	271,303	289,752
Cellphone Allowance	13,589	16,833	17,384	16,108	14,098	15,855	17,539	18,749	20,024
Housing Allowances	-	42,144	57,074	58,975	58,085	57,942	73,834	78,929	84,296
Other benefits and allowances	11,024	31,070	-	3,628	-	-	-	-	-
Payments in lieu of leave	112,943	100,916	105,370	183,520	178,766	180,308	228,465	244,229	260,837
Long service awards	46,364	(89,109)	(5,541)	19,671	19,671	19,327	20,851	22,290	23,805
Post-retirement benefit obligations	270,751	73,042	-	-	-	-	10,903	11,656	12,448
<b>Sub Total - Other Municipal Staff</b>	<b>5,432,135</b>	<b>5,537,209</b>	<b>6,338,421</b>	<b>6,449,463</b>	<b>6,092,873</b>	<b>6,029,861</b>	<b>7,066,963</b>	<b>7,480,967</b>	<b>7,960,547</b>
<b>% increase</b>		<b>1.9%</b>	<b>14.5%</b>	<b>1.8%</b>	<b>(5.5%)</b>	<b>(1.0%)</b>	<b>17.2%</b>	<b>5.9%</b>	<b>6.4%</b>
<b>Total Parent Municipality</b>	<b>5,526,277</b>	<b>5,687,328</b>	<b>6,444,117</b>	<b>6,642,001</b>	<b>6,371,396</b>	<b>6,203,659</b>	<b>7,260,708</b>	<b>7,688,080</b>	<b>8,181,744</b>
		<b>2.9%</b>	<b>13.3%</b>	<b>3.1%</b>	<b>(4.1%)</b>	<b>(2.6%)</b>	<b>17.0%</b>	<b>5.9%</b>	<b>6.4%</b>

A 6% provision has been made on the remuneration of councillor's budget. In reconciling the total employee-related costs with the budget provided the following details are provided:

**Table 51 MBRR SA23 – Salaries, allowances & benefits**

EKU Ekurhuleni Metro - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)						
Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum		1.				2.
<b>Councillors</b>						
Speaker	484,263	91,636	575,219			1,151,118
Chief Whip	1,039,163	–	22,978			1,062,141
Executive Mayor	1,368,561	–	46,049			1,414,610
Deputy Executive Mayor	–	–	–			–
Executive Committee	4,275,136	652,117	5,694,151			10,621,404
Total for all other councillors	66,027,993	5,124,606	44,914,007			116,066,607
<b>Total Councillors</b>	<b>73,195,118</b>	<b>5,868,359</b>	<b>51,252,404</b>			<b>130,315,881</b>
<b>Senior Managers of the Municipality</b>						
Municipal Manager (MM)	3,083,275	65,657	135,881	265,660		3,550,473
Chief Finance Officer	1,945,885	–	90,000	164,973		2,200,857
Chief Operating Officer	1,945,885	–	90,000	164,973		2,200,857
Chief of Police	1,945,885	–	90,000	164,973		2,200,857
Chief Audit Executive	1,858,803	86,400	80,232	163,972		2,189,410
Chief Information Officer	1,928,761	–	89,208	163,521		2,181,490
<i>List of each official with packages &gt;= senior manager</i>						
Head of Department : Energy	1,928,761	–	89,208	163,521		2,181,490
Head of Department : Strategy & Corpor	1,945,885	–	90,000	164,973		2,200,858
Head of Department : Health & Social Se	1,781,211	162,000	76,572	163,457		2,183,240
Head of Department : Customer Relatio	2,230,886	–	97,848	188,530		2,517,264
Head of Department : Corporate Legal S	2,020,754	129,600	87,871	181,124		2,419,349
Head of Department : Communication &	1,708,462	127,059	67,147	153,928		2,056,596
Head of Department : Human Resources	1,945,885	–	90,000	164,973		2,200,858
Head of Department : Sport, Recreation,	1,945,885	–	90,000	164,973		2,200,858
Head of Department : City Planning	1,763,594	181,338	78,005	163,734		2,186,671
Head of Department : Disaster & Emerge	1,934,414	171,117	83,799	177,144		2,366,474
Head of Department : Human Settlement	1,613,641	94,608	66,970	143,729		1,918,948
Head of Department : Economic Develop	2,093,384	–	88,558	176,627		2,358,569
Head of Department : Transport	1,945,885	–	90,000	164,973		2,200,858
Head of Department : Environmental Re	1,945,236	–	89,969	164,918		2,200,123
Head of Department : Waste Managemen	1,928,761	–	89,208	163,521		2,181,490
Head of Department : Enterprise Program	2,086,044	–	89,819	176,168		2,352,031
Head of Department : Facilities Managem	1,889,110	107,050	82,849	168,297		2,247,306
Head of Department : Water & Sanitatio	1,945,885	–	90,000	164,973		2,200,858
Head of Department : Sedretary Of Cour	1,928,761	–	89,208	163,521		2,181,490
Head of Department : Roads & Stormwa	2,137,956	–	87,739	180,120		2,405,815
Head of Department : Fleet Managemen	1,960,131	–	90,672	166,178		2,216,981
Head of Department : Risk Management	1,712,485	–	70,500	144,410		1,927,395
<b>Total Senior Managers of the Municipality</b>	<b>55,101,510</b>	<b>1,124,829</b>	<b>2,451,263</b>	<b>4,751,864</b>	<b>–</b>	<b>63,429,466</b>
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	<b>128,296,628</b>	<b>6,993,188</b>	<b>53,703,667</b>	<b>4,751,864</b>		<b>193,745,347</b>



Table 52 MBRR SA24 – Summary of personnel numbers

EKU Ekurhuleni Metro - Supporting Table SA24 Summary of personnel numbers										
Summary of Personnel Numbers		2015/16			Current Year 2016/17			Budget Year 2017/18		
Number	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus)	202	–	202	224	–	224	224	–	224	
Board Members of municipal entities	13	–	13	13	–	13	13	–	13	
<b>Municipal employees</b>										
Municipal Manager and Senior Managers	100	75	18	191	32	159	197	–	197	
Other Managers	969	–	5	566	566	18	366	366	–	
Professionals	1,847	1,745	109	1,127	1,595	170	1,943	1,939	4	
<i>Finance</i>	156	156	–	151	151	12	200	199	1	
<i>Spatial/town planning</i>	98	98	–	17	17	–	42	42	–	
<i>Information Technology</i>	4	4	–	9	9	3	29	29	–	
<i>Roads</i>	8	8	–	16	16	8	57	57	–	
<i>Electricity</i>	33	33	–	23	23	10	51	51	–	
<i>Water</i>	26	26	–	39	39	12	67	67	–	
<i>Sanitation</i>	180	180	–	–	–	6	–	–	–	
<i>Refuse</i>	–	–	–	–	–	8	23	23	–	
<i>Other</i>	1,342	1,240	109	872	1,340	111	1,474	1,471	3	
Technicians	1,404	1,382	22	1,826	1,826	53	2,227	2,227	–	
<i>Finance</i>	19	19	–	16	16	–	59	59	–	
<i>Spatial/town planning</i>	47	47	–	96	96	–	98	98	–	
<i>Information Technology</i>	22	22	–	31	31	4	41	41	–	
<i>Roads</i>	54	54	–	179	179	–	194	194	–	
<i>Electricity</i>	154	154	–	360	360	8	366	366	–	
<i>Water</i>	145	145	–	136	136	15	184	184	–	
<i>Sanitation</i>	–	–	–	–	–	2	–	–	–	
<i>Refuse</i>	18	18	–	22	22	–	43	43	–	
<i>Other</i>	945	923	22	986	986	24	1,242	1,242	–	
Clerks (Clerical and administrative)	3,871	3,786	85	3,600	3,600	94	3,989	3,989	–	
Service and sales workers	3,775	3,706	69	4,452	4,452	76	5,579	5,579	–	
Skilled agricultural and fishery workers	176	176	–	96	96	–	96	96	–	
Craft and related trades	530	530	–	15	15	–	–	–	–	
Plant and Machine Operators	1,944	1,939	5	1,864	1,864	6	1,891	1,891	–	
Elementary Occupations	4,688	4,668	20	4,790	4,790	22	4,874	4,874	–	
<b>TOTAL PERSONNEL NUMBERS</b>	<b>19,519</b>	<b>18,007</b>	<b>548</b>	<b>18,764</b>	<b>18,836</b>	<b>834</b>	<b>21,399</b>	<b>20,961</b>	<b>438</b>	

## 2.9 Monthly targets for revenue, expenditure and cash flow

Table 53 MBRR 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	
	R thousand															
<b>Revenue By Source</b>																
Property rates	286,465	352,445	495,489	388,321	389,319	370,460	366,183	381,564	378,844	382,061	257,931	1,030,251	5,088,330	5,601,001	6,161,365	
Service charges - electricity revenue	1,202,966	1,511,613	1,453,032	1,025,976	1,173,919	995,074	1,070,266	890,256	963,690	890,256	1,056,114	659,289	13,027,720	14,327,264	15,736,488	
Service charges - water revenue	340,871	196,664	247,853	535,916	629,133	426,088	364,342	340,871	300,777	269,712	265,114	250,379	4,087,720	4,492,404	4,937,228	
Service charges - sanitation revenue	115,643	94,900	125,204	125,204	125,204	97,475	141,725	127,742	73,041	112,096	105,499	109,541	1,355,500	1,463,724	1,580,822	
Service charges - refuse revenue	95,680	92,030	98,093	94,900	98,216	97,475	92,504	102,251	106,452	100,033	109,033	127,998	1,214,668	1,307,061	1,406,545	
Service charges - other	4,790	4,503	10,308	6,308	6,573	8,308	7,919	8,308	7,828	7,040	6,188	44,405	122,479	129,706	137,229	
Rental of facilities and equipment	5,594	4,123	4,249	4,310	4,325	3,859	4,459	4,864	4,451	3,967	4,833	25,327	74,361	78,748	83,316	
Interest earned - external investments	31,424	27,286	17,558	24,327	18,411	22,117	13,846	16,247	9,746	30,420	45,389	137,258	394,026	417,239	458,776	
Interest earned - outstanding debtors	18,312	19,688	22,394	20,870	14,025	21,034	22,305	21,085	16,617	19,101	19,090	253,565	468,086	495,703	525,718	
Dividends received	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Fines, penalties and forfeits	26,268	31,317	31,348	29,753	33,036	33,911	33,235	36,643	36,376	28,968	40,884	40,852	402,592	426,345	461,714	
Licences and permits	3,904	4,134	5,826	4,611	4,844	3,355	4,876	4,842	5,519	3,302	3,575	2,669	51,456	54,492	57,937	
Agency services	22,276	24,819	30,445	28,524	23,574	20,213	24,548	23,518	24,558	16,696	27,232	53,471	319,873	338,746	398,393	
Transfers and subsidies	306,198	122,479	466,875	153,099	306,198	495,104	43,521	118,724	612,395	15,417	61,240	2,704,806	5,406,054	5,798,706	6,261,312	
Other revenue	7,168	7,168	—	7,168	7,168	7,168	7,168	7,168	7,168	7,168	7,168	33,538	112,381	119,011	126,132	
Gains on disposal of PPE	—	—	—	—	—	—	—	—	—	—	—	5,000	5,000	5,295	5,602	
<b>Total Revenue (excluding capital transfers and grants)</b>	<b>2,467,559</b>	<b>2,455,169</b>	<b>3,015,842</b>	<b>2,467,287</b>	<b>2,843,944</b>	<b>2,652,667</b>	<b>2,196,899</b>	<b>2,118,718</b>	<b>2,437,462</b>	<b>1,986,241</b>	<b>2,009,911</b>	<b>5,478,349</b>	<b>32,130,048</b>	<b>35,055,445</b>	<b>38,318,577</b>	
<b>Expenditure By Type</b>																
Employee related costs	452,362	548,388	526,976	546,924	524,988	549,922	509,136	528,765	529,696	717,073	369,027	1,327,137	7,130,392	7,548,773	8,032,963	
Remuneration of councillors	9,339	9,237	9,370	9,234	9,239	9,247	14,082	10,035	10,000	10,000	10,000	20,534	130,316	139,308	148,781	
Debt impairment	48,081	153,494	199,542	168,843	153,494	168,843	138,144	92,096	92,096	92,096	92,096	142,123	1,540,949	1,662,032	1,820,811	
Depreciation & asset impairment	144,428	144,428	144,428	144,428	144,428	144,428	144,428	144,428	144,428	144,428	144,428	413,095	2,001,799	2,382,937	2,741,668	
Finance charges	—	—	11,819	—	5,174	271,403	—	—	10,572	—	5,174	434,068	738,209	986,116	1,125,824	
Bulk purchases	921,194	1,601,974	1,439,568	1,796,787	926,288	850,219	878,545	824,688	667,525	768,128	731,647	1,511,764	12,918,328	14,135,667	15,468,781	
Other materials	149,133	108,786	198,266	138,613	168,440	138,613	78,960	158,785	298,266	208,785	298,266	1,574,090	3,519,006	3,792,620	4,231,597	
Contracted services	33,072	77,169	173,738	88,193	88,193	121,265	121,265	132,289	93,915	61,698	105,422	220,750	1,220,002	1,294,966	1,409,418	
Transfers and subsidies	2,582	135,107	173,738	8,146	164,921	14,511	99,423	86,254	72,798	20,773	63,197	275,702	1,117,152	1,185,870	1,259,619	
Other expenditure	49,460	109,244	198,920	139,136	169,028	139,136	79,352	109,244	198,920	109,244	198,920	298,179	1,798,784	1,911,236	2,062,284	
Loss on disposal of PPE	—	—	—	—	—	—	—	—	—	—	—	15,000	15,000	15,885	16,806	
<b>Total Expenditure</b>	<b>1,809,652</b>	<b>2,887,826</b>	<b>2,979,795</b>	<b>3,040,303</b>	<b>2,354,191</b>	<b>2,407,586</b>	<b>2,063,334</b>	<b>2,086,585</b>	<b>2,118,216</b>	<b>2,132,226</b>	<b>2,018,177</b>	<b>6,232,046</b>	<b>32,129,938</b>	<b>35,055,410</b>	<b>38,318,552</b>	
<b>Surplus/(Deficit)</b>	<b>657,907</b>	<b>(432,657)</b>	<b>36,047</b>	<b>(573,016)</b>	<b>489,753</b>	<b>245,081</b>	<b>133,565</b>	<b>32,133</b>	<b>319,246</b>	<b>(145,985)</b>	<b>(8,266)</b>	<b>(753,696)</b>	<b>110</b>	<b>35</b>	<b>25</b>	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Transfers and subsidies - capital (in-kind - all))	176,038	176,038	176,038	176,038	176,038	176,038	176,038	176,038	176,038	176,038	176,038	367,242	2,303,664	2,412,096	2,565,554	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>833,946</b>	<b>(256,619)</b>	<b>212,085</b>	<b>(396,978)</b>	<b>665,792</b>	<b>421,119</b>	<b>309,603</b>	<b>208,171</b>	<b>495,284</b>	<b>30,053</b>	<b>167,772</b>	<b>(386,454)</b>	<b>2,303,775</b>	<b>2,412,131</b>	<b>2,565,579</b>	
Taxation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Attributable to minorities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
<b>Surplus/(Deficit)</b>	<b>833,946</b>	<b>(256,619)</b>	<b>212,085</b>	<b>(396,978)</b>	<b>665,792</b>	<b>421,119</b>	<b>309,603</b>	<b>208,171</b>	<b>495,284</b>	<b>30,053</b>	<b>167,772</b>	<b>(386,454)</b>	<b>2,303,775</b>	<b>2,412,131</b>	<b>2,565,579</b>	

**Table 54 MBRR SA26 – Budgeted monthly revenue and expenditure (municipal vote)**

EKU Ekurhuleni Metro - Supporting Table	Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework			
		Budget Year 2017/18												Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
		July	August	Sept.	October	November	December	January	February	March	April	May	June	2017/18	2018/19	2019/20	
	<b>Revenue by Vote</b>																
	Vote 1 - Executive and Council	428,807	143,040	358,380	178,990	342,009	978,683	426,053	443,542	1,163,853	432,796	403,659	2,945,874	8,245,684	8,999,630	9,828,637	
	Vote 2 - Finance and Corporate Services	896,213	983,465	1,970,768	1,404,127	1,657,285	479,625	1,310,347	1,325,873	770,790	870,922	671,284	1,332,985	13,967,455	15,378,920	16,901,157	
	Vote 3 - Energy	1,292,480	638,790	638,790	655,595	599,106	499,625	430,596	417,426	2,660,990	653,080	651,715	510,570	7,418,287	8,223,208	8,972,570	
	Vote 4 - Water and Sanitation	321,256	104,211	116,620	119,968	119,044	314,359	108,477	111,344	241,576	117,999	49,407	1,856,809	2,029,504	2,029,504	2,191,191	
	Vote 5 - Human Settlements	23,349	23,947	23,947	163,374	47,202	12,860	62,256	28,615	25,974	25,490	43,725	1,109,378	972,115	1,068,451	1,068,451	
	Vote 6 - City Planning	4,965	4,100	3,324	4,200	4,154	3,996	2,571	3,593	2,049	1,215	3,898	1,093,378	92,926	92,926	92,926	
	Vote 7 - Economic Development	1,429	1,414	1,626	1,554	1,647	1,572	1,475	1,258	1,238	1,303	1,329	67,578	24,202	24,202	25,598	
	Vote 8 - Disaster and Emergency	1,469	19,796	10,025	1,414	21,538	21,694	2,184	1,302	1,785	1,303	18,843	161,319	169,974	178,704	178,704	
	Vote 9 - Sports, Recreation, Arts & Culture	15,103	52	6,151	101	101	111	89	101	101	101	101	1,215	(9)	(9)	(1,091)	
	Vote 10 - Health and Social Development	5,284	11,331	9,317	10,404	10,463	5,662	10,263	6,409	13,934	10,514	7,707	53,859	33,760	35,751	37,825	
	Vote 11 - Environmental Resource	35,407	45,107	34,296	87,830	187,809	17,413	2,442	171,198	97,314	30,007	211,696	159,199	1,079,718	1,073,174	1,135,087	
	Vote 12 - Ekurhuleni Metropolitan Police	4,134	2,264	11,126	13,021	20,535	17,270	22,261	22,060	15,254	12,662	8,145	11,935	160,666	161,903	128,557	
	Vote 13 - Transport Planning &																
	Vote 14 - Roads and Stormwater																
	<b>Total Revenue by Vote</b>	<b>2,643,598</b>	<b>2,631,207</b>	<b>3,191,880</b>	<b>2,643,326</b>	<b>3,019,983</b>	<b>2,828,705</b>	<b>2,372,937</b>	<b>2,294,757</b>	<b>2,613,499</b>	<b>2,162,280</b>	<b>2,185,949</b>	<b>5,845,591</b>	<b>34,433,713</b>	<b>37,467,541</b>	<b>40,884,131</b>	
	<b>Expenditure by Vote to be appropriated</b>																
	Vote 1 - Executive and Council	19,248	22,071	21,057	23,145	23,696	25,885	29,046	30,265	31,027	28,623	34,324	236,725	525,111	563,224	599,877	
	Vote 2 - Finance and Corporate Services	370,823	218,771	290,335	334,311	239,299	208,772	268,027	303,645	56,368	58,304	210,154	221,659	2,780,469	3,377,042	3,940,933	
	Vote 3 - Energy	608,516	1,440,164	1,310,222	1,494,845	849,484	940,592	597,646	579,811	635,421	1,028,372	763,004	2,957,856	13,205,934	14,477,807	15,841,869	
	Vote 4 - Water and Sanitation	384,761	467,693	586,350	502,141	472,400	488,772	493,281	454,138	534,636	326,523	213,418	888,191	5,812,245	6,261,545	6,758,393	
	Vote 5 - Waste Management	51,171	79,538	156,043	108,243	139,812	112,352	111,645	122,932	173,314	114,623	137,653	97,347	1,404,693	1,494,512	1,614,663	
	Vote 6 - Human Settlements	19,654	51,223	41,837	40,040	65,032	104,797	36,305	37,382	103,442	29,656	137,653	141,440	705,913	650,456	710,354	
	Vote 7 - City Planning	21,972	22,872	22,022	21,905	22,449	21,671	21,917	24,742	21,500	21,604	24,471	60,018	307,143	331,245	358,378	
	Vote 8 - Economic Development	12,886	19,635	15,392	15,149	18,077	15,209	11,897	17,653	10,665	19,754	24,544	286,196	246,196	221,927	234,882	
	Vote 9 - Disaster and Emergency	59,462	62,001	73,812	60,135	63,820	61,430	64,857	63,840	79,485	64,918	58,154	148,455	860,368	921,765	988,045	
	Vote 10 - Sports, Recreation, Arts & Culture	28,178	58,677	67,855	46,635	49,224	47,865	44,267	50,800	52,852	63,807	57,355	89,861	657,375	704,676	755,002	
	Vote 11 - Health and Social Development	56,852	71,883	63,946	66,055	65,117	66,123	62,233	62,816	83,875	66,879	94,466	248,846	1,009,092	1,088,722	1,172,322	
	Vote 12 - Environmental Resource	44,428	49,791	54,548	56,139	60,998	57,208	58,632	63,215	69,772	56,445	67,172	141,103	779,452	839,486	906,866	
	Vote 13 - Ekurhuleni Metropolitan Police	77,213	95,293	93,432	91,407	97,196	96,161	105,864	96,298	95,318	89,786	106,417	430,515	1,474,900	1,593,475	1,703,893	
	Vote 14 - Transport Planning &	36,779	43,827	43,281	43,052	51,150	37,031	41,548	48,277	48,911	41,171	54,943	86,707	576,677	619,304	666,524	
	Vote 15 - Roads and Stormwater	17,710	184,388	139,661	137,102	136,437	123,767	116,170	130,761	121,629	121,783	136,976	417,986	1,784,369	1,910,223	2,066,552	
	<b>Total Expenditure by Vote</b>	<b>1,809,652</b>	<b>2,887,826</b>	<b>2,979,795</b>	<b>3,040,304</b>	<b>2,354,191</b>	<b>2,407,586</b>	<b>2,063,334</b>	<b>2,086,586</b>	<b>2,118,216</b>	<b>2,132,227</b>	<b>2,018,177</b>	<b>6,232,044</b>	<b>32,129,938</b>	<b>35,055,410</b>	<b>38,318,552</b>	
	<b>Surplus/(Deficit) before assoc.</b>	<b>833,946</b>	<b>(256,619)</b>	<b>212,085</b>	<b>(396,978)</b>	<b>665,792</b>	<b>421,119</b>	<b>309,603</b>	<b>208,171</b>	<b>495,284</b>	<b>30,053</b>	<b>167,772</b>	<b>(386,453)</b>	<b>2,303,775</b>	<b>2,412,131</b>	<b>2,565,579</b>	
	Taxation																
	Attributable to minorities																
	Share of surplus/ (deficit) of associate																
	<b>Surplus/(Deficit)</b>	<b>833,946</b>	<b>(256,619)</b>	<b>212,085</b>	<b>(396,978)</b>	<b>665,792</b>	<b>421,119</b>	<b>309,603</b>	<b>208,171</b>	<b>495,284</b>	<b>30,053</b>	<b>167,772</b>	<b>(386,453)</b>	<b>2,303,775</b>	<b>2,412,131</b>	<b>2,565,579</b>	

**Table 55 MBRR SA27 – Budgeted monthly revenue and expenditure (standard 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
<b>Revenue - Functional</b>															
<b>Governance and administration</b>	369,564	1,127,171	442,895	395,866	578,118	1,108,802	376,810	545,249	1,187,714	410,964	564,925	1,136,406	8,244,484	8,998,359	9,827,293
Executive and council	—	—	—	—	—	—	—	—	—	—	—	—	8,242,665	8,996,489	9,825,377
Finance and administration	369,564	1,127,171	442,895	395,866	578,118	1,108,802	376,810	545,249	1,187,714	410,964	564,925	1,136,406	8,242,665	8,996,489	9,825,377
Internal audit	—	—	—	—	—	—	—	—	—	—	—	—	1,919	1,870	1,916
<b>Community and public safety</b>	37,276	17,508	28,182	120,923	46,948	52,239	46,441	23,111	35,525	24,086	63,218	780,719	1,276,175	1,146,150	1,232,485
Community and social services	235	195	308	144	408	311	507	465	89	755	218	2,402	35,736	37,525	39,644
Sport and recreation	—	—	(698)	—	—	(698)	—	—	(266)	—	—	(266)	308	(650)	(1,713)
Public safety	—	—	(266)	—	—	(266)	—	—	(698)	—	—	(698)	(1,064)	(1,451)	(1,902)
Housing	16,881	17,313	22,669	118,114	37,424	18,762	45,009	20,688	18,778	18,428	31,612	743,701	1,109,378	972,115	1,068,451
Health	20,160	0	6,169	2,665	9,116	34,131	926	1,958	17,622	4,902	31,388	131,817	138,612	138,612	147,954
<b>Economic and environmental services</b>	33,374	94,769	32,396	82,354	175,823	165,668	2,525	160,230	91,211	24,528	198,123	269,067	1,180,967	1,173,205	1,192,008
Planning and development	284	279	344	273	306	294	242	237	266	223	282	83,746	86,777	92,266	92,118
Road transport	33,089	94,490	32,051	82,082	175,517	162,774	2,283	159,993	90,945	24,305	197,841	185,190	1,094,060	1,080,140	1,099,743
Environmental protection	—	—	—	—	—	—	—	—	—	—	—	—	131	139	147
<b>Trading services</b>	2,201,314	1,389,728	2,685,901	2,042,198	2,216,864	1,648,957	1,945,396	1,564,439	1,297,116	1,701,076	1,357,630	3,357,121	23,407,740	25,806,409	28,249,134
Energy services	910,151	879,709	2,013,382	1,384,480	1,498,466	988,084	1,297,075	1,003,344	830,464	1,173,485	891,135	1,262,869	14,132,644	15,553,697	17,085,737
Water management	889,666	396,918	456,212	489,213	512,523	441,455	415,899	370,649	255,364	341,212	239,872	1,242,637	6,031,619	6,725,634	7,354,856
Waste water management	93,091	91,415	112,785	89,293	100,299	96,246	79,418	77,693	87,008	73,118	92,397	393,906	1,386,668	1,497,574	1,617,350
Waste management	308,407	21,687	103,522	99,213	105,576	123,172	153,004	112,753	124,280	113,260	134,225	457,709	1,856,809	2,029,504	2,191,191
<b>Other</b>	2,069	2,032	2,507	1,985	2,230	2,140	1,765	1,727	1,934	1,625	2,054	302,278	324,346	343,417	363,261
<b>Total Revenue - Functional</b>	2,643,597	2,631,207	3,191,880	2,643,326	3,019,983	2,828,705	2,372,938	2,294,757	2,613,530	2,162,279	2,185,950	5,845,591	34,433,713	37,467,541	40,884,131
<b>Expenditure - Functional</b>															
<b>Governance and administration</b>	154,930	232,068	247,888	364,587	347,365	197,981	519,518	584,886	125,777	111,544	135,820	261,166	3,283,531	3,916,635	4,515,492
Executive and council	38,131	83,968	90,437	90,526	69,161	68,719	56,365	57,138	60,358	44,978	38,131	179,928	877,840	940,461	1,003,428
Finance and administration	104,286	127,898	136,164	252,759	260,485	111,617	447,580	512,045	49,175	50,864	40,571	(85,686)	2,007,756	2,549,905	3,055,455
Internal audit	12,514	20,203	21,288	21,303	17,719	17,645	15,573	15,703	16,243	15,702	57,119	166,924	397,935	426,269	456,609
<b>Community and public safety</b>	118,724	204,400	199,235	177,830	196,825	241,090	159,976	168,437	238,056	178,261	204,852	1,809,762	3,897,448	4,082,347	4,401,044
Community and social services	14,433	23,300	24,552	24,569	20,436	20,350	19,960	18,110	18,733	18,110	19,743	258,429	478,726	513,044	550,482
Sport and recreation	29,050	60,493	69,954	48,077	50,747	58,420	45,636	52,371	54,487	65,781	59,130	279,059	873,206	940,324	1,014,037
Public safety	1,907	4,198	4,522	4,526	3,458	3,436	2,818	2,857	3,018	2,249	1,907	372,208	407,104	437,004	470,005
Housing	17,651	46,003	37,574	35,960	58,406	94,119	32,606	33,573	79,666	26,616	31,547	212,182	705,904	650,446	710,343
Health	55,684	70,406	62,633	64,698	63,779	64,765	60,954	61,526	82,152	65,505	92,525	687,884	1,432,509	1,541,528	1,656,177
<b>Economic and environmental services</b>	539,481	426,112	453,950	240,643	200,162	199,925	175,916	177,381	183,482	181,287	193,379	1,268,879	4,239,997	4,515,834	4,859,132
Planning and development	12,415	20,042	397,805	21,134	17,578	17,505	15,449	15,578	16,114	15,578	16,983	360,430	549,324	549,429	589,084
Road transport	521,947	397,805	424,122	210,794	175,334	174,601	154,096	155,379	160,724	159,285	169,392	901,008	3,604,488	3,874,875	4,170,912
Environmental protection	5,120	8,265	8,709	8,715	7,249	7,219	6,371	6,424	6,645	6,424	7,003	7,441	85,585	91,530	98,136
<b>Trading services</b>	995,089	2,022,940	2,076,294	2,254,813	1,607,818	1,767,178	1,206,148	1,154,089	1,569,048	1,659,343	1,482,174	2,676,888	20,471,822	22,286,585	24,271,833
Energy services	635,465	1,616,827	1,574,207	1,779,003	847,799	1,123,491	896,575	892,159	1,020,249	1,173,739	988,924	687,587	13,236,024	14,510,021	15,876,331
Water management	284,648	267,555	286,178	301,993	586,262	488,579	163,136	103,995	334,479	326,397	316,777	1,642,653	5,102,653	5,495,176	5,930,704
Waste water management	22,241	56,589	55,097	62,265	29,673	39,322	31,380	31,226	35,709	41,081	34,612	289,257	728,452	786,876	850,134
Waste management	52,735	81,969	160,812	111,551	144,085	115,786	115,057	126,709	178,611	118,126	141,860	57,390	1,404,693	1,494,512	1,614,663
<b>Other</b>	1,428	2,305	2,428	2,430	2,021	2,013	1,776	1,791	1,953	1,791	1,953	215,351	237,140	254,008	272,051
<b>Total Expenditure - Functional</b>	1,809,652	2,887,826	2,979,795	3,040,303	2,354,191	2,407,586	2,063,334	2,086,585	2,118,216	2,132,226	2,018,178	6,232,046	32,129,938	35,055,410	38,318,552
<b>Surplus/(Deficit) before assoc.</b>	833,945	(256,619)	212,085	(396,978)	665,792	421,119	309,603	208,172	495,284	30,053	167,772	(386,455)	2,303,775	2,412,131	2,565,579
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit)</b>	833,945	(256,619)	212,085	(396,978)	665,792	421,119	309,603	208,172	495,284	30,053	167,772	(386,455)	2,303,775	2,412,131	2,565,579

**Table 56 MBRR SA28 – Budgeted monthly capital expenditure (municipal vote)**

Description	Budget Year 2017/18												Medium Term Revenue and Budget		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget 2017/18	Budget Year+1 2018/19	Budget 2019/20
<b>Multi-year expenditure to be appropriated</b>															
Vote 1 - Executive and Council	3,909	23,411	47,591	86,526	58,116	81,779	93,461	105,144	116,827	128,509	140,192	508,452	1,393,917	1,356,308	1,467,929
Vote 2 - Finance and Corporate Services	2,275	13,626	27,701	50,363	33,827	47,600	54,400	61,200	68,000	74,800	81,600	164,607	680,000	693,500	716,451
Vote 3 - Energy	2,273	13,615	27,678	50,322	33,800	47,562	54,356	61,151	67,945	74,740	81,534	26,324	541,300	779,550	842,000
Vote 4 - Water and Sanitation	405	2,424	4,927	8,958	6,017	8,467	9,676	10,886	12,095	13,305	14,514	29,278	120,950	123,000	117,000
Vote 5 - Waste Management	3,153	18,887	38,395	69,806	46,886	65,976	75,401	84,826	94,251	103,676	113,101	276,799	991,156	1,085,412	1,290,028
Vote 6 - Human Settlements	458	2,745	5,581	10,147	6,815	9,590	10,960	12,330	13,700	15,070	16,440	33,164	137,000	48,389	45,000
Vote 7 - City Planning	339	2,032	4,131	7,510	5,044	7,098	8,112	9,126	10,140	11,154	12,168	24,546	101,400	102,600	57,000
Vote 8 - Economic Development	298	1,783	3,626	6,592	4,427	6,230	7,120	8,010	8,900	9,790	10,680	22,544	90,000	89,150	140,700
Vote 9 - Disaster and Emergency Management	256	1,533	3,116	5,666	3,806	5,355	6,120	6,885	7,650	8,415	9,180	518	58,500	85,500	118,500
Vote 10 - Sports, Recreation, Arts & Culture	63	375	762	1,385	930	1,309	1,496	1,683	1,870	2,057	2,244	15,327	29,500	132,550	137,600
Vote 11 - Health and Social Development	222	1,333	2,709	4,925	3,308	4,655	5,320	5,985	6,650	7,315	7,980	16,098	66,500	55,000	39,000
Vote 12 - Environmental Resource Management	2,733	16,366	33,270	60,489	40,628	57,170	65,337	73,505	81,672	89,839	98,006	192,703	811,718	795,156	828,150
Vote 13 - Ekurhuleni Metropolitan Police Department	2,167	12,977	26,381	47,963	32,215	45,332	51,808	58,284	64,760	71,236	77,712	176,764	667,600	645,750	693,300
Vote 14 - Transport Planning & Provisioning	18,551	111,107	225,868	410,652	275,821	388,122	443,568	499,014	554,460	609,905	665,351	1,487,124	5,689,541	6,164,864	6,662,657
Vote 15 - Roads and Stormwater															
<b>Capital multi-year expenditure sub-total</b>															
<b>Single-year expenditure to be appropriated</b>															
Vote 1 - Executive and Council	49	292	594	1,081	726	1,022	1,167	1,313	1,459	1,605	1,751	5,314	16,375	9,620	10,933
Vote 2 - Finance and Corporate Services	274	1,642	3,338	6,070	4,077	5,737	6,556	7,376	8,195	9,015	9,834	27,338	89,451	75,526	89,242
Vote 3 - Energy	126	755	1,536	2,792	1,875	2,639	3,016	3,393	3,770	4,147	4,524	9,126	37,700	23,700	28,700
Vote 4 - Water and Sanitation	152	1,313	2,668	4,851	3,258	4,585	5,240	5,895	6,550	7,205	7,860	8,356	58,000	39,300	33,500
Vote 5 - Waste Management	35	208	422	768	516	726	830	933	1,037	1,141	1,244	2,510	10,370	2,300	3,439
Vote 6 - Human Settlements	172	1,033	2,100	3,818	2,564	3,608	4,124	4,639	5,155	5,670	6,186	(36,168)	2,900	3,400	3,400
Vote 7 - City Planning	27	162	330	600	403	567	648	729	810	891	972	1,961	8,100	7,800	5,300
Vote 8 - Economic Development	369	2,212	4,496	8,174	5,490	7,726	8,830	9,933	11,037	12,141	13,244	26,717	110,370	89,900	85,000
Vote 9 - Disaster and Emergency Management	144	860	1,748	3,177	2,134	3,003	3,432	3,861	4,290	4,719	5,148	10,385	42,900	35,000	19,000
Vote 10 - Sports, Recreation, Arts & Culture	109	654	1,330	2,418	1,624	2,286	2,612	2,939	3,265	3,592	3,918	7,904	32,650	26,200	26,200
Vote 11 - Health and Social Development	460	2,755	5,601	10,184	6,840	9,625	11,000	12,375	13,750	15,125	16,500	33,285	137,500	188,400	207,600
Vote 12 - Environmental Resource Management	176	1,052	2,139	3,888	2,612	3,675	4,200	4,725	5,250	5,775	6,300	42,709	82,500	59,500	56,000
Vote 13 - Ekurhuleni Metropolitan Police Department	65	387	786	1,429	960	1,351	1,544	1,737	1,930	2,123	2,316	4,672	19,300	68,600	65,100
Vote 14 - Transport Planning & Provisioning	54	325	660	1,200	806	1,134	1,296	1,458	1,620	1,782	1,944	3,922	16,200	16,700	18,750
Vote 15 - Roads and Stormwater	2,431	14,562	29,602	53,820	36,149	50,868	58,134	65,401	72,668	79,935	87,202	159,042	709,816	691,446	702,664
<b>Capital single-year expenditure sub-total</b>	20,983	125,669	255,470	464,472	311,970	438,989	501,702	564,415	627,128	689,840	752,553	1,646,166	6,399,357	6,856,310	7,365,321
<b>Total Capital Expenditure</b>															

**Table 57 MBRR SA29 – Budgeted monthly capital expenditure (standard classification)**

Description	Budget Year 2017/18												Medium Term Revenue and Budget			
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year+1 2018/19	Budget Year+2 2019/20	
<b>Capital Expenditure - Functional</b>																
<b>Governance and administration</b>	4,719	28,264	57,457	104,464	70,165	98,732	112,837	126,942	141,046	155,151	169,255	430,711	1,499,742	1,441,454	1,568,104	
Executive and council	2,335	13,983	28,427	51,682	34,713	48,847	55,825	62,803	69,781	76,759	83,738	150,700	679,595	656,100	706,413	
Finance and administration	2,383	14,272	29,013	52,749	35,429	49,855	56,977	64,099	71,221	78,343	85,465	279,904	819,708	784,904	861,691	
Internal audit	1	9	18	33	22	31	35	40	44	48	53	107	440	450	-	
<b>Community and public safety</b>	5,587	33,459	68,018	123,664	83,061	116,879	133,576	150,273	166,970	183,667	200,364	476,630	1,742,146	1,903,912	2,108,467	
Community and social services	655	3,926	7,980	14,509	9,745	13,713	15,672	17,631	19,590	21,549	23,508	59,221	207,700	299,350	286,100	
Sport and recreation	271	1,623	3,300	5,999	4,029	5,670	6,480	7,290	8,100	8,910	9,720	19,608	81,000	98,150	147,200	
Public safety	1,107	6,628	13,474	24,498	16,454	23,154	26,462	29,769	33,077	36,385	39,692	110,069	360,770	307,000	237,000	
Housing	3,188	19,095	38,817	70,574	47,402	66,702	76,230	85,759	95,288	104,817	114,346	279,309	1,001,526	1,087,712	1,293,467	
Health	365	2,187	4,446	8,084	557	784	896	1,008	1,120	1,232	1,344	2,711	11,200	47,600	71,600	
<b>Economic and environmental services</b>	5,593	33,498	68,098	123,809	83,158	117,016	133,733	150,450	167,166	183,883	200,600	371,013	1,638,018	1,770,395	1,847,100	
Planning and development	537	3,219	6,544	11,898	7,991	11,245	12,852	14,458	16,065	17,671	19,278	(9,758)	112,000	196,589	170,200	
Road transport	5,018	30,054	61,097	111,082	74,610	104,987	119,985	134,984	149,982	164,980	179,978	378,060	1,514,818	1,526,206	1,605,300	
Environmental protection	37	224	456	830	557	784	896	1,008	1,120	1,232	1,344	2,711	11,200	47,600	71,600	
<b>Trading services</b>	4,963	29,726	60,431	109,869	73,796	103,842	118,676	133,511	148,345	163,180	178,014	359,098	1,483,450	1,704,550	1,788,151	
Energy sources	2,401	14,382	29,237	53,155	35,703	50,239	57,416	64,593	71,770	78,947	86,124	173,733	717,700	717,200	745,151	
Water management	1,187	7,112	14,457	26,285	17,655	24,843	28,392	31,941	35,490	39,039	42,588	87,410	356,400	511,150	683,000	
Waste water management	818	4,897	9,956	18,101	12,158	17,108	19,552	21,996	24,440	26,884	29,328	57,662	242,900	307,700	192,500	
Waste management	557	3,335	6,781	12,328	8,280	11,652	13,316	14,981	16,645	18,310	19,974	40,292	166,450	168,500	167,500	
<b>Other</b>	120	721	1,467	2,666	1,791	2,520	2,880	3,240	3,600	3,960	4,320	8,715	36,000	36,000	53,500	
<b>Total Capital Expenditure - Functional</b>	20,983	125,669	255,470	464,472	311,970	438,989	501,702	564,415	627,128	689,840	752,553	1,646,166	6,399,357	6,856,310	7,365,321	
<b>Funded by:</b>																
National Government	7,678	45,982	93,477	169,951	114,150	160,626	183,573	206,520	229,466	252,413	275,360	555,468	2,294,664	2,403,096	2,556,554	
Provincial Government	264	1,579	3,210	5,836	3,920	5,516	6,304	7,092	7,880	8,668	9,456	(50,725)	9,000	9,000	9,000	
District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	7,941	47,561	96,687	175,787	118,070	166,142	189,877	213,612	237,346	261,081	284,816	504,743	2,303,664	2,412,096	2,565,554	
<b>Public contributions &amp; donations</b>																
<b>Borrowing</b>	9,724	58,241	118,397	215,259	144,582	203,449	232,513	261,577	290,641	319,705	348,769	1,042,571	3,245,427	-	3,448,561	3,805,800
<b>Internally generated funds</b>	3,317	19,866	40,386	73,427	49,318	69,398	79,312	89,226	99,140	109,054	118,968	98,852	850,265	995,654	993,968	
<b>Total Capital Funding</b>	20,983	125,669	255,470	464,472	311,970	438,989	501,702	564,415	627,128	689,840	752,553	1,646,166	6,399,357	6,856,310	7,365,321	

Table 58 MBRR SA30 – Budgeted monthly cash flow

R thousand	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
<b>Cash Receipts By Source</b>															
Property rates	402,826	402,826	402,826	402,826	402,826	402,826	402,826	402,826	402,826	402,826	402,826	402,826	4,833,913	5,320,951	5,853,297
Service charges - electricity revenue	1,002,966	1,211,413	1,053,032	1,025,976	1,073,919	995,074	1,070,269	924,892	963,690	990,256	1,056,744	1,008,103	12,376,334	13,610,901	14,968,664
Service charges - water revenue	340,871	198,664	247,853	553,916	693,133	226,089	364,343	240,871	190,777	269,712	265,112	345,993	3,883,334	4,267,784	4,690,567
Service charges - sanitation revenue	115,643	54,900	125,204	125,204	125,204	129,500	121,725	127,742	33,041	122,096	125,499	81,776	1,287,535	1,390,538	1,501,781
Service charges - refuse revenue	96,161	96,161	96,161	96,161	96,161	96,161	96,161	96,161	96,161	96,161	96,161	96,161	1,153,935	1,241,708	1,336,218
Service charges - other	5,790	5,503	12,308	12,308	9,573	12,308	10,919	12,308	12,828	8,040	12,188	8,405	122,479	129,706	137,229
Rental of facilities and equipment	6,594	5,123	5,249	5,310	5,325	4,859	5,459	5,864	5,451	4,967	5,833	14,327	74,361	78,748	83,316
Interest earned - external investments	31,424	27,286	17,558	24,327	18,411	22,117	13,846	16,247	9,746	30,420	45,387	137,258	394,026	417,239	458,776
Interest earned - outstanding debtors	18,312	19,688	22,394	20,870	14,025	21,094	22,305	21,085	16,617	19,101	19,090	253,565	468,086	495,703	525,718
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	26,268	31,317	31,348	29,753	33,036	33,911	33,235	36,643	36,376	28,968	40,884	40,852	402,592	426,345	461,714
Licences and permits	3,904	4,134	7,826	4,611	4,844	3,355	6,876	4,842	5,519	3,302	3,575	21,696	74,483	78,877	83,737
Agency services	22,276	24,819	30,445	28,524	23,574	20,213	24,548	23,518	24,558	16,696	27,232	53,471	319,873	338,746	358,393
Transfer receipts - operational	306,198	1,097,479	466,875	153,099	306,198	1,095,104	43,521	118,724	1,612,395	15,417	61,240	129,806	5,406,054	5,798,706	6,261,312
Other revenue	7,491	7,491	7,491	7,491	7,491	7,491	7,491	7,491	7,491	7,491	7,491	7,491	89,886	95,190	100,918
<b>Cash Receipts by Source</b>	<b>2,386,724</b>	<b>3,186,804</b>	<b>2,526,571</b>	<b>2,490,377</b>	<b>2,759,720</b>	<b>3,070,043</b>	<b>2,223,523</b>	<b>2,039,214</b>	<b>3,417,476</b>	<b>2,015,463</b>	<b>2,169,260</b>	<b>2,601,730</b>	<b>30,886,894</b>	<b>33,691,141</b>	<b>36,821,438</b>
Transfer receipts - capital	191,972	191,972	191,972	191,972	191,972	191,972	191,972	191,972	191,972	191,972	191,972	191,972	2,303,664	2,412,096	2,565,554
Borrowing long term/refinancing	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	2,836,156	3,076,633	3,308,660
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Receipts by Source</b>	<b>2,541,678</b>	<b>3,341,759</b>	<b>2,681,525</b>	<b>2,645,331</b>	<b>2,914,674</b>	<b>3,350,954</b>	<b>2,378,478</b>	<b>5,030,324</b>	<b>3,572,430</b>	<b>2,170,407</b>	<b>2,450,172</b>	<b>2,756,684</b>	<b>35,884,416</b>	<b>38,981,921</b>	<b>42,491,674</b>
<b>Cash Payments by Type</b>															
Employee related costs	452,362	548,388	526,976	546,924	524,988	549,922	509,136	528,765	529,696	717,073	369,027	600,602	6,403,857	6,959,894	7,386,822
Remuneration of councillors	9,339	9,237	9,370	9,234	9,239	9,247	14,082	10,035	10,000	10,000	10,000	19,387	129,169	138,082	147,471
Finance charges	-	-	11,819	-	5,174	271,403	-	-	10,572	-	5,174	449,519	753,661	986,116	1,125,824
Bulk purchases - Electricity	643,690	1,119,388	1,005,906	1,255,515	647,249	594,095	613,889	576,255	466,437	536,734	511,243	133,441	8,103,842	9,537,791	10,461,953
Bulk purchases - Water & Sewer	161,709	226,392	323,418	258,734	291,076	258,734	194,051	226,392	323,418	226,392	323,418	679,956	3,493,691	3,773,187	4,075,042
Other materials	83,094	193,885	193,885	221,583	221,583	304,677	304,677	332,375	235,959	155,016	264,873	710,386	3,221,993	3,469,454	3,813,549
Contracted services	1,641	85,878	173,995	5,178	231,954	9,224	145,827	181,951	109,835	13,204	167,295	156,409	1,282,390	1,351,616	1,428,357
Transfers and grants - other municipalities	98,580	138,012	197,160	157,728	177,444	157,728	118,296	138,012	197,160	138,012	197,160	302,227	2,017,520	2,384,903	2,348,257
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	184,523	299,801	315,482	314,537	263,949	246,545	226,821	236,417	223,697	214,457	223,693	308,900	3,058,821	3,042,063	3,445,004
<b>Cash Payments by Type</b>	<b>1,634,937</b>	<b>2,620,982</b>	<b>2,758,011</b>	<b>2,769,433</b>	<b>2,372,655</b>	<b>2,401,575</b>	<b>2,126,778</b>	<b>2,230,202</b>	<b>2,106,774</b>	<b>2,010,887</b>	<b>2,071,882</b>	<b>3,360,829</b>	<b>28,464,945</b>	<b>31,643,097</b>	<b>34,232,279</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	19,931	119,370	242,666	441,192	296,334	416,987	476,556	536,126	595,695	714,834	714,834	1,462,309	5,977,264	6,318,175	6,696,190
Repayment of borrowing	26,403	26,403	26,403	26,403	26,403	26,403	26,403	26,403	26,403	26,403	26,403	26,403	316,839	240,082	1,862,577
<b>Other Cash Flows/Payments</b>	<b>1,681,272</b>	<b>2,766,755</b>	<b>3,027,080</b>	<b>3,237,028</b>	<b>2,695,392</b>	<b>2,844,965</b>	<b>2,629,737</b>	<b>2,792,731</b>	<b>2,728,873</b>	<b>2,692,555</b>	<b>2,813,119</b>	<b>4,849,541</b>	<b>34,759,048</b>	<b>38,201,304</b>	<b>42,791,046</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>860,407</b>	<b>575,004</b>	<b>(345,555)</b>	<b>(591,697)</b>	<b>219,282</b>	<b>505,990</b>	<b>(251,260)</b>	<b>2,237,593</b>	<b>843,557</b>	<b>(522,148)</b>	<b>(362,947)</b>	<b>(2,092,857)</b>	<b>1,075,368</b>	<b>780,617</b>	<b>(299,372)</b>
Cash/cash equivalents at the month/year beginning	8,288,845	9,149,252	9,724,256	9,378,701	8,787,004	9,006,286	9,512,275	9,261,016	11,498,609	12,342,166	11,820,017	11,457,070	8,288,845	9,364,213	10,144,830
Cash/cash equivalents at the month/year end	9,149,252	9,724,256	9,378,701	8,787,004	9,006,286	9,512,275	9,261,016	11,498,609	12,342,166	11,820,017	11,457,070	9,364,213	10,144,830	9,364,213	9,845,458

---

## **2.10 Annual budgets and SDBIPs – internal departments**

The detail Capital Budget of Departments is reflected in Annexure F

### **2.10.1 CITY MANAGER**

#### **Operating Budget of the City Manager**

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

#### **Table 59 Operating Budget of the City Manager**



DESCRIPTION	F00 R'000 ORG BUDGET		F00 R'000 ADJ BUDGET		F00 R'000 PROJECTED		F01 R'000 2017/18		% B to B		% Of Total		F02 R'000 2018/19		F03 R'000 2019/20	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>City Manager</b>																
<b>EXPENDITURE</b>																
Employee Related Costs	41,124	37,170	35,622	33,696	33,696	33,696	33,696	33,696	-9.35%	61.56%	36,021	38,470	36,021	38,470	38,470	38,470
Senior Management	3,314	3,314	2,485	3,550	3,550	3,550	3,550	3,550	7.14%	6.49%	3,795	4,054	3,795	4,054	4,054	4,054
- SM - Salaries Allowances and Service Benefits	3,314	3,314	2,485	3,483	3,483	3,483	3,483	3,483	5.11%	6.36%	3,723	3,976	3,723	3,976	3,976	3,976
- SM - Social Contributions	0	0	0	68	68	68	68	68	72507.53%	0.12%	72	77	72	77	77	77
Municipal Staff	37,810	33,857	33,137	30,145	30,145	30,145	30,145	30,145	-10.96%	55.08%	32,225	34,416	32,225	34,416	34,416	34,416
- MS - Salaries Allowances and Service Benefits	36,158	32,205	31,554	25,560	25,560	25,560	25,560	25,560	-20.63%	46.70%	27,323	29,181	27,323	29,181	29,181	29,181
- MS - Social Contributions	1,652	1,652	1,583	4,585	4,585	4,585	4,585	4,585	177.63%	8.38%	4,902	5,235	4,902	5,235	5,235	5,235
<b>Contracted Services</b>	<b>1,091</b>	<b>1,932</b>	<b>1,907</b>	<b>17,012</b>	<b>17,012</b>	<b>17,012</b>	<b>17,012</b>	<b>17,012</b>	<b>780.48%</b>	<b>31.08%</b>	<b>18,697</b>	<b>20,591</b>	<b>18,697</b>	<b>20,591</b>	<b>20,591</b>	<b>20,591</b>
- Outsourcing Services	1,091	1,091	1,077	404	404	404	404	404	-62.96%	0.74%	444	489	444	489	489	489
- Consultants and Professional Services	-	-	-	15,877	15,877	15,877	15,877	15,877	100.00%	29.01%	17,449	19,194	17,449	19,194	19,194	19,194
- Contractors	-	841	830	731	731	731	731	731	-13.06%	1.34%	804	909	804	909	909	909
<b>Operational Cost</b>	<b>2,721</b>	<b>2,783</b>	<b>2,694</b>	<b>2,098</b>	<b>2,098</b>	<b>2,098</b>	<b>2,098</b>	<b>2,098</b>	<b>-24.61%</b>	<b>3.83%</b>	<b>2,154</b>	<b>2,214</b>	<b>2,154</b>	<b>2,214</b>	<b>2,214</b>	<b>2,214</b>
Inventory	2,446	3,051	3,001	1,752	1,752	1,752	1,752	1,752	-42.59%	3.20%	1,925	2,119	1,925	2,119	2,119	2,119
Depreciation and Amortisation	170	170	170	175	175	175	175	175	3.00%	0.32%	184	193	184	193	193	193
<b>TOTAL EXPENDITURE</b>	<b>47,552</b>	<b>45,107</b>	<b>43,394</b>	<b>54,733</b>	<b>54,733</b>	<b>54,733</b>	<b>54,733</b>	<b>54,733</b>	<b>21.34%</b>	<b>100.00%</b>	<b>58,981</b>	<b>63,587</b>	<b>58,981</b>	<b>63,587</b>	<b>63,587</b>	<b>63,587</b>
<b>DEFICIT / (SURPLUS)</b>	<b>47,552</b>	<b>45,107</b>	<b>43,394</b>	<b>54,733</b>	<b>54,733</b>	<b>54,733</b>	<b>54,733</b>	<b>54,733</b>	<b>21.34%</b>	<b>100.00%</b>	<b>58,981</b>	<b>63,587</b>	<b>58,981</b>	<b>63,587</b>	<b>63,587</b>	<b>63,587</b>
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	<b>47,552</b>	<b>45,107</b>	<b>43,394</b>	<b>54,733</b>	<b>54,733</b>	<b>54,733</b>	<b>54,733</b>	<b>54,733</b>	<b>21.34%</b>	<b>100.00%</b>	<b>58,981</b>	<b>63,587</b>	<b>58,981</b>	<b>63,587</b>	<b>63,587</b>	<b>63,587</b>
TOTAL CHARGES	-	-	-	49	49	49	49	49	100.00%		54	59	54	59	59	59
TOTAL CHARGES / RECOVERIES	-	-	-	49	49	49	49	49	100.00%		54	59	54	59	59	59
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	<b>47,552</b>	<b>45,107</b>	<b>43,394</b>	<b>54,733</b>	<b>54,733</b>	<b>54,733</b>	<b>54,733</b>	<b>54,733</b>	<b>21.34%</b>	<b>100.00%</b>	<b>58,981</b>	<b>63,587</b>	<b>58,981</b>	<b>63,587</b>	<b>63,587</b>	<b>63,587</b>

## 2.10.2 CHIEF OPERATING OFFICER: DELIVERY CO-ORDINATION

### Operating Budget of the Chief Operating Officer: Delivery Co Ordination

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

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

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

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

**Table 60 Operating Budget of the Chief Operating Officer: Delivery Co-Ordination Department**

DESCRIPTION	F00 R'000		F00 R'000		F00 R'000		F01 R'000		% B to B		% Of Total		F02 R'000		F03 R'000	
	ORG BUDGET	ADJ BUDGET	PROJECTED	2017/18	2018/19	2019/20	2017/18	2018/19	2019/20	2017/18	2018/19	2019/20	2017/18	2018/19	2019/20	
<b>Chief Operating Officer</b>																
<b>EXPENDITURE</b>																
<b>Employee Related Costs</b>	14,210	14,369	13,325	11,162						-22.32%	72.52%		11,932	12,743		
Senior Management	3,128	3,128	2,346	2,201						-29.65%	14.30%		2,353	2,513		
- SM - Salaries Allowances and Service Benefits	3,066	3,066	2,299	2,199						-28.27%	14.29%		2,351	2,511		
- SM - Social Contributions	63	63	47	2						-96.99%	0.01%		2	2		
Municipal Staff	11,082	11,240	10,979	8,961						-20.28%	58.22%		9,579	10,231		
- MS - Salaries Allowances and Service Benefits	10,532	10,690	10,452	7,739						-27.60%	50.29%		8,273	8,836		
- MS - Social Contributions	550	550	527	1,222						122.02%	7.94%		1,306	1,395		
<b>Contracted Services</b>	2,288	2,288	2,258	1,714						-25.08%	11.14%		1,883	2,072		
- Outsource Services	-	-	-	272						100.00%	1.77%		299	329		
- Consultants and Professional Services	2,288	2,288	2,258	1,437						-37.19%	9.34%		1,579	1,737		
- Contractors	-	-	-	5						100.00%	0.03%		5	6		
<b>Operational Cost</b>	626	734	668	689						-6.17%	4.48%		721	755		
Inventory	284	443	403	1,826						312.61%	11.86%		2,007	2,210		
<b>TOTAL EXPENDITURE</b>	17,408	17,833	16,654	15,391						-13.70%	100.00%		16,543	17,780		
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	17,408	17,833	16,654	15,391						-13.70%			16,543	17,780		
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	17,408	17,833	16,654	15,391									16,543	17,780		

### 2.10.3 CITY PLANNING

The mandate of the City Planning Department is to:

- Provide spatial leadership towards creating vibrant, safe and sustainable City;
- Play a strategic role in developing and promoting an integrated City that addresses spatial injustices;
- Implement initiatives that enhance a developmental City; and
- Accounting for end-to-end built environment.

The department is responsible for driving, sharpening and shaping the City's spatial form from development agenda within the built environment. In the revision of current strategies and developing policies and frameworks ensure the implementation of spatial form as expressed in the IDP. The spatial development agenda will be advanced through various city development policies, plans, growth management initiatives and budget (and capacity).

The City Planning Department provides services to the communities in the assessment of development applications, building plans and provision of maps for geographical investigations. These services are recognised revenue collected for sundry income such as Zoning certificates, copies and maps

The following are the services that are available to communities at the Department's CCAs:

- Provision of geographic information services to stakeholders ( i.e. internal Departments, developers, private & public sector and the community) through mapping services, spatial data, land surveying services and geo technical services;
- Advisory built environment services to the public;
- Granting of development approvals;
- Spatial co-ordination of sectoral plans;
- Building control and outdoor advertising services.

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

#### **Key Strategic Projects of the City Planning Department**

Project Name	Brief Description	Project Status/Progress
Development of Regional Spatial Development Frameworks (RSDFs) for Regions B, C, D, E & F and review of the metropolitan Spatial Development Framework (MSDF).	The aim of the project is to develop RSDFs and review the current (2011) MSDF to provide updated context to the built environment and application of city form and city identity for the metro.	The spatial strategies MSDF and the RSDFs have been completed and approved by Council in November 2014.
Regularisation of unproclaim townships.	This programme includes the investigation of the current legislative status quo of the townships in terms of the Town Planning requirements, Land Survey requirements and Conveyancing requirements as well as the current use of the properties on the ground (i.e. contraventions to the scheme, contraventions to the NBRs, illegal occupation of municipal/government land, encroachments etc.). The programme further ensures the completion of due processes in terms of the aforementioned fields in order to eventually ensure that the township has been registered at the Deeds Office and the ownership has been upgraded from leasehold to freehold (Upgrading of Land Tenure Right)	General plans of various townships in the metro have been endorsed; the townships registers opened and tenure upgraded in Alberton (1), Benoni (8), Germiston 9, Springs (1)
Development Ekurhuleni Town Planning Scheme.	The project aims to put in place the new consolidated Ekurhuleni Town Planning Scheme (ETOPS) by 30 June 2014, which will replace the current 17 Town Planning Schemes that are currently operational and apply a uniform approach in the assessment of land use applications across the metro.	The ETOPS was approved by Council in November 2014 and is in the process of being implemented across the City. Zonings of former town planning schemes and identified policies have been rescinded. Maps of the ETOPS are GIS database linked.
Development and Implementation of the Capital Investment Framework (CIF)	The CIF aims to drive CAPEX spend within defined geographic priority areas within the metro thus having a catalytic effect with regards to return on investment in relation to its social and developmental objectives.	The results of the Capital Investment Framework (CIF) evaluation of the MTREF Capital Budget was presented to IBALCO on 3 December 2015. Quarter 2 saw the continuation of the drafting of the BEPP and CIF for 2015/16 and the rest of the MTREF period. Additional CIF modelling was concluded, refinements were made to the CIF's Capital Prioritisation Model (CPM), and data was

Project Name	Brief Description	Project Status/Progress
		sourced for the 2016 /17 BEPP.
Development of the (annual) Built Environment Framework (BEPP)	The Built Environment Performance Plan (BEPP) is a legislated document as described in the Division of Revenue Act, which seeks to assess and evaluate the development of the built environment fabric of the city and the impact thereof of major projects which utilise infrastructure grant funding within the built environment. These grants include ICDG, USDG, NDPG, PTIS, INEP	The BEPP is reviewed and submitted annually in line with the timeframes prescribed by national treasury. The City continues to receive tranche payments from the National Treasury for these identified infrastructure grants.

### **Project 1: Urban Design Policy**

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

### **Project 2: Parking feasibility studies**

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

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

### **Project 3: Regularisation of unproclaimed townships**

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

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

#### **Project 4: Precinct Plans**

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

#### **Project 5: Rehabilitation of sinkholes**

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

The Operating Budget per category is attached hereto.

#### **Table 61 Operating Budget of the City Planning Department**

DESCRIPTION	F00	F00	F00	F00	F01	%	F02	F03
	R'000	R'000	R'000	R'000	R'000	B to B	R'000	R'000
	ORG BUDGET	ADJ BUDGET	PROJECTED		2017/18	%	2018/19	2019/20
	R	R	R	R	R	Of Total	R	R
<b>City Planning</b>								
<b>INCOME</b>								
<b>NON - EXCHANGE REVENUE</b>								
- Transfers and Subsidies	-	-	-	-	-	0.00%	(48,389)	(45,000)
- Capital Monetary	-	-	-	-	-	0.00%	(48,389)	(45,000)
<b>SUB TOTAL: NON - EXCHANGE REVENUE</b>						<b>0.00%</b>	<b>(48,389)</b>	<b>(45,000)</b>
<b>EXCHANGE REVENUE</b>								
Operational Revenue	(158)	(158)	(124)	(139)	(139)	0.33%	(148)	(156)
Sales of Goods and Rendering of Services	(40,425)	(40,425)	(31,376)	(41,985)	(41,985)	3.86%	(44,462)	(47,041)
<b>SUB TOTAL: EXCHANGE REVENUE</b>	<b>(40,583)</b>	<b>(40,583)</b>	<b>(31,501)</b>	<b>(42,124)</b>	<b>(42,124)</b>	<b>3.80%</b>	<b>(44,610)</b>	<b>(47,197)</b>
<b>TOTAL INCOME</b>	<b>(40,583)</b>	<b>(40,583)</b>	<b>(31,501)</b>	<b>(42,124)</b>	<b>(42,124)</b>	<b>3.80%</b>	<b>(92,998)</b>	<b>(92,197)</b>
<b>EXPENDITURE</b>								
<b>Employee Related Costs</b>	<b>183,407</b>	<b>168,986</b>	<b>164,788</b>	<b>198,319</b>	<b>198,319</b>	<b>17.36%</b>	<b>212,003</b>	<b>226,420</b>
- Senior Management	2,145	2,145	1,609	2,187	2,187	1.93%	2,338	2,497
- SM - Salaries Allowances and Service Benefits	1,962	1,962	1,471	2,003	2,003	2.12%	2,142	2,287
- SM - Social Contributions	183	183	138	183	183	-0.06%	196	209
Municipal Staff	181,262	166,840	163,179	196,133	196,133	17.56%	209,666	223,923
- MS - Salaries Allowances and Service Benefits	150,591	136,170	133,785	161,554	161,554	18.64%	172,702	184,445
- MS - Social Contributions	30,671	30,671	29,395	34,578	34,578	12.74%	36,964	39,478
<b>Contracted Services</b>	<b>30,877</b>	<b>50,423</b>	<b>50,217</b>	<b>93,529</b>	<b>93,529</b>	<b>85.49%</b>	<b>102,826</b>	<b>114,323</b>
- Outsourcing Services	487	524	517	370	370	-29.48%	406	447
- Consultants and Professional Services	30,000	48,594	48,412	55,569	55,569	14.35%	61,070	67,178
- Contractors	390	1,305	1,288	37,591	37,591	2780.77%	41,349	46,698
<b>Operational Cost</b>	<b>9,484</b>	<b>8,769</b>	<b>8,396</b>	<b>9,265</b>	<b>9,265</b>	<b>5.42%</b>	<b>9,841</b>	<b>10,447</b>
Inventory	37,992	38,543	38,202	2,760	2,760	-92.84%	3,034	3,347
Operating Leases	2,182	2,094	2,094	2,000	2,000	-8.30%	2,199	2,418
Depreciation and Amortisation	1,006	1,006	1,006	1,036	1,036	3.00%	1,088	1,142
<b>TOTAL EXPENDITURE</b>	<b>264,947</b>	<b>269,927</b>	<b>264,703</b>	<b>306,911</b>	<b>306,911</b>	<b>13.70%</b>	<b>330,990</b>	<b>358,097</b>
<b>DEFICIT / (SURPLUS)</b>	<b>224,364</b>	<b>229,344</b>	<b>233,203</b>	<b>264,787</b>	<b>264,787</b>	<b>15.45%</b>	<b>237,992</b>	<b>265,900</b>
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	<b>224,364</b>	<b>229,344</b>	<b>233,203</b>	<b>264,787</b>	<b>264,787</b>		<b>237,992</b>	<b>265,900</b>
<b>TOTAL CHARGES</b>	-	-	-	298	298	100.00%	327	360
<b>TOTAL CHARGES / RECOVERIES</b>	-	-	-	298	298	100.00%	327	360
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	<b>224,364</b>	<b>229,344</b>	<b>233,203</b>	<b>264,787</b>	<b>264,787</b>		<b>237,992</b>	<b>265,900</b>

2.10.4 COMMUNICATION & BRANDING DEPARTMENT

Key Strategic Projects of the Communication and Branding

Operational Budget

Key strategic projects of the Communication and Brand Management Department

## Strategic objective 1: A clear single brand identity

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

### Description

#### Signage

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

#### Brand Building / Advertising campaigns

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

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

#### Corporate identity roll out

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

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

#### Exhibitions

Ekurhuleni promotes the region by participation in various exhibitions locally and international. These create a platform which allow for stakeholder engagements and partnerships. These include IMFO conference, SALGA conference, ACE conference, BRICS and other smaller exhibitions. These are either attended by or hosted by the Metro. An amount of R1.4m is budgeted per annum.

#### Stakeholder engagement

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

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



**Strategic objective 2: Enhanced City stakeholder relations**

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

**Description**

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

**City Meets Business**

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

**Investment Tours**

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

**Employee Roadshows**

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

**Press Club**

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

**Table 62 Operating Budget of the Communication & Branding Department**

DESCRIPTION	F00 R'000 ORG BUDGET		F00 R'000 ADJ BUDGET		F00 R'000 PROJECTED		F01 R'000 2017/18		% B to B		% Of Total		F02 R'000 2018/19		F03 R'000 2019/20	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Communication and Brand Management</b>																
<b>EXPENDITURE</b>																
Employee Related Costs	42,210	36,042	34,799	44,991	48,096	51,366			24.83%	42.55%				48,096	51,366	
Senior Management	2,002	2,002	1,501	2,057	2,199	2,348			2.73%	1.94%				2,199	2,348	
- SM - Salaries Allowances and Service Benefits	1,947	1,947	1,460	1,928	2,061	2,201			-0.99%	1.82%				2,061	2,201	
- SM - Social Contributions	55	55	41	129	138	147			134.38%	0.12%				138	147	
Municipal Staff	40,208	34,040	33,298	42,935	45,937	49,018			26.13%	40.60%				45,937	49,018	
- MS - Salaries Allowances and Service Benefits	34,104	27,937	27,448	35,805	38,276	40,879			28.17%	33.86%				38,276	40,879	
- MS - Social Contributions	6,103	6,103	5,850	7,129	7,621	8,139			16.81%	6.74%				7,621	8,139	
<b>Contracted Services</b>	349	366	164	114	126	139			-68.71%	0.11%				126	139	
- Outsourcing Services	120	120	118	84	93	102			-29.71%	0.08%				93	102	
- Consultants and Professional Services	183	200	-	-	-	-			-100.00%	0.00%				-	-	
- Contractors	46	46	45	30	33	37			-34.27%	0.03%				33	37	
<b>Operational Cost</b>	35,233	50,412	49,239	50,201	55,107	60,550			-0.42%	47.47%				55,107	60,550	
Inventory	4,927	5,734	5,476	6,399	7,033	7,738			11.60%	6.05%				7,033	7,738	
Operating Leases	4,496	4,496	4,316	3,759	4,131	4,544			-16.39%	3.55%				4,131	4,544	
Depreciation and Amortisation	270	270	270	278	292	307			3.00%	0.26%				292	307	
<b>TOTAL EXPENDITURE</b>	87,485	97,320	94,263	105,743	114,785	124,644			8.66%	100.00%				114,785	124,644	
<b>DEFICIT / (SURPLUS)</b>	87,485	97,320	94,263	105,743	114,785	124,644			8.66%					114,785	124,644	
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	87,485	97,320	94,263	105,743	114,785	124,644								114,785	124,644	
TOTAL CHARGES	-	-	-	43	47	52			100.00%					47	52	
<b>TOTAL CHARGES / RECOVERIES</b>	-	-	-	43	47	52			100.00%					47	52	
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	87,485	97,320	94,263	105,743	114,785	124,644								114,785	124,644	

## 2.10.5 CORPORATE LEGAL SERVICES

The Corporate Legal Services Department contributes to ALL GDS imperatives with a strong focus being on GDS THERMATIC AREA 4 – Effective Corporate Governance through being an enterprise that drives legal compliance and specialized legal advisory services that cut

across CITY OF EKURHULENI Departments and its Entities, focusing its resources on ensuring sustainable proper governance systems and processes focusing on promoting good governance. To ensure that this is attained, the focus is on all legal matters of Council in specialised fields such as Supply Chain Management, Intellectual Property, Housing and Development, Compliance Management which includes managing CITY OF EKURHULENI Contract, Municipal Court Operations, Infrastructure, Legal Research, and, specialised litigation.

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

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

#### **Key Strategic Projects of the Corporate Legal Services Department**

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

#### **Operating Budget of the Corporate Legal Services Department**

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

The expenditure component is comprised of various cost drivers i.e. general expenses, contracted services, compensation of employees, repairs and maintenance (external and internal) and Grants-in-Aid categories. The major drivers are compensation of employees and contracted service categories. The biggest single cost item is Contracts: Legal Services, in the contracted services category spent on legal fees for Contracted Attorneys from Council's Panel in the defense of legal cases that proceed to Court by / against Council. Legal fees, unpredictable by their nature, significantly escalated during the past financial years and this has been identified as an area where the Department should continue developing and applying

---

very stringent cost management mechanisms to reduce costs. One such key control mechanism is the two-pronged Due Diligence study undertaken to develop an CITY OF EKURHULENI Litigation Strategy, to highlight litigation triggers, generate management reports to analyse disputes, enable management of the performance of contracted Attorneys, critical appraisal of services rendered to client Departments and cooperation from client Departments, amongst others, is at an advanced stage of development:

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

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

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

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

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

Table 63 Operating Budget of the Corporate Legal Services Department

DESCRIPTION	F00 R'000		F00 R'000		F00 R'000		F00 R'000		F01 R'000		%		%		F02 R'000		F03 R'000	
	ORG BUDGET	ADJ BUDGET	R	R	R	R	R	R	R	R	B to B	Of Total	R	R	R	R	R	R
<b>Corporate Legal</b>																		
<b>INCOME</b>																		
EXCHANGE REVENUE																		
Sales of Goods and Rendering of Services	(3,913)	(3,913)	(3,913)	(1,194)	(3,013)													
<b>SUB TOTAL: EXCHANGE REVENUE</b>	<b>(3,913)</b>	<b>(3,913)</b>	<b>(3,913)</b>	<b>(1,194)</b>	<b>(3,013)</b>													
<b>TOTAL INCOME</b>																		
<b>EXPENDITURE</b>																		
Employee Related Costs	46,126	40,026	38,583	46,572	46,572													
Senior Management	2,379	2,379	1,784	2,419	2,419													
- SM - Salaries Allowances and Service Benefits	2,247	2,247	1,685	2,288	2,288													
- SM - Social Contributions	132	132	99	131	131													
Municipal Staff	43,747	37,648	36,799	44,152	44,152													
- MS - Salaries Allowances and Service Benefits	36,705	30,606	30,049	36,138	36,138													
- MS - Social Contributions	7,042	7,042	6,749	8,014	8,014													
<b>Contracted Services</b>	<b>46,799</b>	<b>61,977</b>	<b>61,163</b>	<b>49,267</b>	<b>49,267</b>													
- Outsource Services	27	197	195	208	208													
- Consultants and Professional Services	46,757	61,757	60,954	49,025	49,025													
- Contractors	15	23	15	33	33													
<b>Operational Cost</b>	<b>3,432</b>	<b>3,613</b>	<b>3,497</b>	<b>2,598</b>	<b>2,598</b>													
<b>Inventory</b>	<b>1,340</b>	<b>1,180</b>	<b>1,188</b>	<b>982</b>	<b>982</b>													
<b>Transfers and Subsidies</b>	<b>23,175</b>	<b>103,175</b>	<b>103,175</b>	<b>103,369</b>	<b>103,369</b>													
- Operational: Monetary	23,175	103,175	103,175	103,369	103,369													
Depreciation and Amortisation	1,674	1,674	1,674	1,724	1,724													
<b>TOTAL EXPENDITURE</b>	<b>122,545</b>	<b>211,645</b>	<b>209,280</b>	<b>204,511</b>	<b>204,511</b>													
<b>DEFICIT / (SURPLUS)</b>	<b>118,633</b>	<b>207,733</b>	<b>208,086</b>	<b>201,498</b>	<b>201,498</b>													
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	<b>118,633</b>	<b>207,733</b>	<b>208,086</b>	<b>201,498</b>	<b>201,498</b>													
TOTAL CHARGES	-	-	-	99	99													
TOTAL CHARGES / RECOVERIES	-	-	-	99	99													
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	<b>118,633</b>	<b>207,733</b>	<b>208,086</b>	<b>201,498</b>	<b>201,498</b>													

2.10.6 CUSTOMER RELATIONS MANAGEMENT DEPARTMENT

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

---

### **Key Strategic Projects of the Customer Relations Management Department**

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

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

### **Operating Budget of the Customer Relations Management Department**

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

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

Table 64 Operating Budget of the Customer Relations Management

DESCRIPTION	F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		F00 R'000		
	ORG BUDGET	ADJ BUDGET	F00 R'000	PROJECTED	F01 R'000	F02 R'000	F03 R'000	% B to B	% Of Total	F00 R'000	F01 R'000	F02 R'000	F03 R'000	% B to B	% Of Total	F00 R'000	F01 R'000	F02 R'000	F03 R'000
<b>Customer Relations Management</b>																			
<b>INCOME</b>																			
EXCHANGE REVENUE																			
Sales of Goods and Rendering of Services				135				0.00%	0.00%										
<b>SUB TOTAL: EXCHANGE REVENUE</b>				<b>135</b>				<b>0.00%</b>	<b>0.00%</b>										
<b>TOTAL INCOME</b>																			
<b>EXPENDITURE</b>																			
Employee Related Costs	146,748	151,308	147,178		173,406	185,371	197,976	14.60%	63.90%										
Senior Management	2,519	2,519	1,889		2,517	2,691	2,874	-0.05%	0.93%										
- SM - Salaries Allowances and Service Benefits	2,517	2,517	1,887		2,515	2,689	2,872	-0.05%	0.93%										
- SM - Social Contributions	2	2	1		2	2	2	-6.55%	0.00%										
Municipal Staff	144,229	148,790	145,290		170,888	182,680	195,102	14.85%	62.97%										
- MS - Salaries Allowances and Service Benefits	116,925	121,486	119,122		136,187	145,584	155,484	12.10%	50.19%										
- MS - Social Contributions	27,304	27,304	26,168		34,701	37,095	39,618	27.09%	12.79%										
<b>Contracted Services</b>	<b>13,807</b>	<b>14,662</b>	<b>14,172</b>		<b>14,691</b>	<b>16,146</b>	<b>17,783</b>	<b>0.20%</b>	<b>5.41%</b>										
- Outsource Services	4,657	5,512	5,141		3,684	4,048	4,453	-33.16%	1.36%										
- Consultants and Professional Services	9,150	9,150	9,031		10,320	11,342	12,476	12.79%	3.80%										
- Contractors					687	756	854	100.00%	0.25%										
<b>Operational Cost</b>	<b>8,740</b>	<b>9,369</b>	<b>8,949</b>		<b>8,752</b>	<b>9,481</b>	<b>10,279</b>	<b>-6.58%</b>	<b>3.23%</b>										
Inventory	128,416	80,313	80,626		16,431	18,064	20,106	-79.54%	6.05%										
Depreciation and Amortisation	56,393	56,393	56,393		58,085	60,989	64,038	3.00%	21.40%										
<b>TOTAL EXPENDITURE</b>	<b>354,103</b>	<b>312,044</b>	<b>307,319</b>		<b>271,364</b>	<b>290,051</b>	<b>310,183</b>	<b>-13.04%</b>	<b>100.00%</b>										
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	<b>354,103</b>	<b>312,044</b>	<b>307,453</b>		<b>271,364</b>	<b>290,051</b>	<b>310,183</b>	<b>-13.04%</b>											
TOTAL CHARGES					570	627	689	100.00%											
<b>TOTAL CHARGES / RECOVERIES</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>570</b>	<b>627</b>	<b>689</b>	<b>100.00%</b>											
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	<b>354,103</b>	<b>312,044</b>	<b>307,453</b>		<b>271,364</b>	<b>290,051</b>	<b>310,183</b>												

## **2.10.7 DISASTER AND EMERGENCY MANAGEMENT SERVICES**

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

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

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

### **Some of the Deliverables in 2016-17 for the Department**

**Constructed and operationalized SIX (6) new major fire stations** (Construction value: R 144 million) in:

- Daveyton
- Etwatwa
- Tsakane
- Zonkiszwe
- Duduza
- KwaThema

**Established FOUR (4) new disaster management satellite offices (Value:R20.5 million) in:**

- Tsakane
- Katlehong
- Kempton Park
- Tembisa

### **Operating Budget of the Disaster and Emergency Management Services Department**

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

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

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

- The bank account must be in the name of the municipality.
- Only the City Manager may be the accounting officer of the fund.



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

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

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

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

The metro's declared asset values for assets that are insurable amounts to R34 billion. Excluded from these declared values, and subsequently cover thereon, are items such as roads, bridges, water and sewer network and electricity network (because you can either not source cover for these items or if you could it would simply be too expensive), however items such as sub stations, pump stations (in other words, machinery-related) are covered.

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

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

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

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

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

As part of the municipality's Informal Settlement Management Plan, the reduction of devastating fire incidents at Informal Settlements remain a priority. Community Emergency Response Teams (CERT) Programme has seen 600 CERT members deployed in in all 119 Informal Settlements. The spinoffs from this noble service delivery programme are: job creation, poverty alleviation and community participation in matters that affect them. At the end of 2013/14 financial year, this initiative has seen the reduction of fire incidents in

Informal settlements reduced by 52 fire incidents as compared with fire incidents during 2012/13. The Department is planning to reduce fire incidents in Informal settlements by 43 incidents in the current 2017/18 Financial Year as part of the SDBIP targets.

Fire Brigade Services is very high risk occupation. Personal Protective Equipment for operational staff in the department is paramount and a legal requirement to achieve compliance to the Occupational Health and Safety Act.

**Table 65 Operating Budget of the Disaster and Emergency Management Services Department**

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 ADJ BUDGET	F00 R'000 PROJECTED	F01 R'000 2017/18	% B to B	% Of Total	F02 R'000 2018/19	F03 R'000 2019/20
	R	R	R	R	R	R	R	R
<b>Disaster &amp; Emergency Management Services</b>								
<b>INCOME</b>								
<b>NON - EXCHANGE REVENUE</b>								
Transfers and Subsidies	(166,624)	(163,124)	(163,124)	(158,155)	-3.05%	87.51%	(167,328)	(176,698)
- Operational: Monetary	(150,624)	(150,624)	(150,624)	(158,155)	5.00%	87.51%	(167,328)	(176,698)
- Capital: Monetary	(16,000)	(12,500)	(12,500)	-	-100.00%	0.00%	-	-
<b>SUB TOTAL: NON - EXCHANGE REVENUE</b>	<b>(166,624)</b>	<b>(163,124)</b>	<b>(163,124)</b>	<b>(158,155)</b>	<b>-3.05%</b>	<b>87.51%</b>	<b>(167,328)</b>	<b>(176,698)</b>
<b>EXCHANGE REVENUE</b>								
Operational Revenue	(300)	(300)	(236)	(315)	5.00%	0.17%	(334)	(353)
Rental from Fixed Assets	(0)	(0)	(0)	(0)	4.55%	0.00%	(0)	(0)
Sales of Goods and Rendering of Services	(21,207)	(21,207)	(10,524)	(22,268)	5.00%	12.32%	(23,582)	(24,949)
<b>SUB TOTAL: EXCHANGE REVENUE</b>	<b>(21,508)</b>	<b>(21,508)</b>	<b>(10,759)</b>	<b>(22,583)</b>	<b>5.00%</b>	<b>12.49%</b>	<b>(23,915)</b>	<b>(25,302)</b>
<b>TOTAL INCOME</b>	<b>(188,132)</b>	<b>(184,632)</b>	<b>(173,883)</b>	<b>(180,738)</b>	<b>-2.11%</b>	<b>100.00%</b>	<b>(191,243)</b>	<b>(202,000)</b>
<b>EXPENDITURE</b>								
<b>Employee Related Costs</b>								
Senior Management	2,328	2,328	1,746	2,366	1.64%	0.28%	2,530	2,702
- SM - Salaries Allowances and Service Benefits	2,189	2,189	1,641	2,193	0.22%	0.26%	2,345	2,504
- SM - Social Contributions	140	140	105	173	23.77%	0.02%	185	198
Municipal Staff	629,578	639,613	624,791	702,574	9.84%	81.99%	751,052	802,123
- MS - Salaries Allowances and Service Benefits	515,973	526,009	516,164	575,593	9.43%	67.17%	615,309	657,150
- MS - Social Contributions	119,646	119,646	114,568	133,022	11.18%	15.52%	142,201	151,870
- MS - Cost Capitalised to PPE	(6,041)	(6,041)	(6,041)	(6,041)	0.00%	-0.70%	(6,458)	(6,897)
<b>Contracted Services</b>	<b>61,336</b>	<b>56,925</b>	<b>55,900</b>	<b>67,532</b>	<b>18.63%</b>	<b>7.86%</b>	<b>73,168</b>	<b>80,090</b>
- Outsourcing Services	34,278	34,278	33,833	37,157	8.40%	4.34%	39,761	42,512
- Consultants and Professional Services	5,223	5,212	5,155	3,420	-34.38%	0.40%	3,758	4,134
- Contractors	21,835	17,435	16,912	26,955	54.61%	3.15%	29,648	33,443
<b>Operational Cost</b>	<b>56,376</b>	<b>58,048</b>	<b>55,939</b>	<b>39,186</b>	<b>-32.49%</b>	<b>4.57%</b>	<b>42,578</b>	<b>46,293</b>
<b>Inventory</b>	<b>42,493</b>	<b>44,239</b>	<b>43,208</b>	<b>22,570</b>	<b>-48.98%</b>	<b>2.63%</b>	<b>24,815</b>	<b>27,642</b>
<b>Operating Leases</b>	<b>74</b>	<b>74</b>	<b>71</b>	<b>61</b>	<b>-16.65%</b>	<b>0.01%</b>	<b>67</b>	<b>74</b>
Depreciation and Amortisation	21,976	21,976	21,976	22,635	3.00%	2.64%	23,767	24,955
<b>TOTAL EXPENDITURE</b>	<b>814,160</b>	<b>823,203</b>	<b>803,630</b>	<b>856,925</b>	<b>4.10%</b>	<b>100.00%</b>	<b>917,977</b>	<b>983,879</b>
<b>DEFICIT / (SURPLUS)</b>	<b>626,029</b>	<b>638,572</b>	<b>629,747</b>	<b>676,187</b>	<b>5.89%</b>		<b>726,734</b>	<b>781,878</b>
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	<b>626,029</b>	<b>638,572</b>	<b>629,747</b>	<b>676,187</b>			<b>726,734</b>	<b>781,878</b>
<b>TOTAL CHARGES</b>	-	-	-	22,862	100.00%		25,056	27,462
<b>TOTAL CHARGES / RECOVERIES</b>	-	-	-	22,862	100.00%		25,056	27,462
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	<b>626,029</b>	<b>638,572</b>	<b>629,747</b>	<b>676,187</b>			<b>726,734</b>	<b>781,878</b>

## **2.10.8 ECONOMIC DEVELOPMENT**

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

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

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

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

### **Operating Budget 2017/2018**

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

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

### **Operating Income**

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

## Operating Expenditure

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

### Mega and Flagship Projects as pronounced by the Executive Mayor

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

Activity	Description
	<p>Assistance, Municipal Finance Management, Call Centre Learnership, Disaster Management, Horticulture, Community House Building, Project Management, Early Childhood Development, etc. A total of 121 people are participating in the programmes.</p> <ul style="list-style-type: none"> <li>• <b>Youth Placement Programme</b> Ekurhuleni faces unprecedented challenges that are manifested through amongst other things; higher unemployment rates, large number of employment seekers who cannot enter the labour markets, low education and poor skills base. Young people are mostly affected by this challenge of unemployment. The Department continues to place learners through the Work Readiness Placement Programme. The Department continues to place learners through the Work Readiness Placement Programme. As from October to December 2016, 705 learners were placed internally and with external companies as interns. Induction workshops for new learners were conducted on a monthly basis</li> <li>• <b>Bursary Provision</b> As part of Community Development, the Economic Development has been cascaded the responsibility of Bursary provision in the City. This is part of the overall Organizational Youth Development Programme for the Municipality. The aim of the bursary scheme is to increase the knowledge and also to improve the employability of bursary holders after studies have been completed. This is a strategic project that supports the achievement of service delivery goals (Youth Development Programme and Job Creation). Bursaries are offered in the third quarter when learners have obtained their examination results; however, there are 408 learners currently on the system. The Department is currently preparing for 2016 community bursary allocation; 848 learners are recommended for bursaries.</li> <li>• <b>Unemployed Graduates Youth Work Readiness Placement Programme</b> Ekurhuleni faces unprecedented challenges that are manifested through amongst other things; higher unemployment rates, large number of employment seekers who cannot enter the labour markets, low education and poor skills base. Young people are mostly affected by this challenge of unemployment. The programme is a continuation of the current youth placement programme and seeks to place at least 2000 unemployed youth with third party institutions. In 2014/15, 1700 unemployed youth were placed through the programme. Currently the Department has placed 1434 unemployed youth with various companies for Work Readiness Experiential Learning Programme.</li> </ul>
Future activities of the project	The department will continuously implement and coordinate the Coordinate of the metro-wide job creation programme. All these are projects are budgeted for in the Operating budget.
Activity	Description
<b>2.Revitalisation of Township Economies</b>	
Purpose of the project	Systematic intervention in the economic rejuvenation in the townships in a manner that addresses spatial inequalities through the development of economic infrastructure to drive economic activity.

Current progress on project	The initiative by the city of a flagship project to transform township economies to be efficient and successful. The project is implemented in two fold; one is the development of a proper and comprehensive strategy and implementation plan to turn around to Township economies. The other is the ongoing programme to roll-out economic infrastructure in townships, coupled with the intense SMME development programme. The work on Strategy has been completed save to say the department has initiated the process to get the approval of the strategy by council. This goes hand in hand with the process to finalise the implementation plan as well as the applications to the National treasury for NDGP funding.
Future activities of the project	The development and pursuit of Township Economies Development programme has necessitated that the ownership and design of municipal shops be looked-into. <ul style="list-style-type: none"> <li>▪ The transformation of five EMM township complexes into prosperous, compact, sustainable and better managed urban centres with vibrant economies, better transport linkages, well managed public spaces and infrastructure. The goal is to redevelop EMM townships into great places to live, work and play.</li> <li>▪ Targeted investment in public spaces, public infrastructure and public buildings is prioritised to boost private investor confidence.t</li> <li>▪ The focus of the economic sector is to develop and grow a diversified economy that goes beyond the prominent retail developments and seeks to attract investment in other sectors such as light industrial, manufacturing, agriculture and tourism. A combination of attracting external investment and supporting local entrepreneurs, particularly in the SMME and co-operatives sector, is at the centre of the economic strategy</li> </ul>

Activity	Description
<b>3.Revitalisation of Manufacturing Sector</b>	
Purpose of the project	To stimulate industrial activity, efficiencies and competitiveness of industrial and manufacturing sector entities through the implementation of the 13 Pillar Programmes.
Current progress on project	The Revitalization of the Manufacturing Sector project is being implemented through the 13 Pillar Programme where a number of instruments have been identified to activate the 13 Pillars and these are as follows: <ul style="list-style-type: none"> <li>• 5-year Industrial Development Policy, Strategy and Programme</li> <li>• 10-year Industrial Development &amp; Upgrade, Productivity Improvement and Competitiveness Programme</li> <li>• 10-year Economic Development Strategy and Programme of Action</li> </ul>

Activity	Description
	<ul style="list-style-type: none"> <li>• National Cleaner Production Centre (NCPC-SA)</li> <li>• Investment and Development Facilitation Strategic Policy Framework</li> <li>• The Manufacturing Indaba</li> <li>• Aerotropolis Annual Investment Conference and Exhibition</li> </ul> <p>The strategies and programmes listed above are undertaken to inform a more organised industrial development the City is pursuing and to identify value chain opportunities to inform the development of the industrial sectors cluster programmes. The City's strategies and programmes are developed in alignment with the National Government strategies, programmes and priorities such as the Industrial Policy Action Plan (IPAP).</p> <p>List of land parcels have been identified to be reserved for industrial and manufacturing opportunities and industrial sector clusters identified. Other suitable land parcels are to be identified for township industrial development where a database of Ekurhuleni owned township vacant sites of 10 hectares and more were identified and City Planning is working on identifying suitable sites among this list for the proposed township industrial parks.</p> <p>The investment committee has overseen the increase in the investment and development projects pipeline increase. Among the new projects registered during the second quarter are the renewable energy proposals in the form of LED lighting technology; Photovoltaic Industrial Solution proposal; Glucose manufacturing project; and the mega industrial development in Jupiter Extension 8, 9 and Simmerfield Extension 2 with investment value of up to R18 billion. Projects are at various stages of facilitation with the Green Reef Township Establishment Development approved during the second quarter. The Productivity Improvement and Industrial Upgrade programme commenced during the first quarter with initial database of Ekurhuleni companies developed. The process to develop / identify a model company has also commenced. The model company will be used as a benchmark with Ekurhuleni companies for productivity improvement.</p> <p>During the second quarter, 20 incubates from Lepharo underwent the Business Performance Improvement programme based on the outcome of the productivity improvement questionnaire they participated in during the first quarter.</p> <p>The following 5 new manufacturing investments were facilitated: ALPLA (Plastics manufacturing plant in Spartan), Distell (Expansion of manufacturing facilities &amp; warehousing in Springs), Foschini (New plant in Chloorkop), Unilever Ice Cream (New plant in Chloorkop) &amp; Unilever Liquids – (New plant in Boksburg).</p>
<b>Future activities of the project</b>	<p>Facilitation of the Manufacturing sector is an ongoing programme and budgeted for 2016/17</p> <p>Currently project pipeline for 2015/16 includes new investments in manufacturing in the following: Aqua Refinery of Waste LEAD</p>

Activity	Description
	Acid Battery, LED Lighting, fuel cells, Photovoltaic Solutions, Glucose Manufacturing.

Activity	Description
<b>4. Ekurhuleni Aerotropolis Development Programme</b>	
Purpose of the project	To implement the Ekurhuleni Aerotropolis Development Programme.
Current progress on project	<p>The draft Aerotropolis Master Plan is ready for engagement by stakeholders. Special Purpose Vehicle (SPV) Legal Framework and Aerotropolis Advisory Panel has not yet been concluded but will be finalised in the current financial year.</p> <p>The 30 years Aerotropolis Master Plan has highlighted the importance of the initial 5 years of the programme to be crucial in building investor confidence and improving the traction of the Aerotropolis programme. as a result, the greening and beautification of the Airport Core and related corridors of N17; N12; R21; R23, R24, etc. has become urgent in order to improve the environment and look and feel of these priority areas.</p> <p>The 30 years Aerotropolis Master Plan has necessitated the establishment of the PMU office, hence suitable offices have been identified. These offices required refurbishment in order to entrench the Aerotropolis Project Management Office at OR Tambo International Airport.</p> <p>To date the following have been achieved:</p> <ul style="list-style-type: none"> <li>• Stakeholder engagement process continued and produced valuable insights that are critical in shaping the thinking as the project unfolds. These engagements are the first set of engagements with government, business, civil society, academic institutions and organised groups to share thinking and the direction that the Ekurhuleni Aerotropolis should take. The second set of engagements will take place once the longer term strategy is concluded.</li> <li>• Parallel to the development of the longer term strategic plan, a need to operationalize the Aerotropolis concept in the short term has been identified, to enable rolling out of the vision tangibly. This meant deciding on Priority Projects that must be developed now and positioning CITY OF EKURHULENI for their implementation. 19 short term priority projects have also been identified in the Strategic Road Map, addresses and advances critical Aerotropolis concepts identified in the Strategic Road Map, Planning and Land Use Guidelines (PLUG) and the Five Year Implementation Plan. These projects vary in complexity, implementation requirements and realization, but they address the common goals and themes of the Ekurhuleni Aerotropolis.</li> <li>• Business case for the establishment of an Ekurhuleni Aerotropolis Management Agency has been developed.</li> <li>• The inaugural Aerotropolis Industrial Cluster Development and Investment Conference took place in November 2015. The event was done in collaboration with key partners and stakeholders</li> </ul>



Activity	Description
	<p>including ACSA, OR Tambo International Airport, CSIR' Technology Localization Unit and DENEL Aero Structures. The event also including the exhibition of 20 companies including partners. The highlight of the event was the official launch of the CITY OF EKURHULENI Aerotropolis Programme.</p>
Future activities of the project	<p>The 30 years Aerotropolis Master Plan has necessitated that strategic Aerotropolis projects should be activated as per the Master Plan in order to attract and bring crowd-in investments. In this regard, CITY OF EKURHULENI shall invest in land acquisitions, external engineering infrastructure and top building structures that will enable and attract strategic private investments in the Aerotropolis Core.</p> <p><b>Master Plans Aerotropolis Implementation (Project Facilitation)</b></p> <p>Appointment of a team leader and team of consultants to render Turnkey Administration, Project Management and related Professional Services for implementation of the 30 Years Aerotropolis Master Plan in the Economic Development Department from 01 July 2016 until 30 June 2019 on a rate base structure.</p> <p>The 30 years Ekurhuleni AMP prescribes the acute prerequisite of the establishment of a Programme Management Unit (PMU) as an interim governance structure for the initial 3 years with the following competencies: Administration and Secretariat Service; Legal Services and Conveyancing; Structured Project Finance and PPP; Property Planning &amp; Development; Communications, Marketing and Stakeholder Management; and Strategic Investment Packaging, Promotion and Facilitation.</p>

### Operating Budget 2017/18

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

#### Ekurhuleni Business Facilitation Network

The Ekurhuleni Business Facilitation Network (EBFN) was created to facilitate development and to attract investment in the regional economy. The Centre houses various directorates in the Economic Development Department as well as external

---

economic development partners that also contribute to the maintenance and operationalization of the facility in particular Peermont. EBFN is also utilized to host incubation programmes, share Industry production facilities, fabrication laboratory and to harbor small business enterprises as tenants. It is for this reason that the contribution for both CITY OF EKURHULENI and Peermont will be R2m each to cover general expenses as well as project related expenses.

### **Community Agriculture Projects**

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

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

### **Community Development Projects**

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

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

### **Consultancy**

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

### **Special Events**

One of the key performance indicators in the SDBIP for Economic Development is "Number of mega business and leisure activities designed to improve tourism in Ekurhuleni". To this end, the Department of Economic Development has identified mega events in the City to tap on in order to achieve the above mentioned indicator. These events have been identified based on their attractiveness to the domestic market and huge media exposure opportunities for the City. This will also assist in leveraging marketing and branding opportunities for the destinations. Exhibitions

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

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

### **Awareness Campaigns & Advertising**

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

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

### **Workshops**

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

---

ensure to capacitation of its product owners in order for them to grow their business and compete in the market.

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

### **The Springs Fresh Produce Market**

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

Table 66 Operating Budget of the Economic Development Department

DESCRIPTION	F00	F00	F00	F00	F01	%	F02	F03
	R'000	R'000	R'000	R'000	R'000	Of Total	R'000	R'000
	ORG BUDGET	ADJ BUDGET	PROJECTED	2017/18	2018/19	B to B	2018/19	2019/20
	R	R	R	R	R	R	R	R
<b>Economic Development</b>								
<b>INCOME</b>								
<b>NON - EXCHANGE REVENUE</b>								
Transfers and Subsidies	(22,125)	(22,125)	(22,125)	(44,718)	(44,718)	102.12%	-	-
- Operational: Monetary	(22,125)	(22,125)	(22,125)	(44,718)	(44,718)	102.12%	-	-
<b>SUB TOTAL: NON - EXCHANGE REVENUE</b>	(22,125)	(22,125)	(22,125)	(44,718)	(44,718)	102.12%	-	-
<b>EXCHANGE REVENUE</b>								
Interest, Dividends and Rent on Land	(80)	(80)	(79)	(27)	(27)	-66.88%	(28)	(30)
Operational Revenue	(20,063)	(20,063)	(15,756)	(21,067)	(21,067)	5.00%	(22,310)	(23,604)
Rental from Fixed Assets	(2,072)	(2,072)	(1,865)	(2,176)	(2,176)	5.00%	(2,304)	(2,438)
Sales of Goods and Rendering of Services	(3)	(3)	(3)	(3)	(3)	5.01%	(4)	(4)
<b>SUB TOTAL: EXCHANGE REVENUE</b>	(22,219)	(22,219)	(17,702)	(23,273)	(23,273)	4.74%	(24,646)	(26,075)
<b>TOTAL INCOME</b>	(44,344)	(44,344)	(39,827)	(67,991)	(67,991)	53.32%	(24,646)	(26,075)
<b>EXPENDITURE</b>								
<b>Employee Related Costs</b>								
Senior Management	126,094	125,103	121,660	101,236	101,236	-19.08%	61,487	65,668
- SM - Salaries Allowances and Service Benefits	2,349	2,349	1,762	2,359	2,359	0.40%	2,521	2,693
- SM - Social Contributions	2,347	2,347	1,760	2,357	2,357	0.40%	2,519	2,691
Municipal Staff	123,744	122,753	119,898	98,877	98,877	-19.45%	58,965	62,975
- MS - Salaries Allowances and Service Benefits	116,028	115,037	112,503	89,659	89,659	-22.06%	49,110	52,450
- MS - Social Contributions	7,716	7,716	7,395	9,219	9,219	19.47%	9,855	10,525
<b>Contracted Services</b>	46,746	44,064	45,448	19,414	19,414	-55.94%	21,340	23,584
- Outsourcing Services	22,642	22,642	22,347	201	201	-99.11%	221	243
- Consultants and Professional Services	21,579	18,897	20,607	15,877	15,877	-15.98%	17,449	19,194
- Contractors	2,526	2,526	2,493	3,336	3,336	32.08%	3,670	4,147
<b>Operational Cost</b>	41,525	113,065	109,154	65,562	65,562	-42.02%	74,483	74,733
Inventory	81,416	81,626	81,016	54,521	54,521	-33.21%	58,821	64,754
Operating Leases	1,200	1,200	1,152	953	953	-20.62%	1,047	1,152
Depreciation and Amortisation	4,315	4,315	4,315	4,444	4,444	3.00%	4,667	4,900
<b>TOTAL EXPENDITURE</b>	301,296	369,373	362,746	246,120	246,120	-33.37%	221,844	234,790
<b>DEFICIT / (SURPLUS)</b>	256,952	325,029	322,918	178,129	178,129	-45.20%	197,198	208,715
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	256,952	325,029	322,918	178,129	178,129		197,198	208,715
<b>TOTAL CHARGES</b>	-	-	-	488	488	100.00%	527	569
<b>TOTAL CHARGES / RECOVERIES</b>	-	-	-	488	488	100.00%	527	569
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	256,952	325,029	322,918	178,129	178,129		197,198	208,715

## 2.10.9 EKURHULENI METRO POLICE DEPARTMENT (EMPD)

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

### Key projects of the Ekurhuleni Metro Police Department

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

### **Operating Budget of the Ekurhuleni Metro Police Department**

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

One of the single greatest cost components of the EMPD (excluding salaries) is that of security contracts.

The Operating Budget per category is attached hereto.

**Table 67 Operating Budget of the Ekurhuleni Metro Police Department**

DESCRIPTION	F00 R'000 ORG BUDGET		F00 R'000 ADJ BUDGET		F00 R'000 PROJECTED		F01 R'000 2017/18		% B to B		% Of Total		F02 R'000 2018/19		F03 R'000 2019/20	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Ekurhuleni Metro Police Department (EMPD)</b>																
<b>INCOME</b>																
NON - EXCHANGE REVENUE																
Fines, Penalties and Forfeits	(106,511)	(121,511)	(121,511)	(121,511)	(121,511)	(155,260)	(155,260)	(155,260)	27.77%	27.77%	99.31%	(164,420)	(173,956)			
<b>SUB TOTAL: NON - EXCHANGE REVENUE</b>	<b>(106,511)</b>	<b>(121,511)</b>	<b>(121,511)</b>	<b>(121,511)</b>	<b>(121,511)</b>	<b>(155,260)</b>	<b>(155,260)</b>	<b>(155,260)</b>	<b>27.77%</b>	<b>27.77%</b>	<b>99.31%</b>	<b>(164,420)</b>	<b>(173,956)</b>			
EXCHANGE REVENUE																
Operational Revenue	(806)	(806)	(806)	(806)	(633)	(846)	(846)	(846)	4.91%	4.91%	0.54%	(896)	(947)			
Sales of Goods and Rendering of Services	(225)	(225)	(225)	(225)	(233)	(231)	(231)	(231)	2.78%	2.78%	0.15%	(245)	(259)			
<b>SUB TOTAL: EXCHANGE REVENUE</b>	<b>(1,031)</b>	<b>(1,031)</b>	<b>(1,031)</b>	<b>(1,031)</b>	<b>(866)</b>	<b>(1,077)</b>	<b>(1,077)</b>	<b>(1,077)</b>	<b>4.44%</b>	<b>4.44%</b>	<b>0.69%</b>	<b>(1,140)</b>	<b>(1,207)</b>			
<b>TOTAL INCOME</b>	<b>(107,542)</b>	<b>(122,542)</b>	<b>(122,542)</b>	<b>(122,542)</b>	<b>(122,377)</b>	<b>(156,337)</b>	<b>(156,337)</b>	<b>(156,337)</b>	<b>27.58%</b>	<b>27.58%</b>	<b>100.00%</b>	<b>(165,560)</b>	<b>(175,163)</b>			
<b>EXPENDITURE</b>																
Employee Related Costs	979,921	958,450	936,753	936,753	936,753	1,096,858	1,096,858	1,096,858	14.44%	14.44%	74.70%	1,172,542	1,252,275			
Senior Management	1,913	1,913	1,435	1,435	1,435	2,201	2,201	2,201	15.03%	15.03%	0.15%	2,353	2,513			
- SM - Salaries Allowances and Service Benefits	1,911	1,911	1,434	1,434	1,434	2,199	2,199	2,199	15.05%	15.05%	0.15%	2,351	2,511			
- SM - Social Contributions	2	2	1	1	1	2	2	2	-5.70%	-5.70%	0.00%	2	2			
Municipal Staff	978,007	956,536	935,318	935,318	935,318	1,094,658	1,094,658	1,094,658	14.44%	14.44%	74.55%	1,170,189	1,249,762			
- MS - Salaries Allowances and Service Benefits	810,760	789,289	775,450	775,450	775,450	903,596	903,596	903,596	14.48%	14.48%	61.54%	965,944	1,031,628			
- MS - Social Contributions	177,409	177,409	170,028	170,028	170,028	201,223	201,223	201,223	13.42%	13.42%	13.70%	215,107	229,735			
- MS - Cost Capitalised to PPE	(10,161)	(10,161)	(10,161)	(10,161)	(10,161)	(10,161)	(10,161)	(10,161)	0.00%	0.00%	-0.69%	(10,862)	(11,601)			
<b>Contracted Services</b>	<b>270,431</b>	<b>288,252</b>	<b>283,693</b>	<b>283,693</b>	<b>283,693</b>	<b>272,408</b>	<b>272,408</b>	<b>272,408</b>	<b>-5.50%</b>	<b>-5.50%</b>	<b>18.55%</b>	<b>305,271</b>	<b>324,225</b>			
- Outsourcing Services	250,375	252,696	248,599	248,599	248,599	232,366	232,366	232,366	-8.05%	-8.05%	15.82%	261,262	275,746			
- Consultants and Professional Services	16,896	31,896	31,481	31,481	31,481	36,279	36,279	36,279	13.74%	13.74%	2.47%	39,870	43,857			
- Contractors	3,161	3,661	3,613	3,613	3,613	3,764	3,764	3,764	2.80%	2.80%	0.26%	4,138	4,621			
Operational Cost	83,628	84,371	81,949	81,949	81,949	66,920	66,920	66,920	-20.68%	-20.68%	4.56%	73,089	79,883			
Inventory	36,535	40,066	37,986	37,986	37,986	31,626	31,626	31,626	-21.06%	-21.06%	2.15%	34,778	38,935			
Operating Leases	-	680	653	653	653	537	537	537	-20.97%	-20.97%	0.04%	591	650			
<b>TOTAL EXPENDITURE</b>	<b>1,370,515</b>	<b>1,371,820</b>	<b>1,341,034</b>	<b>1,341,034</b>	<b>1,341,034</b>	<b>1,468,350</b>	<b>1,468,350</b>	<b>1,468,350</b>	<b>7.04%</b>	<b>7.04%</b>	<b>100.00%</b>	<b>1,586,270</b>	<b>1,695,967</b>			
<b>DEFICIT / (SURPLUS)</b>	<b>1,262,973</b>	<b>1,249,278</b>	<b>1,218,657</b>	<b>1,218,657</b>	<b>1,218,657</b>	<b>1,312,014</b>	<b>1,312,014</b>	<b>1,312,014</b>	<b>5.02%</b>	<b>5.02%</b>		<b>1,420,710</b>	<b>1,520,804</b>			
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	<b>1,262,973</b>	<b>1,249,278</b>	<b>1,218,657</b>	<b>1,218,657</b>	<b>1,218,657</b>	<b>1,312,014</b>	<b>1,312,014</b>	<b>1,312,014</b>				<b>1,420,710</b>	<b>1,520,804</b>			
TOTAL CHARGES	-	-	-	-	-	7,738	7,738	7,738	100.00%	100.00%		8,501	9,341			
<b>TOTAL CHARGES / RECOVERIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,738</b>	<b>7,738</b>	<b>7,738</b>	<b>100.00%</b>	<b>100.00%</b>		<b>8,501</b>	<b>9,341</b>			
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	<b>1,262,973</b>	<b>1,249,278</b>	<b>1,218,657</b>	<b>1,218,657</b>	<b>1,218,657</b>	<b>1,312,014</b>	<b>1,312,014</b>	<b>1,312,014</b>				<b>1,420,710</b>	<b>1,520,804</b>			

**2.10.10 ENERGY**

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

**Key Strategic Projects of the Energy Department**

<b>NAME OF THE PROJECT</b>	<b>BRIEF DESCRIPTION</b>
Solar lighting for informal settlements	Provision of four solar powered lights plus cell phone charger
One megawatt landfill gas projects	Generation of energy from methane gas at landfill sites
Building/Upgrading of Substations	Create transformer capacity and increase remaining useful life of substation
Electrification of subsidised households and informal settlements in areas such as (Langaville, Inxiweni, Marikana, Winnie Mandela and Ekuthuleni)	Electrification of stands
Lighting of areas	Provision of streetlights and high mast lights in certain areas priority in informal settlements.

### **Operating Budget of the Energy Department**

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

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

#### **Refurbishment / Preventative maintenance**

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

#### **Repairs and Maintenance**

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

#### **OPERATING INCOME**

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

The Operating Budget per category is shown below.



Table 68 Operating Budget of the Energy Department

DESCRIPTION	F00 R'000 ORG BUDGET		F00 R'000 ADJ BUDGET		F00 R'000 PROJECTED		F01 R'000 2017/18		% B to B		% Of Total		F02 R'000 2018/19		F03 R'000 2019/20	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Energy Department</b>																
<b>INCOME</b>																
<b>NON - EXCHANGE REVENUE</b>																
Fines, Penalties and Forfeits	(7,131)	(7,131)	(7,131)	(7,131)	(7,131)	(7,562)			6.04%	0.06%				(8,008)		(8,472)
<b>Transfers and Subsidies</b>	<b>(678,644)</b>	<b>(637,215)</b>	<b>(637,215)</b>	<b>(637,215)</b>	<b>(766,442)</b>				<b>20.28%</b>	<b>5.59%</b>				<b>(864,266)</b>		<b>(942,047)</b>
- Operational: Monetary	(428,215)	(428,215)	(428,215)	(428,215)	(492,442)				15.00%	3.59%				(576,266)		(625,596)
- Capital: Monetary	(250,429)	(209,000)	(209,000)	(209,000)	(274,000)				31.10%	2.00%				(288,000)		(316,451)
<b>SUB TOTAL: NON - EXCHANGE REVENUE</b>	<b>(685,775)</b>	<b>(644,346)</b>	<b>(644,346)</b>	<b>(644,346)</b>	<b>(774,003)</b>				<b>20.12%</b>	<b>5.64%</b>				<b>(872,274)</b>		<b>(950,520)</b>
<b>EXCHANGE REVENUE</b>																
Service Charges	(13,233,422)	(13,233,422)	(13,090,501)	(13,090,501)	(12,838,771)				-2.98%	93.62%				(14,125,170)		(15,540,423)
Interest, Dividends and Rent on Land	(60,000)	(60,000)	(59,034)	(59,034)	(80,000)				33.33%	0.58%				(84,720)		(89,634)
Operational Revenue	(10)	(10)	(7)	(7)	(10)				6.04%	0.00%				(11)		(11)
Rental from Fixed Assets	(3,521)	(3,521)	(3,169)	(3,169)	(3,767)				7.00%	0.03%				(3,990)		(4,221)
Sales of Goods and Rendering of Services	(16,797)	(16,797)	(18,463)	(18,463)	(17,078)				1.68%	0.12%				(18,086)		(19,135)
<b>SUB TOTAL: EXCHANGE REVENUE</b>	<b>(13,313,749)</b>	<b>(13,313,749)</b>	<b>(13,171,174)</b>	<b>(13,171,174)</b>	<b>(12,939,627)</b>				<b>-2.81%</b>	<b>94.36%</b>				<b>(14,231,976)</b>		<b>(15,653,424)</b>
<b>Contra Accounts</b>	<b>(221,694)</b>	<b>(221,694)</b>	<b>(221,694)</b>	<b>(221,694)</b>	<b>-</b>				<b>-100.00%</b>	<b>0.00%</b>				<b>-</b>		<b>-</b>
- Cost of Free Basic Services	(221,694)	(221,694)	(221,694)	(221,694)	-				-100.00%	0.00%				-		-
<b>TOTAL INCOME</b>	<b>(14,221,218)</b>	<b>(14,179,789)</b>	<b>(14,037,214)</b>	<b>(14,037,214)</b>	<b>(13,713,630)</b>				<b>-3.29%</b>	<b>100.00%</b>				<b>(15,104,250)</b>		<b>(16,603,944)</b>

DESCRIPTION	F00 R'000 ORG BUDGET		F00 R'000 ADJ BUDGET		F00 R'000 PROJECTED		F01 R'000 2017/18		% B to B		% Of Total		F02 R'000 2018/19		F03 R'000 2019/20	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Energy Department</b>																
<b>INCOME</b>																
NON - EXCHANGE REVENUE																
Fines, Penalties and Forfeits	(7,131)		(7,131)		(7,131)		(7,562)		6.04%		0.06%		(8,008)		(8,472)	
<b>EXPENDITURE</b>																
Employee Related Costs	361,863		340,779		331,165		401,749		17.89%		3.31%		429,469		458,673	
Senior Management	2,542		2,542		1,906		2,181		-14.17%		0.02%		2,332		2,491	
- SM - Salaries Allowances and Service Benefits	2,421		2,421		1,816		2,180		-9.97%		0.02%		2,330		2,488	
- SM - Social Contributions	121		121		91		2		-98.45%		0.00%		2		2	
Municipal Staff	359,322		338,237		329,259		399,567		18.13%		3.29%		427,137		456,183	
- MS - Salaries Allowances and Service Benefits	350,146		329,061		323,261		382,979		16.39%		3.15%		409,404		437,244	
- MS - Social Contributions	76,394		76,394		73,216		83,807		9.70%		0.69%		89,590		95,682	
- MS - Cost Capitalised to PPE	(67,219)		(67,219)		(67,219)		(67,219)		0.00%		-0.55%		(71,857)		(76,743)	
<b>Contracted Services</b>	244,080		271,878		269,896		421,597		55.07%		3.47%		468,151		503,545	
- Outsourcing Services	190,890		217,078		216,805		346,374		59.56%		2.85%		385,736		412,261	
- Consultants and Professional Services	915		1,615		1,594		2,787		72.57%		0.02%		3,063		3,369	
- Contractors	52,275		53,185		51,497		72,436		36.20%		0.60%		79,352		87,914	
<b>Operational Cost</b>	277,294		1,164,457		1,155,634		29,860		-97.44%		0.25%		32,477		35,345	
Inventory	1,931,010		966,210		966,564		637,022		-34.07%		5.24%		700,357		772,517	
Bulk Purchases	9,084,096		9,084,096		9,084,096		9,193,632		1.21%		75.66%		10,112,995		11,124,295	
Interest Dividends and Rent on Land	154,828		154,828		149,192		173,152		11.83%		1.42%		218,049		251,936	
Contribution for Bad Debt	792,957		792,957		792,957		804,303		1.43%		6.62%		884,733		973,207	
Depreciation and Amortisation	476,104		476,104		476,104		490,387		3.00%		4.04%		514,906		540,652	
Contra Accounts Revenue	351,694		351,694		351,694		-		-100.00%		0.00%		-		-	
- Cost of Free Basic Services Delivered	351,694		351,694		351,694		-		-100.00%		0.00%		-		-	
<b>TOTAL EXPENDITURE</b>	13,673,926		13,603,002		13,577,300		12,151,702		-10.67%		100.00%		13,361,139		14,660,169	
<b>DEFICIT / (SURPLUS)</b>	(547,292)		(576,787)		(459,914)		(1,561,928)		170.80%				(1,743,111)		(1,943,775)	
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	(547,292)		(576,787)		(459,914)		(1,561,928)						(1,743,111)		(1,943,775)	
TOTAL RECOVERIES	-		-		-		(712,277)		100.00%				(783,504)		(861,855)	
TOTAL CHARGES	-		-		-		1,512,683		100.00%				1,625,502		1,746,341	
<b>TOTAL CHARGES / RECOVERIES</b>	-		-		-		800,407		100.00%				841,998		884,487	
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	(547,292)		(576,787)		(459,914)		(1,561,928)						(1,743,111)		(1,943,775)	

## 2.10.11 ENVIRONMENTAL RESOURCE MANAGEMENT

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

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

The department has one flagship project - Beautification of Lakes and Dams. The beautification of lakes and dams will enhance the rich wetland environment within the

Ekurhuleni region. The aim is to position the city as being a preferred destination for investment, home for water sport, water economics and hospitality. This will thus involve ensuring that the water bodies within the region are healthy and have the necessary infrastructure to enable the community to live and play within these areas.

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

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

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

#### Development of Parks

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

#### Development of Cemeteries

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

#### Fleet and Specialised Equipment

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

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

### **Operating Budget of the Environmental Resource Management Department**

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

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

- Horticultural Services that includes turf grass maintenance (grass cutting), Arboriculture (planting and pruning of trees), Urban Beautification.
- Managing and operating of various nurseries and facilities such as Dries Niemandt, Germiston Lake, Murray Park and various Lapa's.
- Maintenance of all the active and in-active cemeteries including the provision of graves.
- Management and maintenance of various conservation areas that include caring for a large number of livestock (game and domestic animals) e.g. Bokkie Park, Bunny

---

Park, Nigel Game Reserve etc.

- Maintenance of buildings and grounds.
- Operating of various lawnmower workshops for the repair and maintenance of specialised equipment.
- Acquiring the services of Landscape Consultants to assist with the development of master plans for capital projects.
- Training of staff in accordance with the Workplace Skills Plan (WSP)
- Education and Awareness campaigns and drives.
- Finalisation and implementation of all Departmental Environmental Service Level Agreements.
- Implementation of the Climate Change Strategy.
- Reporting on climate change actions of the city to various platforms
- Development and implementation of all relevant Departmental Climate Change Response Plans.
- Implementation of Environmental Sustainability Benchmark Guidelines for internal Departments.
- Development and implementation of Environmental Management Frameworks (EMFs)
- Celebration of important Environmental Awareness Theme Days
- Issuing of Air Quality Emission Licences
- Conduct Carbon Foot printing studies for the city
- Investigation of environmental contraventions by the regulated community, including listed activity industries operating without licenses.
- Collection of evidence and compilation of Environmental Management Inspectors (EMI) dockets for presentation to environmental prosecutors
- Updating of the environmental sensitivity layers in the Ekurhuleni GIS system.
- Holding a workshop on the new EIA Regulations for relevant CITY OF EKURHULENI employees
- Holding a workshop on the new NEMA S30 Regulations for relevant CITY OF EKURHULENI employees

**Table 69 Operating Budget of the Environmental Resource Management Department**

DESCRIPTION	F00	F00	F00	F00	F01	%	F02	F03
	R'000	R'000	R'000	R'000	R'000	Of Total	R'000	R'000
	ORG BUDGET	ADJ BUDGET	PROJECTED	2017/18	B to B	%	2018/19	2019/20
	R	R	R	R	R	R	R	R
<b>Environmental Resource Management</b>								
<b>INCOME</b>								
NON - EXCHANGE REVENUE								
Transfers and Subsidies		(31)	(31)			-100.00%		
- Operational: Monetary		(31)	(31)			-100.00%		
<b>SUB TOTAL: NON - EXCHANGE REVENUE</b>						<b>0.00%</b>		
EXCHANGE REVENUE								
Rental from Fixed Assets	(699)	(699)	(686)	(734)	5.00%	2.17%	(777)	(822)
Sales of Goods and Rendering of Services	(31,453)	(31,453)	(25,010)	(33,026)	5.00%	97.83%	(34,974)	(37,003)
<b>SUB TOTAL: EXCHANGE REVENUE</b>	<b>(32,152)</b>	<b>(32,152)</b>	<b>(25,696)</b>	<b>(33,760)</b>	<b>5.00%</b>	<b>100.00%</b>	<b>(35,751)</b>	<b>(37,825)</b>
<b>TOTAL INCOME</b>	<b>(32,152)</b>	<b>(32,183)</b>	<b>(25,727)</b>	<b>(33,760)</b>	<b>4.90%</b>	<b>100.00%</b>	<b>(35,751)</b>	<b>(37,825)</b>
<b>EXPENDITURE</b>								
Employee Related Costs	495,967	457,616	447,237	511,805	11.84%	66.23%	547,120	584,324
Senior Management				2,200	100.00%	0.29%	2,352	2,512
- SM - Salaries Allowances and Service Benefits				2,198	100.00%	0.29%	2,350	2,510
- SM - Social Contributions				2	100.00%	0.00%	2	2
Municipal Staff	495,967	457,616	447,237	509,605	11.36%	67.93%	544,768	581,812
- MS - Salaries Allowances and Service Benefits	397,613	359,263	352,976	406,765	13.22%	54.22%	434,832	464,400
- MS - Social Contributions	98,353	98,353	94,262	102,840	4.56%	13.71%	109,936	117,412
<b>Contracted Services</b>	<b>104,997</b>	<b>107,918</b>	<b>107,042</b>	<b>126,865</b>	<b>17.56%</b>	<b>16.91%</b>	<b>139,468</b>	<b>154,860</b>
- Outsource Services	76,499	76,120	75,658	82,142	7.91%	10.95%	90,278	99,469
- Consultants and Professional Services	6,960	9,560	9,436	5,839	-38.92%	0.78%	6,417	7,059
- Contractors	21,538	22,238	21,948	38,884	74.86%	5.18%	42,773	48,333
<b>Operational Cost</b>	<b>48,663</b>	<b>50,630</b>	<b>48,588</b>	<b>29,355</b>	<b>-42.02%</b>	<b>3.91%</b>	<b>31,954</b>	<b>34,807</b>
Inventory	52,431	55,432	57,898	54,985	-0.81%	7.33%	60,475	68,067
Operating Leases	512	1,622	1,663	1,346	-16.96%	0.18%	1,480	1,628
Depreciation and Amortisation	25,056	25,056	25,056	25,808	3.00%	3.44%	27,098	28,453
<b>TOTAL EXPENDITURE</b>	<b>727,625</b>	<b>698,273</b>	<b>687,485</b>	<b>750,164</b>	<b>7.43%</b>	<b>100.00%</b>	<b>807,596</b>	<b>872,139</b>
<b>DEFICIT / (SURPLUS)</b>	<b>695,473</b>	<b>666,090</b>	<b>661,758</b>	<b>716,405</b>	<b>7.55%</b>		<b>771,844</b>	<b>834,314</b>
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	<b>695,473</b>	<b>666,090</b>	<b>661,758</b>	<b>716,405</b>			<b>771,844</b>	<b>834,314</b>
TOTAL CHARGES				29,288	100.00%		31,890	34,727
<b>TOTAL CHARGES / RECOVERIES</b>	<b></b>	<b></b>	<b></b>	<b>29,288</b>	<b>100.00%</b>		<b>31,890</b>	<b>34,727</b>
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	<b>695,473</b>	<b>666,090</b>	<b>661,758</b>	<b>716,405</b>			<b>771,844</b>	<b>834,314</b>

---

**2.10.12 ENTERPRISE PROJECT MANAGEMENT OFFICE (EPMO)**

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

Key Strategic Projects of the EPMO

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

**Operating Budget of the EPMO**

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

Table 70 Operating Budget of the Enterprise Project Management Office (EPMO)

DESCRIPTION	F00 R'000 ORG BUDGET		F00 R'000 ADJ BUDGET		F00 R'000 PROJECTED		F01 R'000 2017/18		% B to B		% Of Total		F02 R'000 2018/19		F03 R'000 2019/20	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>EPMO</b>																
<b>EXPENDITURE</b>																
<b>Employee Related Costs</b>	<b>19,803</b>	<b>17,439</b>	<b>16,551</b>	<b>44,698</b>	<b>156.31%</b>	<b>89.69%</b>	<b>47,783</b>	<b>51,032</b>								
Senior Management	2,327	2,327	1,745	2,352	1.06%	4.72%	2,514	2,685								
- SM - Salaries Allowances and Service Benefits	2,325	2,325	1,744	2,350	1.07%	4.72%	2,512	2,683								
- SM - Social Contributions	2	2	1	2	-5.70%	0.00%	2	2								
Municipal Staff	17,475	15,112	14,806	42,346	180.22%	84.97%	45,268	48,347								
- MS - Salaries Allowances and Service Benefits	15,757	13,393	13,159	34,620	158.49%	69.47%	37,009	39,525								
- MS - Social Contributions	1,719	1,719	1,647	7,726	349.59%	15.50%	8,259	8,821								
<b>Contracted Services</b>	<b>7,378</b>	<b>7,378</b>	<b>7,282</b>	<b>995</b>	<b>-86.51%</b>	<b>2.00%</b>	<b>1,094</b>	<b>1,203</b>								
- Outsourced Services	7,378	4,918	6,335	200	-95.93%	0.40%	220	242								
- Consultants and Professional Services	-	2,460	948	794	-67.73%	1.59%	872	960								
- Contractors	-	-	-	1	100.00%	0.00%	1	1								
<b>Operational Cost</b>	<b>878</b>	<b>698</b>	<b>820</b>	<b>1,167</b>	<b>67.26%</b>	<b>2.34%</b>	<b>1,225</b>	<b>1,286</b>								
Inventory	522	702	552	1,151	63.91%	2.31%	1,265	1,392								
Operating Leases	-	-	-	1,826	100.00%	3.66%	2,007	2,207								
<b>TOTAL EXPENDITURE</b>	<b>28,581</b>	<b>26,217</b>	<b>25,207</b>	<b>49,837</b>	<b>90.09%</b>	<b>100.00%</b>	<b>53,373</b>	<b>57,119</b>								
<b>DEFICIT / (SURPLUS)</b>	<b>28,581</b>	<b>26,217</b>	<b>25,207</b>	<b>49,837</b>	<b>90.09%</b>		<b>53,373</b>	<b>57,119</b>								
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	<b>28,581</b>	<b>26,217</b>	<b>25,207</b>	<b>49,837</b>			<b>53,373</b>	<b>57,119</b>								
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	<b>28,581</b>	<b>26,217</b>	<b>25,207</b>	<b>49,837</b>			<b>53,373</b>	<b>57,119</b>								

---

**2.10.13 EXECUTIVE OFFICE**

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

**Operating Budget of the Executive Office Department**

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

**Table 71 Operating Budget of the Executive Office Department**



DESCRIPTION	F00 R'000 ORG BUDGET		F00 R'000 ADJ BUDGET		F00 R'000 YEAR TO		F00 R'000 PROJECTED		F01 R'000 2017/18		% B to B		% Of Total		F02 R'000 2018/19		F03 R'000 2019/20		
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	
<b>Executive Office</b>																			
<b>EXPENDITURE</b>																			
<b>Employee Related Costs</b>	77,455	77,899	77,899	77,899	34,982	76,413	93,378	93,378	93,378	99,822	106,609	60.00%	60.00%	99,822	106,609				
Municipal Staff	77,455	77,899	77,899	77,899	34,982	76,413	93,378	93,378	93,378	99,822	106,609	60.00%	60.00%	99,822	106,609				
- MS - Salaries Allowances and Service Benefits	71,109	71,553	71,553	71,553	32,789	70,332	76,324	76,324	76,324	81,590	87,139	49.04%	49.04%	81,590	87,139				
- MS - Social Contributions	6,345	6,345	6,345	6,345	2,193	6,081	17,054	17,054	17,054	18,231	19,471	168.77%	10.96%	18,231	19,471				
<b>Remuneration of Councilors</b>	11,146	11,146	11,146	11,146	8,167	10,437	12,036	12,036	12,036	12,866	13,741	7.98%	7.73%	12,866	13,741				
- ROC - Allowances & Service Related Benefits	10,110	10,110	10,110	10,110	7,712	9,868	11,383	11,383	11,383	12,169	12,996	12.60%	7.31%	12,169	12,996				
- ROC - Social Contributions	1,037	1,037	1,037	1,037	456	568	653	653	653	698	745	-37.02%	0.42%	698	745				
<b>Contracted Services</b>	824	994	994	994	117	981	659	659	659	724	801	-33.70%	0.42%	724	801				
- Outsource Services	714	714	714	714	-	704	511	511	511	561	617	-28.41%	0.33%	561	617				
- Contractors	110	280	280	280	117	276	148	148	148	163	184	-47.18%	0.10%	163	184				
<b>Operational Cost</b>	17,396	37,881	37,881	37,881	2,711	36,621	33,160	33,160	33,160	37,031	37,182	-12.46%	21.31%	37,031	37,182				
<b>Inventory</b>	9,747	11,342	11,342	11,342	4,733	11,392	11,682	11,682	11,682	12,839	14,123	3.00%	7.51%	12,839	14,123				
<b>Transfers and Subsidies</b>	3,500	4,100	4,100	4,100	3,845	3,500	3,714	3,714	3,714	3,933	4,161	-9.43%	2.39%	3,933	4,161				
- Operational: Monetary	3,500	4,100	4,100	4,100	3,845	3,500	3,714	3,714	3,714	3,933	4,161	-9.43%	2.39%	3,933	4,161				
- Depreciation and Amortisation	964	964	964	964	723	964	993	993	993	1,043	1,095	3.00%	0.64%	1,043	1,095				
<b>TOTAL EXPENDITURE</b>	121,032	144,326	144,326	144,326	55,278	140,307	155,622	155,622	155,622	168,256	177,712	7.83%	100.00%	168,256	177,712				
<b>DEFICIT / (SURPLUS)</b>	121,032	144,326	144,326	144,326	55,278	140,307	155,622	155,622	155,622	168,256	177,712	7.83%	100.00%	168,256	177,712				
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	121,032	144,326	144,326	144,326	55,278	140,307	155,622	155,622	155,622	168,256	177,712	7.83%	100.00%	168,256	177,712				
<b>TOTAL CHARGES</b>	-	-	-	-	-	-	25	25	25	27	30	100.00%		27	30				
<b>TOTAL CHARGES / RECOVERIES</b>	-	-	-	-	-	-	25	25	25	27	30	100.00%		27	30				
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	121,032	144,326	144,326	144,326	55,278	140,307	155,622	155,622	155,622	168,256	177,712	7.83%	100.00%	168,256	177,712				

## 2.10.14 FINANCE DEPARTMENT

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

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

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

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

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

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

### **Operating Budget of the Finance Department**

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

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

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

The Operating Budget per category is attached hereto.

### **Table 72 Operating Budget of the Financial Services Department**

DESCRIPTION	F00 R'000 ORG BUDGET		F00 R'000 ADJ BUDGET		F00 R'000 PROJECTED		F01 R'000 2017/18		% B to B		% Of Total		F02 R'000 2018/19		F03 R'000 2019/20	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Finance</b>																
<b>INCOME</b>																
<b>NON - EXCHANGE REVENUE</b>																
Property Rates	(5,298,765)		(5,298,765)		(5,275,450)		(5,066,264)			-4.39%		66.13%		(5,576,728)		(6,134,665)
Fines, Penalties and Forfeits										0.00%		0.00%				
<b>Transfers and Subsidies</b>																
- Operational: Monetary	(2,141,297)		(2,141,297)		(2,141,297)		(2,233,838)			4.32%		29.16%		(2,402,083)		(2,553,827)
	(2,141,297)		(2,141,297)		(2,141,297)		(2,233,838)			4.32%		29.16%		(2,402,083)		(2,553,827)
	<b>(7,440,062)</b>		<b>(7,440,062)</b>		<b>(7,416,747)</b>		<b>(7,300,103)</b>			<b>-1.88%</b>		<b>95.28%</b>		<b>(7,978,812)</b>		<b>(8,688,492)</b>
<b>EXCHANGE REVENUE</b>																
Service Charges	(160,135)		(160,135)		(148,925)		171,226			-206.93%		-2.23%		184,718		193,296
Interest, Dividends and Rent on Land	(480,297)		(480,297)		(472,564)		(521,347)			8.55%		6.80%		(552,107)		(607,317)
Operational Revenue	(339)		(339)		(266)		(339)			0.27%		0.00%		(359)		(395)
Rental from Fixed Assets										0.00%		0.00%				
Sales of Goods and Rendering of Services	(14,517)		(14,517)		(7,714)		(10,987)			-24.32%		0.14%		(11,635)		(12,798)
	<b>(655,287)</b>		<b>(655,287)</b>		<b>(629,470)</b>		<b>(361,448)</b>			<b>-44.84%</b>		<b>4.72%</b>		<b>(379,383)</b>		<b>(427,215)</b>
<b>Sub Total: Exchange Revenue</b>	<b>637,481</b>		<b>637,481</b>		<b>637,481</b>		<b>—</b>			<b>-100.00%</b>		<b>0.00%</b>		<b>—</b>		<b>—</b>
Contra Accounts	637,481		637,481		637,481		—			-100.00%		0.00%		—		—
- Property Rates Revenue Foregone	637,481		637,481		637,481		—			-100.00%		0.00%		—		—
<b>TOTAL INCOME</b>	<b>(7,457,869)</b>		<b>(7,457,869)</b>		<b>(7,408,737)</b>		<b>(7,661,550)</b>			<b>2.73%</b>		<b>100.00%</b>		<b>(8,358,194)</b>		<b>(9,115,706)</b>

DESCRIPTION	F00 R'000		F00 R'000		F01 R'000		F02 R'000		F03 R'000	
	ORG BUDGET	ADJ BUDGET	PROJECTED	2017/18	2018/19	2019/20	% Of Total	% B to B	% Of Total	2019/20
	R	R	R	R	R	R	R	R	R	R
<b>Finance</b>										
<b>EXPENDITURE</b>										
Employee Related Costs	470,633	444,727	431,599	488,255						557,134
- Senior Management	13,375	13,375	10,031	2,201						2,513
- SM - Salaries Allowances and Service Benefits	13,373	3,373	2,530	2,199						2,511
- SM - Social Contributions	2	2	1	2						2
- SM - Post Retirement Benefit	-	10,000	7,500	-						-
Municipal Staff	457,258	431,352	421,568	486,054						554,622
- MS - Salaries Allowances and Service Benefits	371,194	345,287	339,084	377,945						431,195
- MS - Social Contributions	86,065	86,065	82,484	97,206						110,979
- MS - Post Retirement Benefit	-	-	-	10,903						12,448
<b>Contracted Services</b>	<b>277,716</b>	<b>274,281</b>	<b>279,459</b>	<b>214,265</b>						<b>258,313</b>
- Outsourcing Services	147,482	140,439	146,023	114,079						136,980
- Consultants and Professional Services	89,056	96,129	94,881	67,152						73,800
- Contractors	41,177	37,712	38,555	33,034						40,153
<b>Operational Cost</b>	<b>315,002</b>	<b>(1,051,966)</b>	<b>308,235</b>	<b>271,402</b>						<b>324,603</b>
Inventory	(1,352,082)	23,958	(1,355,132)	20,824						25,399
Interest Dividends and Rent on Land	224,675	224,675	217,225	231,238						383,742
Operating Leases	8,720	9,300	9,015	9,296						10,216
Contribution for Bad Debt	398,687	398,687	398,687	434,622						501,817
Depreciation and Amortisation	20,735	20,735	20,735	21,357						22,425
Contra Accounts Revenue	414,350	414,350	414,350	-						-
- Cost of Free Basic Services Delivered	290,768	290,768	290,768	-						-
- Revenue Cost of Free Basic Services	123,582	123,582	123,582	-						-
<b>TOTAL EXPENDITURE</b>	<b>778,436</b>	<b>758,837</b>	<b>724,172</b>	<b>1,691,258</b>						<b>2,085,793</b>
<b>DEFICIT / (SURPLUS)</b>	<b>(6,679,432)</b>	<b>(6,699,032)</b>	<b>(6,684,564)</b>	<b>(5,970,293)</b>						<b>(7,029,914)</b>
INVENTORY	-	1,000	1,000	-						-
<b>TOTAL GAINS AND LOSSES</b>	<b>-</b>	<b>1,000</b>	<b>1,000</b>	<b>-</b>						<b>-</b>
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	<b>(6,679,432)</b>	<b>(6,698,032)</b>	<b>(6,683,564)</b>	<b>(5,970,293)</b>						<b>(7,029,914)</b>
TOTAL RECOVERIES	-	-	-	(1,493,672)						(1,677,829)
TOTAL CHARGES	-	-	-	49,065						58,610
<b>TOTAL CHARGES / RECOVERIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,444,607)</b>						<b>(1,619,219)</b>
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	<b>(6,679,432)</b>	<b>(6,698,032)</b>	<b>(6,683,564)</b>	<b>(5,970,293)</b>						<b>(7,029,914)</b>

**2.10.15 FLEET MANAGEMENT**

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

**Operating Budget of the Fleet Management Department**

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

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

**Table 73 Operating Budget of the Fleet Management Department**

DESCRIPTION	F00 R'000 ORG BUDGET		F00 R'000 ADJ BUDGET		F00 R'000 PROJECTED		F01 R'000 2017/18		% B to B		% Of Total		F02 R'000 2018/19		F03 R'000 2019/20	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Fleet Management EXPENDITURE</b>																
Employee Related Costs	38,767	28,850	27,417	104,452					262.05%		87.85%		111,659	119,252		
Senior Management	2,214	2,214	1,661	2,217					0.13%		1.86%		2,370	2,531		
- SM - Salaries Allowances and Service Benefits	2,212	2,212	1,659	2,215					0.13%		1.86%		2,368	2,529		
- SM - Social Contributions	2	2	1	2					-5.70%		0.00%		2	2		
Municipal Staff	36,553	26,636	25,757	102,235					283.82%		85.99%		109,289	116,721		
- MS - Salaries Allowances and Service Benefits	19,921	10,004	9,817	82,023					719.87%		68.99%		87,682	93,645		
- MS - Social Contributions	16,632	16,632	15,940	20,212					21.53%		17.00%		21,607	23,076		
Contracted Services	660	2,117	2,089	2,143					1.26%		1.80%		2,357	2,636		
- Outsourcing Services	-	220	217	833					278.58%		0.70%		915	1,007		
- Contractors	660	1,897	1,872	1,310					-30.91%		1.10%		1,441	1,629		
Operational Cost	9,560	9,018	8,630	8,214					-8.92%		6.91%		8,812	9,455		
Inventory	4,341	4,052	3,880	3,273					-19.24%		2.75%		3,599	4,038		
Depreciation and Amortisation	793	793	793	816					3.00%		0.69%		857	900		
<b>TOTAL EXPENDITURE</b>	<b>54,120</b>	<b>44,830</b>	<b>42,809</b>	<b>118,898</b>					<b>165.22%</b>		<b>100.00%</b>		<b>127,285</b>	<b>136,281</b>		
<b>DEFICIT / (SURPLUS)</b>	<b>54,120</b>	<b>44,830</b>	<b>42,809</b>	<b>118,898</b>					<b>165.22%</b>				<b>127,285</b>	<b>136,281</b>		
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	<b>54,120</b>	<b>44,830</b>	<b>42,809</b>	<b>118,898</b>									<b>127,285</b>	<b>136,281</b>		
TOTAL RECOVERIES	-	-	-	(50,819)					100.00%				(55,901)	(61,491)		
TOTAL CHARGES	-	-	-	2,350					100.00%				2,574	2,820		
<b>TOTAL CHARGES / RECOVERIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(48,469)</b>					<b>100.00%</b>				<b>(53,326)</b>	<b>(58,671)</b>		
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	<b>54,120</b>	<b>44,830</b>	<b>42,809</b>	<b>118,898</b>									<b>127,285</b>	<b>136,281</b>		

## **2.10.16 HEALTH AND SOCIAL DEVELOPMENT**

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

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

### **Key Strategic Projects of the Health and Social Development Department**

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

The Operating Budget per category is attached hereto.

Table 73 Operating Budget of the Health and Social Development Department

DESCRIPTION	F00	F00	F00	F00	F01	%	%	F02	F03
	R'000	R'000	R'000	R'000	R'000	B to B	Of Total	R'000	R'000
	R	R	R	R	R	R	R	R	R
<b>Health &amp; Social Development</b>									
<b>INCOME</b>									
<b>NON - EXCHANGE REVENUE</b>									
Transfers and Subsidies									
- Operational: Monetary	(192,282)	(192,880)	(192,880)	(192,880)	(143,170)	-25.77%	97.22%	(151,480)	(162,521)
- Capital: Monetary	(136,782)	(137,038)	(137,038)	(137,038)	(143,170)	4.47%	97.22%	(151,480)	(162,521)
	(55,500)	(55,843)	(55,843)	(55,843)	-	-100.00%	0.00%	-	-
<b>SUB TOTAL: NON - EXCHANGE REVENUE</b>	<b>(192,282)</b>	<b>(192,880)</b>	<b>(192,880)</b>	<b>(192,880)</b>	<b>(143,170)</b>	<b>-25.77%</b>	<b>97.22%</b>	<b>(151,480)</b>	<b>(162,521)</b>
<b>EXCHANGE REVENUE</b>									
Operational Revenue	(65)	(65)	(65)	(65)	(65)	0.00%	0.04%	(69)	(79)
Sales of Goods and Rendering of Services	(3,898)	(3,898)	(3,898)	(3,898)	(4,025)	3.26%	2.73%	(4,263)	(4,510)
<b>SUB TOTAL: EXCHANGE REVENUE</b>	<b>(3,963)</b>	<b>(3,963)</b>	<b>(3,963)</b>	<b>(3,963)</b>	<b>(4,090)</b>	<b>3.21%</b>	<b>2.78%</b>	<b>(4,332)</b>	<b>(4,583)</b>
<b>TOTAL INCOME</b>	<b>(196,245)</b>	<b>(196,843)</b>	<b>(196,843)</b>	<b>(196,843)</b>	<b>(147,260)</b>	<b>-25.19%</b>	<b>100.00%</b>	<b>(155,812)</b>	<b>(167,104)</b>
<b>EXPENDITURE</b>									
<b>Employee Related Costs</b>									
Senior Management	4,335	4,335	4,335	4,335	2,183	-49.63%	0.22%	2,334	2,493
- SM - Salaries Allowances and Service Benefits	4,169	4,169	4,169	4,169	2,019	-51.56%	0.20%	2,159	2,305
- SM - Social Contributions	166	166	166	166	164	-1.27%	0.02%	175	187
Municipal Staff	719,105	748,607	727,425	727,425	846,118	13.03%	83.99%	904,191	966,478
- MS - Salaries Allowances and Service Benefits	590,381	619,883	604,057	604,057	686,083	10.68%	68.11%	733,113	783,767
- MS - Social Contributions	128,724	128,724	123,369	123,369	160,035	24.32%	15.89%	171,078	182,711
<b>Contracted Services</b>	<b>13,282</b>	<b>11,698</b>	<b>12,363</b>	<b>12,363</b>	<b>13,019</b>	<b>11.29%</b>	<b>1.29%</b>	<b>14,255</b>	<b>15,843</b>
- Outsource Services	5,092	5,297	5,388	5,388	4,796	-9.46%	0.48%	5,211	5,665
- Consultants and Professional Services	5,094	3,032	3,618	3,618	1,298	-57.20%	0.13%	1,426	1,569
- Contractors	3,096	3,369	3,357	3,357	6,926	105.58%	0.69%	7,618	8,609
<b>Operational Cost</b>	<b>25,260</b>	<b>29,487</b>	<b>28,109</b>	<b>28,109</b>	<b>22,278</b>	<b>-24.45%</b>	<b>2.21%</b>	<b>23,939</b>	<b>26,533</b>
Inventory	104,919	108,659	106,901	106,901	46,934	-56.81%	4.66%	51,847	58,015
Interest Dividends and Rent on Land	40,721	40,721	39,239	39,239	45,540	11.83%	4.52%	57,349	66,261
Operating Leases	-	-	-	-	1,051	100.00%	0.10%	1,155	1,271
Transfers and Subsidies	-	185	185	185	-	-100.00%	0.00%	-	-
- Operational: Monetary	-	185	185	185	-	-100.00%	0.00%	-	-
Depreciation and Amortisation	29,379	29,379	29,379	29,379	30,260	3.00%	3.00%	31,773	33,362
<b>TOTAL EXPENDITURE</b>	<b>937,001</b>	<b>973,072</b>	<b>946,852</b>	<b>946,852</b>	<b>1,007,384</b>	<b>3.53%</b>	<b>100.00%</b>	<b>1,086,843</b>	<b>1,170,255</b>
<b>DEFICIT / (SURPLUS)</b>	<b>740,756</b>	<b>776,228</b>	<b>751,673</b>	<b>751,673</b>	<b>860,124</b>	<b>10.81%</b>		<b>931,032</b>	<b>1,003,151</b>
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	<b>740,756</b>	<b>776,228</b>	<b>751,673</b>	<b>751,673</b>	<b>860,124</b>			<b>931,032</b>	<b>1,003,151</b>
TOTAL CHARGES	-	-	-	-	14,332	100.00%		15,714	17,229
<b>TOTAL CHARGES / RECOVERIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,332</b>	<b>100.00%</b>		<b>15,714</b>	<b>17,229</b>
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	<b>740,756</b>	<b>776,228</b>	<b>751,673</b>	<b>751,673</b>	<b>860,124</b>			<b>931,032</b>	<b>1,003,151</b>

## **2.10.17 HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT**

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

### **Key Strategic Projects of the Department**

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

The HR strategy drives the actualisation of the following components:

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

### **Operating Budget of the Human Resources Management and Development Department**

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

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

### **Table 74 Operating Budget of the Human Resources Management and Development Department**



DESCRIPTION	F00 R'000		F00 R'000		F00 R'000		F01 R'000		% B to B		% Of Total		F02 R'000		F03 R'000	
	ORG BUDGET	ADJ BUDGET	PROJ BUDGET	PROJCTED	2017/18	2018/19	2019/20	R	R	R	R	R	R	R	R	R
<b>Human Resources</b>																
<b>INCOME</b>																
<b>NON - EXCHANGE REVENUE</b>																
Transfers and Subsidies																
- Operational: Monetary	(23,821)	(23,821)	(23,821)	(23,821)	(23,821)	(23,821)	(23,821)	(23,821)	(23,821)	5.50%	100.00%	(25,132)	(25,132)	(25,132)	(25,132)	
<b>SUB TOTAL : NON - EXCHANGE REVENUE</b>	<b>(23,821)</b>	<b>(23,821)</b>	<b>(23,821)</b>	<b>(23,821)</b>	<b>(23,821)</b>	<b>(23,821)</b>	<b>(23,821)</b>	<b>(23,821)</b>	<b>(23,821)</b>	<b>5.50%</b>	<b>100.00%</b>	<b>(25,132)</b>	<b>(25,132)</b>	<b>(25,132)</b>	<b>(25,132)</b>	
<b>TOTAL INCOME</b>	<b>(23,821)</b>	<b>(23,821)</b>	<b>(23,821)</b>	<b>(23,821)</b>	<b>(23,821)</b>	<b>(23,821)</b>	<b>(23,821)</b>	<b>(23,821)</b>	<b>(23,821)</b>	<b>5.50%</b>	<b>100.00%</b>	<b>(25,132)</b>	<b>(25,132)</b>	<b>(25,132)</b>	<b>(25,132)</b>	
<b>EXPENDITURE</b>																
<b>Employee Related Costs</b>	<b>150,878</b>	<b>138,349</b>	<b>134,817</b>	<b>134,817</b>	<b>155,464</b>	<b>166,191</b>	<b>177,492</b>			<b>12.37%</b>	<b>68.34%</b>	<b>166,191</b>	<b>166,191</b>	<b>177,492</b>	<b>177,492</b>	
Senior Management	2,002	2,002	1,501	1,501	2,201	2,353	2,513			9.93%	0.97%	2,353	2,353	2,513	2,513	
- SM - Salaries Allowances and Service Benefits	1,947	1,947	1,460	1,460	2,199	2,351	2,511			12.94%	0.97%	2,351	2,351	2,511	2,511	
- SM - Social Contributions	55	55	41	41	2	2	2			-96.57%	0.00%	2	2	2	2	
Municipal Staff	148,876	136,347	133,316	133,316	153,264	163,839	174,980			12.41%	67.37%	163,839	163,839	174,980	174,980	
- MS - Salaries Allowances and Service Benefits	124,877	112,348	110,315	110,315	126,191	134,898	144,071			12.32%	55.47%	134,898	134,898	144,071	144,071	
- MS - Social Contributions	23,999	23,999	23,001	23,001	27,073	28,941	30,909			12.81%	11.90%	28,941	28,941	30,909	30,909	
<b>Contracted Services</b>	<b>5,770</b>	<b>4,407</b>	<b>4,367</b>	<b>4,367</b>	<b>6,455</b>	<b>7,095</b>	<b>7,843</b>			<b>46.46%</b>	<b>2.84%</b>	<b>7,095</b>	<b>7,095</b>	<b>7,843</b>	<b>7,843</b>	
- Outsourcing Services	3,869	1,506	2,293	2,293	3,673	4,037	4,440			143.86%	1.61%	4,037	4,037	4,440	4,440	
- Consultants and Professional Services	915	915	903	903	1,588	1,745	1,919			73.52%	0.70%	1,745	1,745	1,919	1,919	
- Contractors	986	1,986	1,170	1,170	1,194	1,313	1,484			-39.89%	0.52%	1,313	1,313	1,484	1,484	
<b>Operational Cost</b>	<b>35,501</b>	<b>35,231</b>	<b>33,397</b>	<b>33,397</b>	<b>21,716</b>	<b>23,753</b>	<b>26,004</b>			<b>-38.36%</b>	<b>9.55%</b>	<b>23,753</b>	<b>23,753</b>	<b>26,004</b>	<b>26,004</b>	
Inventory	(20,286)	(18,603)	(17,923)	(17,923)	39,189	43,069	47,383			-310.66%	17.23%	43,069	43,069	47,383	47,383	
Operating Leases	4,439	4,439	4,261	4,261	4,013	4,410	4,851			-9.60%	1.76%	4,410	4,410	4,851	4,851	
Depreciation and Amortisation	643	643	643	643	663	696	731			3.00%	0.29%	696	696	731	731	
<b>TOTAL EXPENDITURE</b>	<b>176,946</b>	<b>164,467</b>	<b>159,563</b>	<b>159,563</b>	<b>227,500</b>	<b>245,214</b>	<b>264,306</b>			<b>38.33%</b>	<b>100.00%</b>	<b>245,214</b>	<b>245,214</b>	<b>264,306</b>	<b>264,306</b>	
<b>DEFICIT / (SURPLUS)</b>	<b>153,124</b>	<b>140,645</b>	<b>135,741</b>	<b>135,741</b>	<b>202,368</b>	<b>220,082</b>	<b>239,174</b>			<b>43.89%</b>		<b>220,082</b>	<b>220,082</b>	<b>239,174</b>	<b>239,174</b>	
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	<b>153,124</b>	<b>140,645</b>	<b>135,741</b>	<b>135,741</b>	<b>202,368</b>	<b>220,082</b>	<b>239,174</b>					<b>220,082</b>	<b>220,082</b>	<b>239,174</b>	<b>239,174</b>	
TOTAL RECOVERIES	-	-	-	-	(55,397)	(58,665)	(62,068)			100.00%		(58,665)	(58,665)	(62,068)	(62,068)	
TOTAL CHARGES	-	-	-	-	501	547	598			100.00%		547	547	598	598	
<b>TOTAL CHARGES / RECOVERIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(54,895)</b>	<b>(58,118)</b>	<b>(61,470)</b>			<b>100.00%</b>		<b>(58,118)</b>	<b>(58,118)</b>	<b>(61,470)</b>	<b>(61,470)</b>	
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	<b>153,124</b>	<b>140,645</b>	<b>135,741</b>	<b>135,741</b>	<b>202,368</b>	<b>220,082</b>	<b>239,174</b>					<b>220,082</b>	<b>220,082</b>	<b>239,174</b>	<b>239,174</b>	

## 2.10.18 HUMAN SETTLEMENTS

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

### Key Projects of the Department

#### 1. CONSTRUCTION OF HOUSES PROGRAMME

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

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

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

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

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

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

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

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

1. Palm Ridge Ext 9
2. Etwatwa Ext 19

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

#### 2. DEVELOPMENT OF SERVICED STANDS PROGRAMME

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

The serviced stands provide the following services to the communities:

- Water and Sanitation- The stands are provided be serviced with the necessary Water and Sewer network systems.
- Roads and Stormwater - It is proposed that individual erven that are designed for a single residential dwelling with related outbuildings have access to fully surfaced/paved roads and Stormwater management systems.
- Electricity -The individual erven will be designed for a single residential dwelling with related outbuildings have access to Electrical Network Systems.
- Human Settlements Elements
- As the final phase of the programme the individual erven will be approved beneficiaries and future construction and urban management of the property:
  - An approved house-plan for the property, selected by the beneficiary from a range of typical house-plans;
  - A main foundation (minimum 40m<sup>2</sup> for a single storey or minimum 23m<sup>2</sup> for double story) for the house design selected by the beneficiary, on which the beneficiary can erect his temporary shelter and which in future the house designed can be constructed on.
  - A secondary foundation (minimum 17m<sup>2</sup>) for Temporary Settlement and Future Backyard Rental or family Accommodation, ONLY when a double storey design is selected by a beneficiary.
  - A bathroom or similar facility with a solar water heater/geyser, either to be erected on the foundation or on a suitable part of the erf/stand.

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

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

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

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

### **4. THE IMPLEMENTATION OF THE INFORMAL SETTLEMENT MANAGEMENT PLAN**

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

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

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

### **Reblocking**

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

## **5. LAND ACQUISITION**

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

### **Department's planned activities for 2017/2018 include:**

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

### Other Strategic Projects of the Human Settlements Department

PROJECT NAME	PROJECT DESCRIPTION
Leeuwoort mixed housing development	<ul style="list-style-type: none"> <li>○ The project is aimed at addressing the housing backlog and to provide various housing products targeting a mix of income groups, including, subsidised housing, bonded housing and Finance Linked Subsidy Programme (for beneficiaries who qualify for both subsidised and bank funding).</li> <li>○ The first phase will focus on bulk infrastructure provision, detailed planning and design, and implementation of the northern portion.</li> <li>○ The northern portion of the project is linked to the Joe Slovo informal settlement to be upgraded and formalised.</li> <li>○ The project is planned to be implemented over the medium- to long-term (over a seven-year period).</li> <li>○ All legal agreements have been amended and the official appointment of the developer has commenced.</li> <li>○ The project aims to deliver over 18,000 housing units and is considered to be a mega-project</li> <li>○ The Section 33 approval was secured in December 2015 thereby signalling the commencement of the implementation process</li> </ul>
Development of the township revitalisation and renewal strategy and plans	<ul style="list-style-type: none"> <li>○ The City of Ekurhuleni (CITY OF EKURHULENI), aims to develop the urban settlement of Germiston into a sustainable human settlement and Administrative Capital (Metropolitan Headquarters) of the City of Ekurhuleni. The CITY OF EKURHULENI embarked upon a project to transform Germiston and previously completed an Implementation Plan for Urban Renewal. (GEAR 2030: Towards the Detailed Planning, Design Guidelines and Land Packaging Proposals).</li> <li>○ Following from GEAR, various projects were identified, some of which are currently at implementation stage as outlined below.</li> </ul>
Delville Extension 9 Social Housing Project	<ul style="list-style-type: none"> <li>○ The project consists of 112 units to be constructed during the 2015/16 and 2016/17 financial years. The project will deliver units comprising of 2 bedrooms, 1 bedroom and bachelor flats with a living room, kitchen and bathroom. Provision has been made on the ground floor for units to cater for persons with disabilities.</li> <li>○ The buildings comprise of 4 storeys (inclusive of the ground floor), with alternative green building technologies being incorporated as much as possible in the design of these buildings. The construction will be made up of the following blocks:</li> <li>○ Blocks 1 (B), 2 (B), 3 (B), 4 (B), 5 (A), and 6 (A) which yield 112 units comprising of: 24 one bedrooms, 24 bachelors and 64 two bedrooms.</li> </ul>
Germiston Fire Station (ERF 808) Social Housing Project	<ul style="list-style-type: none"> <li>○ The project consists of 353 units, with 144 units planned for construction during phase 1 and 209 units to be constructed during phase 2 of the project. The project will deliver units comprising of 2 bedrooms, 1 bedroom and bachelor flats with a living room, kitchen and bathroom. Provision has been made on the ground floor for units to cater for persons with disabilities. The plans also include the development of a crèche and hall.</li> </ul>

PROJECT NAME	PROJECT DESCRIPTION
	<ul style="list-style-type: none"> <li>○ The buildings comprise of 4 storeys (inclusive of the ground floor), with alternative green building technologies being incorporated as much as possible in the design of these buildings.</li> <li>○ Phase 1 construction will be made up of the following blocks:</li> <li>○ Blocks 1, 3, 4, 6, 7, and 8. The crèche and hall will be developed in subsequent phases. The project will comprise of 353 units in total with 54 one bedrooms, 89 bachelors, 192 two bedrooms and 18 retail space.</li> </ul>
Germiston Public Space Upgrade Project	<ul style="list-style-type: none"> <li>○ The project will focus on the beautification of bridges and upgrading of streets in the Germiston inner city area. Projects have been identified and are at planning stage, some of which will be implemented before June 2016.</li> </ul>
Tembisa Urban Renewal	<ul style="list-style-type: none"> <li>○ Construction of 3 km secondary NMT routes in the Civic Precinct</li> <li>○ Complete designs for two pedestrian rail crossings in the Civic Precinct</li> </ul>
Watville Urban Renewal	<ul style="list-style-type: none"> <li>○ Completion of feasibility study and geotechnical investigation on Erf 3110 Watville</li> </ul>
Katorus Urban Renewal (2015/16)	<ul style="list-style-type: none"> <li>○ Completion of Dolomite phase 2 investigation for Erf 18383 Vosloorus X 9</li> </ul>
Urban Renewal: Daveyton Etwatwa Public Space upgrade linked with NMT.	<ul style="list-style-type: none"> <li>○ Public Space Upgrade linked with NMT, Concept Definition /Prefeasibility and Designs&amp; Procurement to be completed in 16/17.</li> </ul>
Urban Renewal: Katorus: Erf 18383 Vosloorus X 9, Erf 6519 Vosloorus Ext 9, Erf 20846 Ext 30, Portion of RE Portion 192 Farm Vlakplats 138 IR	<ul style="list-style-type: none"> <li>○ RDP walk-ups &amp; CRU: Concept Definition/Prefeasibility and concept designs completed in 15/16. Execution to be phased. Servicing 200 units &amp; construct 200 RDP units 16/17</li> </ul>
Urban Renewal: KwaTsaduza Public Space upgrade linked with NMT.	<ul style="list-style-type: none"> <li>○ Public Space Upgrade linked with NMT, Concept Definition /Prefeasibility and Designs&amp; Procurement to be completed in 17/18.</li> </ul>
Urban Renewal: Tembisa Civic Node: Upgrading of all bulk engineering services as per land packaging requirements	<ul style="list-style-type: none"> <li>○ Project identified as part of the land packaging plan in 15/16; All bulk engineering services upgrading: Concept Definition/Prefeasibility and Designs to be completed in 17/18.</li> </ul>
Urban Renewal: Tembisa Erf 189 Edayini	<ul style="list-style-type: none"> <li>○ RDP walk-ups: Concept Definition/Prefeasibility and Designs completed in 15/16. Procurement and execution in phases. Servicing &amp; construction 30 units in 17/18, and onwards</li> </ul>
Urban Renewal: Tembisa Leralla Node	<ul style="list-style-type: none"> <li>○ Tembisa Framework Plan completed 2012. Identified projects: Stage 1: Inception Report Stage 2: Concept Viability and Designs to be completed in 17/18</li> </ul>
Urban Renewal: Tembisa Public space upgrade linked with NMT Ibazelo & Isithame	<ul style="list-style-type: none"> <li>○ Prefeasibility and designs to be completed in 15/16. Procurement and execution of rail crossings and NMT in 17/18.</li> </ul>
Urban Renewal: Wattville Erf 3130 Watville	<ul style="list-style-type: none"> <li>○ RDP walk-ups: Concept Definition/Prefeasibility and designs for water &amp; sanitation, paved areas, storm water and electrical services. Procurement and execution in phases Servicing &amp; construction 670 units</li> </ul>
Urban Renewal: Watville Erf 3110 Watville	<ul style="list-style-type: none"> <li>○ RDP walk-ups: Concept Definition/Prefeasibility and designs completed in 16/17. Procurement and execution in phases of 100 units /fy</li> </ul>

PROJECT NAME	PROJECT DESCRIPTION
Urban Renewal: Watville Public Space upgrade linked with NMT.	<ul style="list-style-type: none"> <li>○ Public Space Upgrade link NMT, Concept Definition /Prefeasibility and Feasibility to be completed in 16/17. Execution in 16/17 onwards.</li> </ul>
Informal Settlements Formalisation and Upgrade Programme	<ul style="list-style-type: none"> <li>○ The Programme is aimed at the upgrading and formalisation of informal settlements.</li> <li>○ It addresses the entire planning and tenure arrangements in informal settlements.</li> <li>○ This entails the categorisation of informal settlements as requiring relocation, in-situ upgrading or part relocation and part in-situ upgrading.</li> <li>○ The major aspect of the plan involves undertaking feasibility studies to assess the suitability of various land parcels for human settlements development.</li> <li>○ Upon positive recommendations of the feasibility reports per informal settlement, detailed pre-planning studies are undertaken in particular Environmental Impact Assessment (EIA) Studies and Geo-Technical studies. On receipt of positive results thereof, land acquisition processes are embarked upon and where land is owned by the municipality, it must be reserved for a housing purpose and a full township establishment process will follow.</li> <li>○ In case of private land, township establishment would only commence when land has been procured by the municipality.</li> <li>○ In the 2015/16 financial year, work will be done to complete projects already at planning stage towards townships proclamation and new studies will be embarked for informal settlements without any plans.</li> </ul>

## 6. OPERATIONAL BUDGET

### Operating Income

The total Income Budget includes the following:

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

## **Operating Expenditure**

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

### **Repairs and Maintenance to rental stock**

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

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

### **Grants and Subsidies paid to entities**

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

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

The link to the SDBIP: Sustainable Human Settlement and infrastructure

Measurable Output: Increased provision of alternative tenure options.

### **General Expenses**

This category makes provision for the following:

- **Disaster Management**

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

The link to the SDBIP: Management of informal settlements.

Measurable Output: Sustainable environment

- **Awareness Campaigns:**

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



Project	Motivation for Budget Request	Link to SDBIP	Measurable Output
Forum: MMC Forum – Northern Region	To bring together committees dealing with housing and human settlements under one roof and to deal with and resolve critical matters	Increase stakeholder engagements.	Number of Community Outreach Engagements.
Forum: MMC Forum - Eastern Region Management Forum	To bring together committees dealing with housing and human settlements under one roof and to deal with and resolve critical matters	Increase stakeholder engagements.	Number of Community Outreach Engagements.
Forum: MMC Forum - Southern Region Public meeting	To inform the public of resolutions as per Committee Forum Meetings	Increase stakeholder engagements.	Number of Community Outreach Engagements.
Human Settlements Summit	The purpose of the summit is to bring a wide range of stakeholders together to discuss pertinent strategic issues facing the Department's five-year delivery programme. The summit is part of a renewed commitment by the City to deepen participation in the housing process with beneficiaries. It is scheduled to be held every two years.	Increase stakeholder engagements.	Number of Community Outreach Engagements.
Urban Renewal	Urban renewal is a Mayoral flagship. The department has completed urban renewal plans for Germiston and township complexes and these need to be communicated to various stakeholders and potential investors. The strategy will : (1) guide the department in undertaking branding and marketing for the programme, (2) contribute to CITY OF EKURHULENI identity and the sub branding of the urban renewal areas (3) assist CITY OF EKURHULENI to communicate a positive message to key stakeholders about Germiston as the Municipal HQ and about investment potential of the township complexes (4) identify income generating opportunities that can be generated through	Flagship Project	Show casing of projects implemented through the Urban Renewal Programme

	sponsorship and advertising spaces .		
Densification Consumer Awareness Campaigns for new projects	To provide feedback to the community in terms of new projects	Increase stakeholder engagements.	Number of Community Outreach Engagements.

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

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

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

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

- Land invasion management:

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

The link to the SDBIP: Reduced incidents of eviction.

Measurable Output: Sustainable environment

- Land relocation

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

The link to the SDBIP: Increase secure tenure.

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

## Operating Grants Expenditure

- **The National Operating Grant**

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

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

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

---

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

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

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

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

- **USDG Funding for professional fees**

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

- **HSDG funding for Top Structures**

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

**Table 75 Operating Budget of the Human Settlements Department**

DESCRIPTION	F00 R'000 ORG BUDGET		F00 R'000 ADJ BUDGET		F00 R'000 PROJECTED		F01 R'000 2017/18		% B to B		% Of Total		F02 R'000 2018/19		F03 R'000 2019/20	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Human Settlements</b>																
<b>INCOME</b>																
NON - EXCHANGE REVENUE																
Transfers and Subsidies			(813,811)	(813,811)	(813,811)	(1,148,139)	(1,148,139)			41.08%	96.06%			(1,015,711)	(1,117,453)	
- Operational: Monetary	(224,472)	(215,006)	(215,006)	(227,782)	(215,006)	(227,782)	(215,006)			5.94%	19.06%			(112,000)	(112,000)	
- Capital: Monetary	(549,117)	(598,805)	(598,805)	(598,805)	(598,805)	(920,356)	(920,356)			53.70%	77.00%			(903,711)	(1,005,453)	
<b>SUB TOTAL: NON - EXCHANGE REVENUE</b>	<b>(773,589)</b>	<b>(813,811)</b>	<b>(813,811)</b>	<b>(813,811)</b>	<b>(813,811)</b>	<b>(1,148,139)</b>	<b>(1,148,139)</b>			<b>41.08%</b>	<b>96.06%</b>			<b>(1,015,711)</b>	<b>(1,117,453)</b>	
EXCHANGE REVENUE																
Interest, Dividends and Rent on Land	(4,000)	(4,000)	(3,936)	(4,176)	(3,936)	(4,176)	(4,176)			4.39%	0.35%			(4,422)	(4,679)	
Rental from Fixed Assets	(39,179)	(39,179)	(38,284)	(42,892)	(38,284)	(42,892)	(42,892)			9.48%	3.59%			(45,423)	(48,057)	
Sales of Goods and Rendering of Services	-	-	(16)	-	(16)	-	-			0.00%	0.00%			-	-	
<b>SUB TOTAL: EXCHANGE REVENUE</b>	<b>(43,179)</b>	<b>(43,179)</b>	<b>(42,236)</b>	<b>(47,068)</b>	<b>(42,236)</b>	<b>(47,068)</b>	<b>(47,068)</b>			<b>9.01%</b>	<b>3.94%</b>			<b>(49,845)</b>	<b>(52,736)</b>	
<b>TOTAL INCOME</b>	<b>(816,768)</b>	<b>(856,990)</b>	<b>(856,047)</b>	<b>(1,195,207)</b>	<b>(856,047)</b>	<b>(1,195,207)</b>	<b>(1,195,207)</b>			<b>39.47%</b>	<b>100.00%</b>			<b>(1,065,556)</b>	<b>(1,170,189)</b>	
<b>EXPENDITURE</b>																
Employee Related Costs																
Senior Management	2,002	2,002	1,501	1,919	1,501	1,919	1,919			-4.15%	0.27%			2,051	2,191	
- SM - Salaries Allowances and Service Benefits	1,947	1,947	1,460	1,822	1,460	1,822	1,822			-6.40%	0.26%			1,948	2,081	
- SM - Social Contributions	55	55	41	96	41	96	96			75.40%	0.01%			103	110	
Municipal Staff	91,185	77,397	75,476	105,010	75,476	105,010	105,010			35.68%	14.88%			112,256	119,889	
- MS - Salaries Allowances and Service Benefits	81,155	67,367	66,186	91,673	66,186	91,673	91,673			36.08%	12.99%			97,999	104,663	
- MS - Social Contributions	17,788	17,788	17,048	21,094	17,048	21,094	21,094			18.59%	2.99%			22,550	24,083	
- MS - Cost Capitalised to PPE	(7,757)	(7,757)	(7,757)	-	(7,757)	-	(7,757)			0.00%	-1.10%			(8,293)	(8,856)	
<b>Contracted Services</b>	<b>65,108</b>	<b>82,214</b>	<b>84,305</b>	<b>284,610</b>	<b>84,305</b>	<b>284,610</b>	<b>284,610</b>			<b>246.18%</b>	<b>40.34%</b>			<b>221,363</b>	<b>237,144</b>	
- Outsource Services	-	-	-	75	-	75	75			100.00%	0.01%			83	91	
- Consultants and Professional Services	10,780	6,514	9,440	66,217	9,440	66,217	66,217			916.46%	9.39%			66,798	67,278	
- Contractors	54,328	75,699	74,865	218,318	74,865	218,318	218,318			188.40%	30.94%			154,481	169,775	
Operational Cost																
Inventory	95,411	102,873	99,492	31,613	99,492	31,613	31,613			-69.27%	4.48%			34,650	38,013	
Interest Dividends and Rent on Land	795,864	832,978	829,801	77,863	829,801	77,863	77,863			-90.65%	11.04%			38,759	40,971	
Operating Leases	124,114	124,114	119,597	138,803	119,597	138,803	138,803			11.83%	19.67%			174,794	201,958	
Contribution for Bad Debt	2,661	3,063	2,941	2,809	2,941	2,809	2,809			-8.29%	0.40%			3,087	3,396	
Transfers and Subsidies	2,743	2,743	2,743	2,574	2,743	2,574	2,574			-6.16%	0.36%			2,754	2,946	
- Operational: Monetary	3,500	18,888	18,888	8,000	18,888	8,000	8,000			-57.64%	1.13%			5,375	5,687	
Depreciation and Amortisation	50,786	50,786	50,786	52,310	50,786	52,310	52,310			3.00%	7.41%			54,926	57,672	
<b>TOTAL EXPENDITURE</b>	<b>1,233,374</b>	<b>1,297,058</b>	<b>1,285,530</b>	<b>705,512</b>	<b>1,285,530</b>	<b>705,512</b>	<b>705,512</b>			<b>-45.61%</b>	<b>100.00%</b>			<b>650,015</b>	<b>709,869</b>	
<b>DEFICIT / (SURPLUS)</b>	<b>416,606</b>	<b>440,068</b>	<b>429,484</b>	<b>(489,695)</b>	<b>429,484</b>	<b>(489,695)</b>	<b>(489,695)</b>			<b>-211.28%</b>				<b>(415,541)</b>	<b>(460,320)</b>	
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	<b>416,606</b>	<b>440,068</b>	<b>429,484</b>	<b>(489,695)</b>	<b>429,484</b>	<b>(489,695)</b>	<b>(489,695)</b>							<b>(415,541)</b>	<b>(460,320)</b>	
TOTAL CHARGES	-	-	-	86,230	-	86,230	86,230			100.00%				93,882	102,223	
TOTAL CHARGES / RECOVERIES	-	-	-	86,230	-	86,230	86,230			100.00%				93,882	102,223	
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	<b>416,606</b>	<b>440,068</b>	<b>429,484</b>	<b>(489,695)</b>	<b>429,484</b>	<b>(489,695)</b>	<b>(489,695)</b>							<b>(415,541)</b>	<b>(460,320)</b>	

**2.10.19 BUDGET OF EKURHULENI DEVELOPMENT COMPANY (EDC)**

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

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

**Assumptions underpinning the budget**

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

### **Operating Budget - Income**

The budgeted operating income amounts to **R132, 713 million**, of which **R50, 099 million** is derived from rental income and recoveries, **R8, 000 million** from operational grant and **R74 614 million** from Capital transfers and subsidies.

Fire station and Delvile ext. 9 projects are expected to be completed and added to the EDC rental stock in the 2016/17 financial year. Hence the projected rental income is anticipated to increase in the 2017/18 by **10%** from **2016/17 (R34, 899 million)** to **2017/18 (R38, 321 million)**. Furthermore the projected income derived from utilities will increase by **R4, 201 million** from **2016/17 (R6, 101 million)** to **2017/18 (R10, 302 million)**, this includes CPI increase and utilities relating to new properties.

The Germiston Fire Station Social Housing project was awarded Grant qualifying status in terms of the social housing investment programme 6A for 2015/16 for the amount of **R18 842 250** per 150 units. Social Housing Regulatory Authority (SHRA) has approved and transferred the amount of R8 411 649 to EDC as a capital Grant in the 2016/17 financial year and a balance of R10 430 601 will be claimed by 30 June 2017. The amount is allocated to capital transfers and subsidies in the 2016/17 budget.

A further **R12, 562 million** is anticipated for 2017/18 financial year for Delvile ext. 9 based on R125 615 per 100 units.

Capital allocation in kind of **R69, 376 million** and **R62, 052 million** for 2016/17 and 2017/18 respectively, is for the acquisition of Germiston Fire Station and Delvile Social Housing properties. This has been included in the anticipation that the properties will be transferred to EDC in the respective years.

Operational grant is increasing by an additional **R4, 5 million** to cover the regular maintenance costs, taking into account the acquisition of the subsidised units in Germiston Fire Station and Delvile Social Housing properties as projected for the 2017/18 financial year.

Additional staff personnel was appointed to sufficiently capacitate EDC to handle current and future pipeline projects, furthermore the job grading and implementation of performance management system was approved. An amount of **R5.4 million** per annum to cover this costs. (Detailed in the expenditure below). The shareholder has approved the retainer for Directors (Board members) at R30 000.00 per month for eight (8) board members. This has been included in the Operational grant for the total of **R2, 8 million**.

The operational grant has therefore increased from **R3, 5 million** (2016/17) to **R8 million** (2017/18).

### **Expenditure**

#### **Provision for Bad Debts**

EDC is affected by general economic conditions. Payment levels are affected by tenants not being able to afford current rentals due to indebtedness and loss of income. However credit control remains a focus area for the EDC. Due to the increase in the debtor's book and the difficulties around recovering some of the debt above 120 days, which includes

vacated tenants, management took a decision to make 100% provision for Bad Debt for debtors above 120 days.

The budgeted target of 93% payments levels was achieved in the 2015/16 financial year and EDC continues to maintain payment levels of 93% in the current financial year. The entity managed to recover 95 % on average for the 2016/2017 quarter 2

**Employee related costs was increased with the following:**

- 7% salary increase as per South African Local Government Bargaining Council salary and wage collective agreement (CPI plus 1%).
- New Housing Supervisors, Maintenance Technician, Development Manager and Executive Corporate Services positions.
- Implementation of Job grading results.
- Implementation of performance management system. Staff receiving 13<sup>th</sup> Cheque will also receive performance bonus with effect from July 2017.

**Consultants and Professional Services (Directors Fees)**

**R2, 880 million** at R30 000 per month for 8 board members has been approved by the shareholder for 2017/18 budget. The retainer has been approved with effect from February 2017. However only **R480 000** is included in the additional operational grant due to lack of budget funding.

**Contractors (Office Rental)**

The budgeted amount for office rental for EDC is R960 000 compared to 2016/17 budget of R475 000. This office relocated to new offices mid 2016/17 financial year.

**Repairs and Maintenance** budget was only adjusted by CPI percentage and has increased by R1, 6 million. Spending of these funds is reported on in the quarterly performance reporting of the entity and address the structural maintenance of the properties of the entity.

EHC has a shortfall of **R2 403 million** in the 2017/18 due to a lack of budget funding of operational expenses. The reduction in the budget has impact on the professional fees, being the retainer for the director's fees as approved by the shareholder.

**Table 76 Budget of Ekurhuleni Development Company**

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 ADJ BUDGET	F00 R'000 YEAR TO DATE	F00 R'000 PROJECTED	F01 R'000 2017/18	% B to B	% Of Total	F02 R'000 2018/19	F03 R'000 2019/20
<b>EDC</b>									
<b>INCOME</b>									
<b>NON - EXCHANGE REVENUE</b>									
Transfers and Subsidies	(3,500)	(21,326)	(10,162)	(99,545)	(82,614)	287.39%	62.25%	(99,455)	(8,989)
- Operational: Monetary	(3,500)	(11,326)	(1,750)	(11,326)	(8,000)	-29.37%	6.03%	(8,480)	(8,989)
- Capital: Allocations in Kind		(10,000)	(8,412)	(27,660)	(36,321)	100.00%	46.76%	(90,975)	-
- Capital: Monetary	(3,500)	(21,326)	(10,162)	(99,545)	(82,614)	287.39%	62.25%	(99,455)	(8,989)
<b>SUB TOTAL: NON - EXCHANGE REVENUE</b>									
Interest, Dividends and Rent on Land	(1,822)	(1,822)	(785)	(1,571)	(1,476)	-18.99%	1.11%	(1,564)	(1,658)
Operational Revenue	(6,101)	(6,101)	(2,695)	(4,636)	(10,302)	68.84%	7.76%	(10,920)	(11,575)
Rental from Fixed Assets	(34,899)	(34,899)	(16,129)	(27,660)	(36,321)	9.81%	28.88%	(40,620)	(43,058)
<b>SUB TOTAL: EXCHANGE REVENUE</b>									
	(42,822)	(42,822)	(19,610)	(33,867)	(50,099)	16.99%	37.75%	(53,105)	(56,291)
<b>TOTAL INCOME</b>									
	(46,322)	(64,148)	(29,771)	(133,411)	(132,773)	106.89%	100.00%	(152,559)	(65,280)
<b>EXPENDITURE</b>									
<b>Employee Related Costs</b>									
Senior Management	15,185	15,185	8,479	16,854	19,308	27.15%	14.55%	20,466	21,694
- SM - Salaries Allowances & Service Benefits	8,262	8,262	4,008	8,305	9,406	13.85%	7.09%	9,971	10,569
- SM - Social Contributions	7,810	7,810	3,808	7,905	8,836	13.13%	6.66%	9,366	9,928
Municipal Staff	452	452	200	399	571	26.37%	0.43%	605	641
- MS - Salaries Allowances & Service Benefits	6,923	6,923	4,471	8,549	9,902	43.02%	7.46%	10,496	11,125
- MS - Social Contributions	6,476	6,476	4,232	8,071	9,481	46.40%	7.14%	10,050	10,663
<b>Contracted Services</b>									
- Consultants and Professional Services	7,604	10,430	3,653	7,306	9,589	-8.06%	7.23%	10,164	10,774
- Contractors	4,252	7,078	1,549	3,098	5,216	-26.31%	3.93%	5,529	5,861
<b>Operational Cost</b>									
Interest Dividends and Rent on Land	3,352	3,352	2,104	4,208	4,373	30.46%	3.30%	4,635	4,913
Contribution for Bad Debt	18,836	23,836	7,422	14,844	21,889	-8.17%	16.49%	23,203	24,595
Transfers and Subsidies	1	1	66	133	27	2581.56%	0.02%	28	30
- Capital: Allocations in Kind	3,322	3,322	1,412	4,894	5,907	77.82%	4.45%	6,262	6,637
- Capital: Monetary	-	10,000	8,412	88,219	74,614	646.14%	56.22%	90,975	-
<b>Depreciation and Amortisation</b>									
	1,253	1,253	626	1,253	1,378	9.98%	1.04%	1,461	1,548
<b>TOTAL EXPENDITURE</b>									
	46,201	64,027	30,071	133,503	132,712	107.28%	100.00%	152,559	65,279
<b>DEFICIT / (SURPLUS)</b>									
	(121)	(121)	300	92	(9)	-99.90%		(9)	(9)
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSSES</b>									
	(121)	(121)	300	92	(9)			(9)	(9)
<b>DEFICIT / (SURPLUS) AFTER COSTING</b>									
	(121)	(121)	300	92	(9)			(9)	(9)



## 2.10.20 INFORMATION COMMUNICATION TECHNOLOGY (ICT)

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

### Flagship Project as pronounced by the Executive Mayor

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

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

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

### Key Strategic Projects of the Information Communication Technology Department

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

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

**Table 77 Operating Budget of the Information Communication Technology Department**

DESCRIPTION	F00	F00	F00	F00	F01	%	F02	F03
	R'000	R'000	R'000	R'000	R'000	B to B	R'000	R'000
ORG BUDGET								
ADJ BUDGET								
PROJECTED								
2017/18								
2018/19								
2019/20								
<b>ICT</b>								
<b>INCOME</b>								
<b>NON - EXCHANGE REVENUE</b>								
<b>Transfers and Subsidies</b>								
- Capital: Monetary		(1,849)	(1,849)			-100.00%		
<b>SUB TOTAL: NON - EXCHANGE REVENUE</b>		(1,849)	(1,849)			-100.00%		
<b>EXCHANGE REVENUE</b>								
Sales of Goods and Rendering of Services				(25)		0.00%		
<b>SUB TOTAL: EXCHANGE REVENUE</b>				(25)		0.00%		
<b>TOTAL INCOME</b>				(1,874)		-100.00%		
<b>EXPENDITURE</b>								
<b>Employee Related Costs</b>	103,885	92,329	89,067	108,990		18.05%	116,511	124,434
Senior Management	5,229	5,229	3,922	2,181		-58.28%	2,332	2,491
- SM - Salaries Allowances and Service Benefits	5,117	5,117	3,838	2,180		-57.41%	2,330	2,488
- SM - Social Contributions	112	112	84	2		-98.33%	2	2
Municipal Staff	98,655	87,099	85,145	106,809		22.63%	114,179	121,943
- MS - Salaries Allowances and Service Benefits	80,812	69,257	68,045	87,807		26.79%	93,866	100,249
- MS - Social Contributions	17,843	17,843	17,100	19,002		6.49%	20,313	21,694
<b>Contracted Services</b>	102,044	99,844	100,718	142,420		42.64%	156,662	177,025
- Outsourced Services	1,934	1,934	1,909	75		-96.13%	82	90
- Contractors	100,110	97,910	98,809	142,345		45.38%	156,579	176,935
<b>Operational Cost</b>	116,049	91,365	111,851	121,585		33.08%	130,356	139,764
Inventory	(13,997)	14,735	(11,648)	1,663		-88.72%	1,827	2,014
Depreciation and Amortisation	70,892	70,892	70,892	73,018		3.00%	76,669	80,503
<b>TOTAL EXPENDITURE</b>	378,872	369,165	360,880	447,676		21.27%	482,025	523,739
<b>DEFICIT / (SURPLUS)</b>	378,872	367,316	359,006	447,676		21.88%	482,025	523,739
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	378,872	367,316	359,006	447,676			482,025	523,739
TOTAL RECOVERIES				(25,393)		100.00%	(26,891)	(28,450)
TOTAL CHARGES				49		100.00%	54	59
<b>TOTAL CHARGES / RECOVERIES</b>				(25,344)		100.00%	(26,837)	(28,391)
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	378,872	367,316	359,006	447,676			482,025	523,739

---

## **2.10.21 INTERNAL AUDIT**

### **Key Strategic Projects of INTERNAL AUDIT**

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

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

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

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

### **Operating Budget of the INTERNAL AUDIT**

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

Table 78 Operating Budget of the Internal Audit

DESCRIPTION	F00 R'000 ORG BUDGET		F00 R'000 ADJ BUDGET		F00 R'000 PROJECTED		F01 R'000 2017/18		% B to B		% Of Total		F02 R'000 2018/19		F03 R'000 2019/20	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Internal Audit</b>																
<b>EXPENDITURE</b>																
Employee Related Costs	51,364	48,917	47,414	51,237	4,742%	81.42%	54,773	58,497								
Senior Management	2,155	2,155	1,616	2,189	1.58%	3.48%	2,340	2,500								
- SM - Salaries Allowances and Service Benefits	2,067	2,067	1,550	2,101	1.67%	3.34%	2,246	2,399								
- SM - Social Contributions	88	88	66	88	-0.13%	0.14%	94	101								
Municipal Staff	49,209	46,762	45,798	49,048	4.89%	77.94%	52,432	55,997								
- MS - Salaries Allowances and Service Benefits	42,229	39,782	39,108	40,996	3.05%	65.14%	43,825	46,805								
- MS - Social Contributions	6,980	6,980	6,690	8,051	15.34%	12.79%	8,607	9,192								
<b>Contracted Services</b>	<b>10,095</b>	<b>10,143</b>	<b>9,964</b>	<b>8,156</b>	<b>-19.59%</b>	<b>12.96%</b>	<b>8,964</b>	<b>9,862</b>								
- Outsource Services	47	95	47	4,128	4227.16%	6.56%	4,537	4,990								
- Consultants and Professional Services	10,000	10,000	9,870	3,969	-60.31%	6.31%	4,362	4,798								
- Contractors	47	47	47	59	24.60%	0.09%	65	73								
<b>Operational Cost</b>	<b>1,394</b>	<b>1,475</b>	<b>1,428</b>	<b>1,246</b>	<b>-15.54%</b>	<b>1.98%</b>	<b>1,323</b>	<b>1,405</b>								
Inventory	617	638	699	561	-12.10%	0.89%	616	682								
Operating Leases	-	-	-	1,528	100.00%	2.43%	1,679	1,847								
Depreciation and Amortisation	197	197	197	203	3.00%	0.32%	213	224								
<b>TOTAL EXPENDITURE</b>	<b>63,667</b>	<b>61,370</b>	<b>59,702</b>	<b>62,931</b>	<b>2.54%</b>	<b>100.00%</b>	<b>67,568</b>	<b>72,518</b>								
<b>DEFICIT / (SURPLUS)</b>	<b>63,667</b>	<b>61,370</b>	<b>59,702</b>	<b>62,931</b>	<b>2.54%</b>		<b>67,568</b>	<b>72,518</b>								
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	<b>63,667</b>	<b>61,370</b>	<b>59,702</b>	<b>62,931</b>			<b>67,568</b>	<b>72,518</b>								
TOTAL CHARGES	-	-	-	153	100.00%		168	185								
TOTAL CHARGES / RECOVERIES	-	-	-	153	100.00%		168	185								
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	<b>63,667</b>	<b>61,370</b>	<b>59,702</b>	<b>62,931</b>			<b>67,568</b>	<b>72,518</b>								

## **2.10.22 LEGISLATURE**

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

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

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

### **Operating Budget of the Legislature Department**



Table 79 Operating Budget of the Legislature Department

DESCRIPTION	F00	F00	F00	F00	F01	%	%	F02	F03
	R'000 ORG BUDGET	R'000 ADJ BUDGET	R'000 PROJECTED	R'000 2017/18	R'000 2018/19	B to B	Of Total	R'000 2018/19	R'000 2019/20
	R	R	R	R	R	R	R	R	R
<b>Legislature</b>									
<b>EXPENDITURE</b>									
<b>Employee Related Costs</b>	92,478	92,705	90,830	130,618	139,630	40.90%	41.51%	139,630	149,125
Senior Management	—	—	—	2,181	2,332	100.00%	0.69%	2,332	2,488
- SM- Salaries Allowances and Service Benefits	—	—	—	2,180	2,330	100.00%	0.69%	2,330	2,488
- SM- Social Contributions	—	—	—	2	2	100.00%	0.00%	2	2
Municipal Staff	92,478	92,705	90,830	128,436	137,298	38.54%	40.81%	137,298	146,634
- MS - Salaries Allowances and Service Benefits	81,969	82,197	80,758	104,349	111,549	26.95%	33.16%	111,549	119,135
- MS - Social Contributions	10,508	10,508	10,071	24,087	25,749	129.21%	7.65%	25,749	27,500
<b>Remuneration of Councillors</b>	115,407	115,407	106,372	118,280	126,441	2.49%	37.59%	126,441	135,039
- ROC - Allowances & Service Related Benefits	103,681	103,681	101,384	113,068	120,859	9.04%	35.93%	120,859	129,077
- ROC - Social Contributions	11,726	11,726	4,989	5,222	5,583	-55.46%	1.66%	5,583	5,962
<b>Contracted Services</b>	3,027	3,346	3,303	8,866	9,743	164.94%	2.82%	9,743	10,720
- Outsource Services	1,156	1,156	1,141	5,294	5,818	358.13%	1.68%	5,818	6,400
- Consultants and Professional Services	1,871	2,191	2,162	3,463	3,806	58.10%	1.10%	3,806	4,187
- Contractors	—	—	—	108	119	100.00%	0.03%	119	133
<b>Operational Cost</b>	28,701	29,802	28,354	28,305	28,644	-5.02%	8.99%	28,644	29,011
Inventory	23,187	27,779	27,998	28,253	31,050	1.71%	8.98%	31,050	34,155
Operating Leases	197	197	189	362	398	84.12%	0.12%	398	438
<b>TOTAL EXPENDITURE</b>	262,996	269,236	257,046	314,683	335,906	16.88%	100.00%	335,906	358,489
<b>DEFICIT / (SURPLUS)</b>	262,996	269,236	257,046	314,683	335,906	16.88%		335,906	358,489
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	262,996	269,236	257,046	314,683	335,906			335,906	358,489
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	262,996	269,236	257,046	314,683	335,906			335,906	358,489

**2.10.23 REAL ESTATE**

The following divisions in the Real Estate Department were approved:

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

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

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

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

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

**Flagship Projects as pronounced by the Executive Mayor**

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

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

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

**Operating Budget**

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

**Table 80 Operating Budget of the Real Estate Department**

DESCRIPTION	F00 R'000		F00 R'000		F00 R'000		F01 R'000		% B to B		% Of Total		F02 R'000		F03 R'000	
	ORG BUDGET	ADJ BUDGET	PROJECTED	2017/18	2018/19	2019/20	2017/18	2018/19	2019/20	2017/18	2018/19	2019/20	2017/18	2018/19	2019/20	
<b>Real Estate</b>																
<b>INCOME</b>																
<b>EXCHANGE REVENUE</b>																
Rental from Fixed Assets	(16,862)	(16,862)	(16,588)	(20,829)			(20,829)		23.53%				(22,058)		(23,338)	
Sales of Goods and Rendering of Services	(11,361)	(11,361)	(10,590)	(24,984)			(24,984)		119.91%				(26,458)		(27,993)	
<b>SUB TOTAL: EXCHANGE REVENUE</b>	<b>(28,224)</b>	<b>(28,224)</b>	<b>(27,178)</b>	<b>(45,813)</b>			<b>(45,813)</b>		<b>62.32%</b>				<b>(48,516)</b>		<b>(51,330)</b>	
<b>TOTAL INCOME</b>	<b>(28,224)</b>	<b>(28,224)</b>	<b>(27,178)</b>	<b>(45,813)</b>			<b>(45,813)</b>		<b>62.32%</b>				<b>(48,516)</b>		<b>(51,330)</b>	
<b>EXPENDITURE</b>																
<b>Employee Related Costs</b>	<b>221,863</b>	<b>186,971</b>	<b>192,476</b>	<b>232,402</b>			<b>232,402</b>		<b>24.30%</b>				<b>248,438</b>		<b>265,332</b>	
Senior Management	2,233	2,233	1,675	2,247			2,247		0.56%				2,402		2,566	
- SM - Salaries Allowances and Service Benefits	2,123	2,123	1,593	2,138			2,138		0.71%				2,286		2,441	
- SM - Social Contributions	110	110	82	109			109		-0.98%				116		124	
Municipal Staff	219,629	184,738	190,801	230,155			230,155		24.58%				246,036		262,766	
- MS - Salaries Allowances and Service Benefits	182,074	147,183	154,838	185,594			185,594		26.10%				198,400		211,891	
- MS - Social Contributions	38,264	38,264	36,672	45,270			45,270		18.31%				48,393		51,684	
- MS - Cost Capitalised to PPE	(709)	(709)	(709)	(709)			(709)		0.00%				(758)		(809)	
<b>Contracted Services</b>	<b>15,816</b>	<b>15,207</b>	<b>14,648</b>	<b>32,672</b>			<b>32,672</b>		<b>114.85%</b>				<b>35,910</b>		<b>39,621</b>	
- Outsourcing Services	5,395	5,245	5,177	1,048			1,048		-80.03%				1,151		1,266	
- Consultants and Professional Services	8,235	8,601	8,128	26,383			26,383		206.75%				28,995		31,895	
- Contractors	2,186	1,361	1,343	5,241			5,241		285.06%				5,763		6,459	
<b>Operational Cost</b>	<b>85,555</b>	<b>85,492</b>	<b>83,010</b>	<b>10,571</b>			<b>10,571</b>		<b>-87.64%</b>				<b>11,429</b>		<b>12,364</b>	
Inventory	98,867	97,998	98,462	121,947			121,947		24.44%				134,140		151,514	
Operating Leases	736	5,572	5,349	6,154			6,154		10.45%				6,763		7,440	
<b>TOTAL EXPENDITURE</b>	<b>422,836</b>	<b>391,240</b>	<b>393,945</b>	<b>403,746</b>			<b>403,746</b>		<b>3.20%</b>				<b>436,680</b>		<b>476,271</b>	
<b>DEFICIT / (SURPLUS)</b>	<b>394,613</b>	<b>363,016</b>	<b>366,766</b>	<b>357,932</b>			<b>357,932</b>		<b>-1.40%</b>				<b>388,164</b>		<b>424,940</b>	
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	<b>394,613</b>	<b>363,016</b>	<b>366,766</b>	<b>357,932</b>			<b>357,932</b>		<b>-1.40%</b>				<b>388,164</b>		<b>424,940</b>	
TOTAL RECOVERIES	-	-	-	(51,007)			(51,007)		100.00%				(56,108)		(61,718)	
TOTAL CHARGES	-	-	-	145,487			145,487		100.00%				159,458		174,781	
<b>TOTAL CHARGES / RECOVERIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>94,480</b>			<b>94,480</b>		<b>100.00%</b>				<b>103,351</b>		<b>113,062</b>	
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	<b>394,613</b>	<b>363,016</b>	<b>366,766</b>	<b>357,932</b>			<b>357,932</b>		<b>-1.40%</b>				<b>388,164</b>		<b>424,940</b>	

## **2.10.24 RISK MANAGEMENT**

### **Key Strategic Projects of RISK MANAGEMENT**

#### **Compliance Management Programme**

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

#### **Ethics and Fraud Programme**

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

#### **Review of risk financing mechanisms**

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

#### **Business Continuity Programme**

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

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

#### **Occupational Health and Safety**

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

---

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

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

### **Project Risk Management**

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

### **Operating Budget**

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

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

Table 81 Operating Budget of the Risk Management Department

DESCRIPTION	F00 R'000 ORG BUDGET		F00 R'000 ADJ BUDGET		F00 R'000 PROJECTED		F01 R'000 2017/18		% B to B		% Of Total		F02 R'000 2018/19		F03 R'000 2019/20		
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	
<b>Risk Management EXPENDITURE</b>																	
<b>Employee Related Costs</b>	18,642	18,763	17,949	15,534	15,534	15,534	15,534	15,534	-17.21%	-17.21%	86.41%	86.41%	16,606	17,735	17,735		
Senior Management	2,002	2,002	1,501	1,927	1,927	1,927	1,927	1,927	-3.73%	-3.73%	10.72%	10.72%	2,060	2,200	2,200		
- SM - Salaries Allowances and Service Benefits	1,947	1,947	1,460	1,926	1,926	1,926	1,926	1,926	-1.10%	-1.10%	10.71%	10.71%	2,058	2,198	2,198		
- SM - Social Contributions	55	55	41	2	2	2	2	2	-96.57%	-96.57%	0.01%	0.01%	2	2	2		
Municipal Staff	16,640	16,761	16,447	13,606	13,606	13,606	13,606	13,606	-18.82%	-18.82%	75.69%	75.69%	14,545	15,534	15,534		
- MS - Salaries Allowances and Service Benefits	15,890	16,011	15,729	11,453	11,453	11,453	11,453	11,453	-28.47%	-28.47%	63.71%	63.71%	12,244	13,076	13,076		
- MS - Social Contributions	750	750	719	2,153	2,153	2,153	2,153	2,153	187.14%	187.14%	11.98%	11.98%	2,302	2,458	2,458		
<b>Contracted Services</b>	1,592	2,634	1,985	1,632	1,632	1,632	1,632	1,632	-38.06%	-38.06%	9.08%	9.08%	1,793	1,972	1,972		
- Outsource Services	-	-	-	31	31	31	31	31	100.00%	100.00%	0.17%	0.17%	34	37	37		
- Consultants and Professional Services	1,592	2,634	1,985	1,597	1,597	1,597	1,597	1,597	-39.38%	-39.38%	8.88%	8.88%	1,755	1,930	1,930		
- Contractors	-	-	-	4	4	4	4	4	100.00%	100.00%	0.02%	0.02%	4	5	5		
<b>Operational Cost Inventory</b>	612	743	1,456	569	569	569	569	569	-23.38%	-23.38%	3.17%	3.17%	590	612	612		
	104	248	112	243	243	243	243	243	-2.13%	-2.13%	1.35%	1.35%	267	293	293		
<b>TOTAL EXPENDITURE</b>	20,949	22,388	21,502	17,978	17,978	17,978	17,978	17,978	-19.70%	-19.70%	100.00%	100.00%	19,256	20,613	20,613		
<b>DEFICIT / (SURPLUS)</b>	20,949	22,388	21,502	17,978	17,978	17,978	17,978	17,978	-19.70%	-19.70%			19,256	20,613	20,613		
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	20,949	22,388	21,502	17,978	17,978	17,978	17,978	17,978					19,256	20,613	20,613		
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	20,949	22,388	21,502	17,978	17,978	17,978	17,978	17,978					19,256	20,613	20,613		

**2.10.25 ROADS AND STORM WATER**

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

**Key Strategic Projects of the Roads and Storm Water Department:**

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

**Fak'imali Uzobona**

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

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

**Hlase! ama Potholes**

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

**Table 82 Operating Budget of the Roads and Storm Water Department**

DESCRIPTION	F00 R'000		F00 R'000		F00 R'000		F01 R'000		% B to B		% Of Total		F02 R'000		F03 R'000	
	ORG BUDGET	ADJ BUDGET	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Roads &amp; Stormwater</b>																
<b>INCOME</b>																
<b>NON - EXCHANGE REVENUE</b>																
Transfers and Subsidies																
- Operational: Monetary	(172,850)	(159,030)	(159,030)	(159,030)	(159,030)	(159,030)	(137,090)	(137,090)	(13,80%)	83.15%	(137,100)	(102,500)	(102,500)			
- Capital: Monetary	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(21,000)	(21,000)	5.00%	12.74%	(21,000)	(21,000)	(21,000)			
SUB TOTAL: NON - EXCHANGE REVENUE	(152,850)	(159,030)	(159,030)	(159,030)	(159,030)	(159,030)	(116,090)	(116,090)	-16.50%	70.41%	(116,100)	(81,500)	(81,500)			
<b>EXCHANGE REVENUE</b>																
Rental from Fixed Assets	(2,003)	(2,003)	(2,003)	(2,003)	(2,003)	(2,003)	(2,038)	(2,038)	1.71%	0.00%	(2,158)	(2,283)	(2,283)			
Sales of Goods and Rendering of Services	(24,520)	(24,520)	(24,520)	(24,520)	(24,520)	(24,520)	(25,739)	(25,739)	4.97%	15.61%	(27,258)	(28,838)	(28,838)			
SUB TOTAL: EXCHANGE REVENUE	(26,523)	(26,523)	(26,523)	(26,523)	(26,523)	(26,523)	(27,777)	(27,777)	4.73%	16.85%	(29,415)	(31,121)	(31,121)			
<b>TOTAL INCOME</b>	(199,373)	(185,553)	(185,553)	(185,553)	(185,553)	(185,553)	(164,867)	(164,867)	-11.15%	100.00%	(166,515)	(133,621)	(133,621)			
<b>EXPENDITURE</b>																
<b>Employee Related Costs</b>																
Senior Management	223,512	210,744	204,766	204,766	204,766	204,766	248,923	248,923	18.12%	13.99%	266,099	284,193	284,193			
- SM - Salaries Allowances and Service Benefits	2,366	2,366	2,366	2,366	2,366	2,366	2,406	2,406	1.66%	0.14%	2,572	2,747	2,747			
- SM - Social Contributions	2,364	2,364	2,364	2,364	2,364	2,364	2,404	2,404	1.67%	0.14%	2,570	2,745	2,745			
Municipal Staff	221,145	208,378	202,991	202,991	202,991	202,991	246,517	246,517	18.30%	13.85%	263,527	281,447	281,447			
- MS - Salaries Allowances and Service Benefits	208,500	195,733	192,262	192,262	192,262	192,262	225,634	225,634	15.28%	12.68%	241,202	257,604	257,604			
- MS - Social Contributions	46,055	46,055	44,139	44,139	44,139	44,139	54,293	54,293	17.89%	3.05%	58,039	61,986	61,986			
- MS - Cost Capitalised to PPE	(33,410)	(33,410)	(33,410)	(33,410)	(33,410)	(33,410)	(33,410)	(33,410)	0.00%	-1.88%	(35,715)	(38,144)	(38,144)			
<b>Contracted Services</b>	37,543	37,764	37,260	37,260	37,260	37,260	619,409	619,409	1540.23%	34.81%	681,342	769,655	769,655			
- Outsourcing Services	89	189	186	186	186	186	755	755	299.85%	0.04%	829	912	912			
- Consultants and Professional Services	9,150	9,131	9,029	9,029	9,029	9,029	7,184	7,184	-21.32%	0.40%	7,896	8,685	8,685			
- Contractors	28,304	28,444	28,044	28,044	28,044	28,044	611,470	611,470	2049.74%	34.36%	672,617	760,057	760,057			
<b>Operational Cost</b>	20,468	21,233	20,553	20,553	20,553	20,553	16,434	16,434	-22.60%	0.92%	17,880	19,468	19,468			
Inventory	573,244	609,024	612,127	612,127	612,127	612,127	43,585	43,585	-92.84%	2.45%	45,841	48,955	48,955			
Interest Dividends and Rent on Land	-	950	917	917	917	917	-	-	-100.00%	0.00%	-	-	-			
Depreciation and Amortisation	826,378	826,378	826,378	826,378	826,378	826,378	851,170	851,170	3.00%	47.83%	893,728	938,414	938,414			
<b>TOTAL EXPENDITURE</b>	1,681,145	1,706,093	1,702,001	1,702,001	1,702,001	1,702,001	1,779,521	1,779,521	4.30%	100.00%	1,904,889	2,060,686	2,060,686			
<b>DEFICIT / (SURPLUS)</b>	1,481,772	1,520,540	1,531,034	1,531,034	1,531,034	1,531,034	1,614,655	1,614,655	6.19%		1,738,374	1,927,064	1,927,064			
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	1,481,772	1,520,540	1,531,034	1,531,034	1,531,034	1,531,034	1,614,655	1,614,655			1,738,374	1,927,064	1,927,064			
TOTAL RECOVERIES	-	-	-	-	-	-	(189,523)	(189,523)	100.00%		(208,475)	(229,323)	(229,323)			
TOTAL CHARGES	-	-	-	-	-	-	198,572	198,572	100.00%		218,420	240,253	240,253			
<b>TOTAL CHARGES / RECOVERIES</b>	-	-	-	-	-	-	9,049	9,049	100.00%		9,945	10,930	10,930			
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	1,481,772	1,520,540	1,531,034	1,531,034	1,531,034	1,531,034	1,614,655	1,614,655			1,738,374	1,927,064	1,927,064			

**2.10.26 SPORT, RECREATION, ARTS AND CULTURE (SRAC)**

The SRAC department consists of the following functions:

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



- Operations.
- Governance and Compliance.

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

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

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

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

The department has been tasked to do the following:

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

The Operating Budget per category is attached hereto.

**Table 83 Operating Budget of the Sport, Recreation, Arts and Culture Department**

DESCRIPTION	F00 R'000 ORG BUDGET		F00 R'000 ADJ BUDGET		F00 R'000 PROJECTED		F01 R'000 2017/18		% B to B		% Of Total		F02 R'000 2018/19		F03 R'000 2019/20	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Sports, Recreation, Arts &amp; Culture (SRAC)</b>																
<b>INCOME</b>																
NON - EXCHANGE REVENUE																
Fines, Penalties and Forfeits	(326)		(326)		(326)		(413)							(438)		(463)
Transfers and Subsidies	(21,700)	(24,435)	(24,435)	(13,800)	(24,435)	(13,800)	(14,000)							(14,000)		(14,500)
- Operational: Monetary	(5,500)	(7,035)	(7,035)	(4,800)	(7,035)	(4,800)	(8,000)							(5,000)		(5,500)
- Capital: Monetary	(16,200)	(17,400)	(17,400)	(9,000)	(17,400)	(9,000)	(9,000)							(9,000)		(9,000)
<b>SUB TOTAL: NON - EXCHANGE REVENUE</b>	<b>(22,026)</b>	<b>(24,761)</b>	<b>(24,761)</b>	<b>(14,213)</b>	<b>(24,761)</b>	<b>(14,213)</b>	<b>(14,438)</b>							<b>(14,438)</b>		<b>(14,963)</b>
EXCHANGE REVENUE																
Rental from Fixed Assets	(6,611)	(6,731)	(6,731)	(7,672)	(6,162)	(7,672)								(8,125)		(8,596)
Sales of Goods and Rendering of Services	(1,108)	(1,108)	(1,108)	(1,111)	(343)	(1,111)								(1,177)		(1,245)
<b>SUB TOTAL: EXCHANGE REVENUE</b>	<b>(7,719)</b>	<b>(7,839)</b>	<b>(7,839)</b>	<b>(8,783)</b>	<b>(6,504)</b>	<b>(8,783)</b>	<b>(9,301)</b>							<b>(9,301)</b>		<b>(9,841)</b>
<b>TOTAL INCOME</b>	<b>(29,745)</b>	<b>(32,600)</b>	<b>(32,600)</b>	<b>(22,996)</b>	<b>(31,265)</b>	<b>(22,996)</b>	<b>(23,739)</b>							<b>(23,739)</b>		<b>(24,804)</b>
<b>EXPENDITURE</b>																
Employee Related Costs	398,033	372,909	372,909	445,927	361,287	445,927								476,696		509,111
Senior Management	2,010	2,010	2,010	2,201	1,507	2,201								2,353		2,513
- SM - Salaries Allowances and Service Benefits	2,008	2,008	2,008	2,199	1,506	2,199								2,351		2,511
- SM - Social Contributions	2	2	2	2	1	2								2		2
Municipal Staff	396,023	370,900	370,900	443,726	359,779	443,726								474,343		506,598
- MS - Salaries Allowances and Service Benefits	320,065	294,942	294,942	360,642	287,232	360,642								385,527		411,742
- MS - Social Contributions	81,971	81,971	81,971	89,097	78,561	89,097								95,245		101,722
- MS - Cost Capitalised to PPE	(6,014)	(6,014)	(6,014)	(6,014)		(6,014)								(6,429)		(6,866)
<b>Contracted Services</b>	<b>20,936</b>	<b>20,518</b>	<b>20,518</b>	<b>23,816</b>	<b>20,276</b>	<b>23,816</b>								<b>27,718</b>		<b>31,042</b>
- Outsourcing Services	443	1,522	1,522	961	1,502	961								1,056		1,161
- Consultants and Professional Services	6,415	6,373	6,373	5,239	6,290	5,239								7,286		8,014
- Contractors	14,079	12,624	12,624	17,616	12,484	17,616								19,377		21,867
Operational Cost	36,015	37,406	37,406	16,532	35,841	16,532								17,839		19,253
Inventory	80,370	91,278	91,278	59,334	91,467	59,334								64,953		72,126
Operating Leases	247	367	367	274	352	274								301		331
Depreciation and Amortisation	106,270	106,270	106,270	109,458	106,270	109,458								114,931		120,677
<b>TOTAL EXPENDITURE</b>	<b>641,871</b>	<b>628,748</b>	<b>628,748</b>	<b>655,340</b>	<b>615,493</b>	<b>655,340</b>								<b>702,437</b>		<b>752,539</b>
<b>DEFICIT / (SURPLUS)</b>	<b>612,127</b>	<b>596,148</b>	<b>596,148</b>	<b>632,344</b>	<b>584,228</b>	<b>632,344</b>								<b>678,698</b>		<b>727,736</b>
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	<b>612,127</b>	<b>596,148</b>	<b>596,148</b>	<b>632,344</b>	<b>584,228</b>	<b>632,344</b>								<b>678,698</b>		<b>727,736</b>
TOTAL CHARGES	-	-	-	-	-	-										
TOTAL CHARGES / RECOVERIES	-	-	-	23,816	-	23,816								25,987		28,358
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	<b>612,127</b>	<b>596,148</b>	<b>596,148</b>	<b>632,344</b>	<b>584,228</b>	<b>632,344</b>								<b>678,698</b>		<b>727,736</b>

## **2.10.27 STRATEGY & CORPORATE PLANNING**

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

### **Mandate of the Strategy and Corporate Planning Department**

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

**Table 84 Operating Budget of the Strategy & Corporate Planning Department**

DESCRIPTION	F00 R'000 ORG BUDGET		F00 R'000 ADJ BUDGET		F00 R'000 PROJECTED		F01 R'000 2017/18		% B to B		% Of Total		F02 R'000 2018/19		F03 R'000 2019/20	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Strategy &amp; Corporate Planning</b>																
<b>EXPENDITURE</b>																
<b>Employee Related Costs</b>	<b>28,073</b>		<b>25,636</b>		<b>24,641</b>		<b>27,803</b>		<b>8.45%</b>			<b>74.12%</b>		<b>29,721</b>		<b>31,742</b>
Senior Management	2,002		2,002		1,501		2,201		9.93%			5.87%		2,353		2,513
- SM - Salaries Allowances and Service Benefits	1,947		1,947		1,460		2,199		12.94%			5.86%		2,351		2,511
- SM - Social Contributions	55		55		41		2		-96.57%			0.01%		2		2
Municipal Staff	26,071		23,634		23,139		25,602		8.33%			68.26%		27,368		29,229
- MS - Salaries Allowances and Service Benefits	22,713		20,276		19,921		21,112		4.12%			56.28%		22,568		24,103
- MS - Social Contributions	3,358		3,358		3,218		4,490		33.73%			11.97%		4,800		5,126
<b>Contracted Services</b>	<b>6,154</b>		<b>5,672</b>		<b>6,074</b>		<b>6,215</b>		<b>9.57%</b>			<b>16.57%</b>		<b>6,675</b>		<b>7,166</b>
- Outsource Services	4,877		4,757		4,892		5,293		11.27%			14.11%		5,662		6,051
- Consultants and Professional Services	1,277		915		1,182		921		0.66%			2.46%		1,013		1,114
- Contractors	-		-		-		1		100.00%			0.00%		1		1
<b>Operational Cost</b>	<b>1,406</b>		<b>1,411</b>		<b>1,361</b>		<b>1,018</b>		<b>-27.86%</b>			<b>2.71%</b>		<b>1,071</b>		<b>1,128</b>
Inventory	1,344		1,831		1,349		1,137		-37.92%			3.03%		1,249		1,377
Operating Leases	903		903		866		754		-16.44%			2.01%		829		912
Depreciation and Amortisation	565		565		524		582		3.00%			1.55%		612		642
<b>TOTAL EXPENDITURE</b>	<b>38,445</b>		<b>36,018</b>		<b>34,816</b>		<b>37,509</b>		<b>4.14%</b>			<b>100.00%</b>		<b>40,156</b>		<b>42,967</b>
<b>DEFICIT / (SURPLUS)</b>	<b>38,445</b>		<b>36,018</b>		<b>34,816</b>		<b>37,509</b>		<b>4.14%</b>					<b>40,156</b>		<b>42,967</b>
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	<b>38,445</b>		<b>36,018</b>		<b>34,816</b>		<b>37,509</b>		<b>4.14%</b>					<b>40,156</b>		<b>42,967</b>
TOTAL CHARGES	-		-		-		107		100.00%					118		130
<b>TOTAL CHARGES / RECOVERIES</b>	<b>-</b>		<b>-</b>		<b>-</b>		<b>107</b>		<b>100.00%</b>					<b>118</b>		<b>130</b>
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	<b>38,445</b>		<b>36,018</b>		<b>34,816</b>		<b>37,509</b>							<b>40,156</b>		<b>42,967</b>

**2.10.28 TRANSPORT PLANNING AND PROVISION**

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

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

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

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

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

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

**Key Strategic projects of the Transport Department**

PROJECT NAME	PROJECT DESCRIPTION
Planning and implementation of Integrated Rapid Public Transport Network.	The project entails the introduction of a Bus Rapid Transit System that will be integrated with other Public Transport Modes in Ekurhuleni from Tembisa to Vosloorus. The system will be a combination of dedicated bus lanes and complementary/feeder routes with dedicated median stations and as well as a dedicated Transport Command Centre.
Construction of MVRA/DLTC Kwatsaduza	construction of kwatsaduza licensing hub
Construction new public transport facilities viz. New Vosloorus and Palm Ridge public transport facilities.	The department envisages to have 4 newly constructed public transport facilities in Palm Ridge, New Vosloorus, Bluegumview and Phutaditshaba. Currently in these areas there are no ranking facilities. Two of these facilities will be constructed by end June 2015 viz. (New Vosloorus and Palm Ridge and Bluegumview and Phutaditshaba will be concluded in the 2015/16 financial year.

PROJECT NAME	PROJECT DESCRIPTION
Provision of bus shelters in Ekurhuleni	The department is looking at erecting bus/taxi shelters across Ekurhuleni. This is in line with the provision of public transport infrastructure across CITY OF EKURHULENI.

**Operating Budget of the Transport Department**

The Transport Department is responsible for the transport planning, public transport and licensing function. The department has completed the draft Comprehensive Integrated Public Transport Plan (CITP) that will guide the development of transportation and spatial planning in the metro.

The Operating Budget per category is attached hereto.

**Table 85 Operating Budget of the Transport Department**

DESCRIPTION	F00 R'000 ORG BUDGET		F00 R'000 ADJ BUDGET		F00 R'000 PROJECTED		F01 R'000 2017/18		% B to B		% Of Total		F02 R'000 2018/19		F03 R'000 2019/20	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Transport</b>																
<b>INCOME</b>																
NON - EXCHANGE REVENUE																
Licenses and Permits	(304,932)	(304,932)	(242,259)	(319,873)	(242,259)	(319,873)			4.90%	29.55%			(338,746)	(358,393)		
Transfers and Subsidies	(527,259)	(481,259)	(481,259)	(700,718)	(481,259)	(700,718)			45.60%	64.74%			(671,906)	(710,650)		
- Operational: Monetary	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)			0.00%	3.70%			(40,000)	(40,000)		
- Capital: Monetary	(487,259)	(441,259)	(441,259)	(660,718)	(441,259)	(660,718)			49.73%	61.05%			(631,906)	(670,650)		
<b>SUB TOTAL: NON - EXCHANGE REVENUE</b>	<b>(832,191)</b>	<b>(786,191)</b>	<b>(723,518)</b>	<b>(1,020,591)</b>	<b>(723,518)</b>	<b>(1,020,591)</b>			<b>29.81%</b>	<b>94.30%</b>			<b>(1,010,652)</b>	<b>(1,069,043)</b>		
EXCHANGE REVENUE																
Operational Revenue	(89)	(89)	(70)	(94)	(70)	(94)			4.90%	0.01%			(99)	(105)		
Sales of Goods and Rendering of Services	(78,764)	(48,764)	(18,278)	(61,618)	(18,278)	(61,618)			26.36%	5.69%			(65,253)	(69,039)		
<b>SUB TOTAL: EXCHANGE REVENUE</b>	<b>(78,854)</b>	<b>(48,854)</b>	<b>(18,348)</b>	<b>(61,711)</b>	<b>(18,348)</b>	<b>(61,711)</b>			<b>26.32%</b>	<b>5.70%</b>			<b>(65,352)</b>	<b>(69,143)</b>		
<b>TOTAL INCOME</b>	<b>(911,044)</b>	<b>(835,044)</b>	<b>(741,866)</b>	<b>(1,082,303)</b>	<b>(741,866)</b>	<b>(1,082,303)</b>			<b>29.61%</b>	<b>100.00%</b>			<b>(1,076,004)</b>	<b>(1,138,186)</b>		
<b>EXPENDITURE</b>																
Employee Related Costs	314,828	310,606	302,957	344,159	302,957	344,159			10.80%	60.23%			367,906	392,924		
Senior Management	2,341	2,341	1,755	2,201	1,755	2,201			-5.97%	0.39%			2,353	2,513		
- SM - Salaries Allowances and Service Benefits	2,339	2,339	1,754	2,199	1,754	2,199			-5.97%	0.38%			2,351	2,511		
- SM - Social Contributions	2	2	1	2	1	2			-5.70%	0.00%			2	2		
Municipal Staff	312,488	308,266	301,202	341,958	301,202	341,958			10.93%	59.85%			365,553	390,411		
- MS - Salaries Allowances and Service Benefits	270,940	266,718	261,783	280,183	261,783	280,183			5.05%	49.04%			299,515	319,883		
- MS - Social Contributions	51,172	51,172	49,043	71,400	49,043	71,400			39.53%	12.50%			76,326	81,517		
- MS - Cost Capitalised to PPE	(9,624)	(9,624)	(9,624)	(9,624)	(9,624)	(9,624)			0.00%	-1.68%			(10,288)	(10,989)		
<b>Contracted Services</b>	<b>178,604</b>	<b>138,882</b>	<b>111,030</b>	<b>142,913</b>	<b>111,030</b>	<b>142,913</b>			<b>2.90%</b>	<b>25.01%</b>			<b>160,180</b>	<b>172,909</b>		
- Outsourcing Services	12,588	20,688	20,419	24,116	20,419	24,116			16.57%	4.22%			26,504	29,154		
- Consultants and Professional Services	1,147	13,226	13,351	11,000	13,351	11,000			-16.82%	1.93%			11,831	12,064		
- Contractors	164,869	104,969	77,261	107,796	77,261	107,796			2.69%	18.87%			121,845	131,691		
Operational Cost	35,724	38,546	42,850	40,758	42,850	40,758			5.74%	7.13%			37,579	40,688		
Inventory	570,385	477,561	472,129	43,179	472,129	43,179			-90.96%	7.56%			47,326	53,107		
Operating Leases	-	365	350	365	350	365			0.00%	0.06%			480	480		
<b>TOTAL EXPENDITURE</b>	<b>1,099,541</b>	<b>965,960</b>	<b>929,317</b>	<b>571,375</b>	<b>929,317</b>	<b>571,375</b>			<b>-40.85%</b>	<b>100.00%</b>			<b>613,471</b>	<b>660,108</b>		
<b>DEFICIT / (SURPLUS)</b>	<b>188,497</b>	<b>130,916</b>	<b>187,451</b>	<b>(510,928)</b>	<b>187,451</b>	<b>(510,928)</b>			<b>-490.27%</b>				<b>(462,533)</b>	<b>(478,078)</b>		
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	<b>188,497</b>	<b>130,916</b>	<b>187,451</b>	<b>(510,928)</b>	<b>187,451</b>	<b>(510,928)</b>							<b>(462,533)</b>	<b>(478,078)</b>		
TOTAL CHARGES	-	-	-	7,887	-	7,887			100.00%				8,663	9,515		
<b>TOTAL CHARGES / RECOVERIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,887</b>	<b>-</b>	<b>7,887</b>			<b>100.00%</b>				<b>8,663</b>	<b>9,515</b>		
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	<b>188,497</b>	<b>130,916</b>	<b>187,451</b>	<b>(510,928)</b>	<b>187,451</b>	<b>(510,928)</b>							<b>(462,533)</b>	<b>(478,078)</b>		

**2.10.29 BUDGET OF THE BRAKPAN BUS COMPANY (BBC)****CHALLENGES**

The current pilferage rate has prompted the company to see the need to drive for pre paying customers, so as to improve the collection of revenue and minimise the time and money spent on disciplinary matters.

The company concedes that buses have been underutilised during off peak hours and the vigorous marketing of the busses, by the employed Sales and Marketing Officer is embarked upon and thus maximise their use, for example, on special hire trips and contracting with corporate. The company has also seen the need to embark on advertising and branding on the buses to generate extra revenue. The survey on customer satisfaction is under way, this will assist to improve on the company's customer service, by identifying gaps given the survey results.

Internally on the employee's side, implementation of the South African Road Passenger Bargaining Council (SARPBAC) agreement comprehensively will assist in improving the morale by offering basic benefits, for example, implement the housing and medical aid subsidy. Also by encouraging and incentivising driver's good conduct especially to commuters.

**KEY PRIORITIES**

In order to improve on the competitiveness of the company, and improve on income generated, the company will be embarking on the following priority projects:

- Increasing the number of pre-paying customers (compared to cash paying customers);
- Conducting customer satisfaction surveys, to identify areas requiring improvement;
- Improve on governance and risk management systems and controls, in order to optimise effectiveness and efficiencies;
- Marketing of Brakpan Bus Company services, and maximise the use of buses on special hire trips;
- Service Level Agreement (SLA) with the workshop to be renegotiated to improve the turn-around time;
- A tender to be issued for diesel supply to ensure agility when diesel is unavailable from CITY OF EKURHULENI sources;
- Improving staff morale

**Table 86 Budget of the Brakpan Bus Company**

OPERATING BUDGET										
DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 ADJ BUDGET	F00 R'000 YEAR TO DATE	F00 R'000 PROJECTED	F01 R'000 2017/18	% B to B	% P to B	% Of Total	F02 R'000 2018/19	F03 R'000 2019/20
<b>BBC</b>										
<b>INCOME</b>										
<b>EXCHANGE REVENUE</b>										
Interest, Dividends and Rent on Land	(20)	(20)	(363)	(400)	(200)	900.00%	-50.00%	0.43%	(53)	(56)
Sales of Goods and Rendering of Services	(39,894)	(33,893)	(12,305)	(30,513)	(40,802)	20.38%	33.72%	86.98%	(44,035)	(46,137)
<b>SUB TOTAL: EXCHANGE REVENUE</b>	<b>(39,914)</b>	<b>(33,913)</b>	<b>(12,668)</b>	<b>(30,913)</b>	<b>(41,002)</b>	<b>20.90%</b>	<b>32.64%</b>	<b>87.41%</b>	<b>(44,088)</b>	<b>(46,193)</b>
Contra Accounts	(5,000)	(5,000)	(2,500)	(14,483)	(5,905)	18.11%	-59.23%	12.59%	(5,000)	(5,000)
- Cost of Free Basic Services	(5,000)	(5,000)	(2,500)	(14,483)	(5,905)	18.11%	-59.23%	12.59%	(5,000)	(5,000)
<b>TOTAL INCOME</b>	<b>(44,914)</b>	<b>(38,913)</b>	<b>(15,168)</b>	<b>(45,395)</b>	<b>(46,907)</b>	<b>20.54%</b>	<b>3.33%</b>	<b>100.00%</b>	<b>(49,088)</b>	<b>(51,193)</b>
<b>EXPENDITURE</b>										
<b>Employee Related Costs</b>	<b>16,902</b>	<b>16,902</b>	<b>7,882</b>	<b>16,902</b>	<b>18,861</b>	<b>11.59%</b>	<b>11.59%</b>	<b>40.26%</b>	<b>19,298</b>	<b>20,456</b>
Senior Management	3,387	4,748	2,280	4,748	5,453	14.85%	14.85%	11.64%	5,780	6,127
- SM - Salaries Allowances & Service Benefits	3,387	4,748	2,280	4,748	5,453	14.85%	14.85%	11.64%	5,780	6,127
Municipal Staff	13,516	12,154	5,602	12,154	13,408	10.32%	10.32%	28.62%	13,518	14,329
- MS - Salaries Allowances & Service Benefits	13,516	12,154	5,602	12,154	13,408	10.32%	10.32%	28.62%	13,518	14,329
<b>Remuneration of Councilors</b>	<b>3,053</b>	<b>3,053</b>	<b>1,177</b>	<b>3,053</b>	<b>3,336</b>	<b>9.29%</b>	<b>9.29%</b>	<b>7.12%</b>	<b>3,336</b>	<b>3,536</b>
- ROC - Allowances & Service Related Benefits	3,053	3,053	1,177	3,053	3,336	9.29%	9.29%	7.12%	3,336	3,536
<b>Operational Cost</b>	<b>16,107</b>	<b>16,316</b>	<b>6,989</b>	<b>16,316</b>	<b>21,975</b>	<b>34.69%</b>	<b>34.69%</b>	<b>46.91%</b>	<b>23,767</b>	<b>24,687</b>
Interest Dividends and Rent on Land	1,200	-	882	1,935	2,671	38.01%	38.01%	5.70%	2,401	2,401
Depreciation and Amortisation	3,329	1,935	882	1,935	2,671	38.01%	38.01%	5.70%	2,401	2,401
<b>TOTAL EXPENDITURE</b>	<b>40,591</b>	<b>38,205</b>	<b>16,930</b>	<b>38,205</b>	<b>46,842</b>	<b>22.61%</b>	<b>22.61%</b>	<b>100.00%</b>	<b>48,802</b>	<b>51,080</b>
<b>DEFICIT / (SURPLUS)</b>	<b>(4,323)</b>	<b>(708)</b>	<b>1,762</b>	<b>(7,190)</b>	<b>(65)</b>	<b>-90.88%</b>	<b>-99.10%</b>		<b>(286)</b>	<b>(113)</b>
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSSES</b>	<b>(4,323)</b>	<b>(708)</b>	<b>1,762</b>	<b>(7,190)</b>	<b>(65)</b>				<b>(286)</b>	<b>(113)</b>
<b>DEFICIT / (SURPLUS) AFTER COSTING</b>	<b>(4,323)</b>	<b>(708)</b>	<b>1,762</b>	<b>(7,190)</b>	<b>(65)</b>				<b>(286)</b>	<b>(113)</b>



**2.10.30 WASTE MANAGEMENT DEPARTMENT**

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

**Key Strategic Projects of the Waste Management Department**

NAME OF THE PROJECT	BRIEF DESCRIPTION
Improvement of Cleanliness of CBD' Areas.	WMS is embarking on a program to improve cleanliness of the Central Business Districts by: <ul style="list-style-type: none"> <li>• Introducing Nightshifts.</li> <li>• Procuring Street sweepers which will assist in CBD's during the nightshifts.</li> </ul>
Development and Upgrading the Public Offloading Facilities.	WMS is embarking in the Development and Upgrading of public offloading facilities program by: <ul style="list-style-type: none"> <li>• Development of Public Offloading Facilities in areas where there are none.</li> <li>• Upgrading of existing public offloading facilities into recycling and buyback facilities.</li> <li>• Permitting of existing public off loading facilities.</li> </ul>
Identification of the Landfill Site in the Northern Areas.	WMS is using privately owned Waste Disposal Facilities in the Northern Service Delivery Areas. WMS is embarking on a process to develop a Waste Treatment Facility in the Northern Service Delivery Areas.
Procurement, Delivery and Distribution of 240 Litre Waste Mobile Containers.	WMS is embarking on a programme to convert waste receptacles from Refuse Plastic Liners to 240 Litre Waste Mobile Containers as they are: <ol style="list-style-type: none"> <li>1. Safer technology.</li> <li>2. Cleaner Technology.</li> <li>3. Increase waste storage capacity.</li> </ol>

**Operating Budget of the Waste Management Department**

Waste Management Services Department services more than one million households in CITY OF EKURHULENI. The services rendered include residential waste collection (formal and informal settlements), business waste collection, street sweeping, litter picking, clearing illegal dumping, waste transfer and disposal services as well as provision of public off-loading facilities. Waste Management Services Department is labour intensive with a staff compliment over 1600 while some of the services have been outsourced to serve the communities better. The department contributes to the Growth and Development Strategy through ensuring that environmental resources are protected from harm by ensuring that no waste is disposed of in non-designated areas. The departmental strategic focus for the year is outlined as follows:

- i. Construction of waste minimisation facilities.
- ii. Increase the operational compliance of all landfill sites in Ekurhuleni.
- iii. Increased compliance to the national and provincial waste management norms and standards – through distribution of 240l bins and provision of equitable waste collection and disposal services.
- iv. Increased provision of waste management services to informal settlements.
- v. Increase implementation of the greenhouse gas emissions policy.
- vi. Increased waste minimisation.
- vii. Increase support to primary and secondary education.
- viii. Increase citizen responsibility for municipal services.
- ix. Increased provision of landfill airspace.

**Table 87 Operating Budget of the Waste Management Department**

DESCRIPTION	F00	F00	F00	F00	F00	F01	%	F02	F03
	R'000 ORG BUDGET	R'000 ADJ BUDGET	R'000 PROJECTED	R'000 2017/18	R'000 2018/19	R'000 2019/20	B to B	R'000 2018/19	R'000 2019/20
	R	R	R	R	R	R	%	R	R
<b>Waste Management</b>									
<b>INCOME</b>									
<b>NON - EXCHANGE REVENUE</b>									
Transfers and Subsidies	(521,059)	(521,059)	(521,059)	(512,697)	(586,243)	(636,349)	-1.60%	(586,243)	(636,349)
- Operational: Monetary	(521,059)	(521,059)	(521,059)	(506,697)	(580,243)	(636,349)	-2.76%	(580,243)	(636,349)
- Capital: Monetary	-	-	-	(6,000)	(5,000)	-	100.00%	(5,000)	-
<b>SUB TOTAL: NON - EXCHANGE REVENUE</b>	<b>(521,059)</b>	<b>(521,059)</b>	<b>(521,059)</b>	<b>(512,697)</b>	<b>(586,243)</b>	<b>(636,349)</b>	<b>-1.60%</b>	<b>(586,243)</b>	<b>(636,349)</b>
<b>EXCHANGE REVENUE</b>									
Service Charges	(1,373,993)	(1,412,313)	(1,339,643)	(1,278,109)	(1,374,208)	(1,477,543)	-9.50%	(1,374,208)	(1,477,543)
Interest, Dividends and Rent on Land	(62,080)	(62,080)	(61,081)	(65,807)	(69,687)	(73,729)	6.00%	(69,687)	(73,729)
Sales of Goods and Rendering of Services	-	-	(395)	(3)	(3)	(3)	100.00%	(3)	(3)
<b>SUB TOTAL: EXCHANGE REVENUE</b>	<b>(1,436,073)</b>	<b>(1,474,393)</b>	<b>(1,401,118)</b>	<b>(1,343,917)</b>	<b>(1,443,898)</b>	<b>(1,551,276)</b>	<b>-8.85%</b>	<b>(1,443,898)</b>	<b>(1,551,276)</b>
<b>Contra Accounts</b>	<b>(112,716)</b>	<b>(112,716)</b>	<b>(112,716)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.00%</b>	<b>-</b>	<b>-</b>
- Revenue Cost of Free Basic Services	(112,716)	(112,716)	(112,716)	-	-	-	-100.00%	-	-
<b>TOTAL INCOME</b>	<b>(2,069,847)</b>	<b>(2,106,167)</b>	<b>(2,034,893)</b>	<b>(1,856,614)</b>	<b>(2,029,141)</b>	<b>(2,190,625)</b>	<b>-11.93%</b>	<b>(2,029,141)</b>	<b>(2,190,625)</b>
<b>EXPENDITURE</b>									
<b>Employee Related Costs</b>	<b>368,761</b>	<b>360,513</b>	<b>351,866</b>	<b>407,841</b>	<b>435,982</b>	<b>465,629</b>	<b>13.13%</b>	<b>435,982</b>	<b>465,629</b>
Senior Management	2,002	2,002	1,501	2,181	2,332	2,491	8.97%	2,332	2,491
- SM - Salaries Allowances and Service Benefits	1,947	1,947	1,460	2,180	2,330	2,488	11.95%	2,330	2,488
- SM - Social Contributions	55	55	41	2	2	2	-96.60%	2	2
Municipal Staff	366,759	358,511	350,365	405,660	433,650	463,138	13.15%	433,650	463,138
- MS - Salaries Allowances and Service Benefits	319,306	311,059	305,572	346,200	370,087	395,253	11.30%	370,087	395,253
- MS - Social Contributions	63,923	63,923	61,264	75,931	81,170	88,690	18.78%	81,170	88,690
- MS - Cost Capitalised to PPE	(16,471)	(16,471)	(16,471)	(16,471)	(17,607)	(18,805)	0.00%	(17,607)	(18,805)
<b>Contracted Services</b>	<b>360,891</b>	<b>349,821</b>	<b>342,579</b>	<b>430,071</b>	<b>421,215</b>	<b>455,608</b>	<b>22.94%</b>	<b>421,215</b>	<b>455,608</b>
- Outsource Services	349,184	325,384	321,154	406,830	395,667	427,299	25.03%	395,667	427,299
- Consultants and Professional Services	9889	22,659	19,630	16,959	18,638	20,502	-25.15%	18,638	20,502
- Contractors	1,819	1,779	1,795	6,281	6,909	7,807	253.16%	6,909	7,807
<b>Operational Cost</b>	<b>205,971</b>	<b>383,857</b>	<b>338,695</b>	<b>49,008</b>	<b>53,629</b>	<b>58,734</b>	<b>-87.23%</b>	<b>53,629</b>	<b>58,734</b>
<b>Inventory</b>	<b>356,719</b>	<b>223,841</b>	<b>234,327</b>	<b>156,341</b>	<b>171,919</b>	<b>192,416</b>	<b>-30.16%</b>	<b>171,919</b>	<b>192,416</b>
<b>Interest Dividends and Rent on Land</b>	<b>66,183</b>	<b>66,183</b>	<b>64,247</b>	<b>91,477</b>	<b>124,899</b>	<b>137,539</b>	<b>38.22%</b>	<b>124,899</b>	<b>137,539</b>
<b>Operating Leases</b>	<b>3,428</b>	<b>13,464</b>	<b>3,291</b>	<b>3,184</b>	<b>3,499</b>	<b>3,849</b>	<b>-76.35%</b>	<b>3,499</b>	<b>3,849</b>
<b>Contribution for Bad Debt</b>	<b>86,166</b>	<b>86,166</b>	<b>86,166</b>	<b>90,416</b>	<b>96,745</b>	<b>103,517</b>	<b>4.93%</b>	<b>96,745</b>	<b>103,517</b>
Depreciation and Amortisation	42,555	42,555	42,555	43,832	46,023	48,324	3.00%	46,023	48,324
Contra Accounts Revenue	127,716	127,716	127,716	-	-	-	-100.00%	-	-
- Cost of Free Basic Services Delivered	115,000	15,000	15,000	-	-	-	-100.00%	-	-
- Revenue Cost of Free Basic Services	12,716	112,716	112,716	-	-	-	-100.00%	-	-
<b>TOTAL EXPENDITURE</b>	<b>1,618,389</b>	<b>1,654,115</b>	<b>1,591,441</b>	<b>1,272,169</b>	<b>1,353,911</b>	<b>1,465,616</b>	<b>-23.09%</b>	<b>1,353,911</b>	<b>1,465,616</b>
<b>DEFICIT / (SURPLUS)</b>	<b>(451,458)</b>	<b>(454,052)</b>	<b>(443,453)</b>	<b>(584,445)</b>	<b>(675,230)</b>	<b>(725,008)</b>	<b>28.72%</b>	<b>(675,230)</b>	<b>(725,008)</b>
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	<b>(451,458)</b>	<b>(454,052)</b>	<b>(443,453)</b>	<b>(584,445)</b>	<b>(675,230)</b>	<b>(725,008)</b>		<b>(675,230)</b>	<b>(725,008)</b>
TOTAL RECOVERIES	-	-	-	(183,933)	(197,728)	(212,557)	100.00%	(197,728)	(212,557)
TOTAL CHARGES	-	-	-	316,261	337,965	361,038	100.00%	337,965	361,038
<b>TOTAL CHARGES / RECOVERIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132,329</b>	<b>140,238</b>	<b>148,481</b>	<b>100.00%</b>	<b>140,238</b>	<b>148,481</b>
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	<b>(451,458)</b>	<b>(454,052)</b>	<b>(443,453)</b>	<b>(584,445)</b>	<b>(675,230)</b>	<b>(725,008)</b>		<b>(675,230)</b>	<b>(725,008)</b>

## 2.10.31 WATER AND SANITATION

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

### Key Strategic Projects of the Water and Sanitation Department

PROJECT NAME	PROJECT DESCRIPTION
Rainwater harvesting network	The project aims to investigate options that can be implemented with a view to collecting rainwater for use in order to reduce potable water usage.
Water Loss Eradication Programme.	There are various projects within this programme, some of which are listed below: 1) Pipe replacement programme. 2) Metering of unmetered properties. 3) Domestic leak repairs and meter replacement in the Tsakane area. 4) Bulk metering audit and consolidation for top consumers. 5) Replacement of aged water meters
Enhance water management information and revenue system	This project is aimed at sourcing a management system that can be utilised to manage the distribution system with a view to manage revenue, identify losses and maintain infrastructure. The projects include: 1) Telemetry system. 2) Maintenance system. 3) Infrastructure Management Query Station (IMQS)
Project Xixima	Implementation of sustainable sanitation solution in prioritised informal settlements.
Installation of services for low cost housing developments.	Installation of water services infrastructure in Palm Ridge, Masetjaba, Langeville extension 10 and Etwatwa extension 35.

### Operating Budget of the Water and Sanitation Department

Bulk purchase of water comprises 56.36% (R3 billion) of the water services expenditure.

The waste water treatment services by Erwat comprise 9.85% of the total expenditure budget of water services. The amount provided on the 2017/18 budget for this service amounts to R626m. Erwat's motivation for this increase is the growth in flow and the need to extend and improve the various Waste Water Treatment Works.

To address critically required maintenance and the refurbishment of water and sewer infrastructure, a 3% maintenance levy, calculated as a percentage of total income was approved for the 2017/18 financial year.

The greatest challenge facing the department is the non-revenue water. Non-revenue water is currently at 34,5% and the department aims to reduce this through the implementation of additional repairs and maintenance works, the renewal of infrastructure as well as the installation of water meters in areas previously unmetered. Special provision is made on the 2017/18 Capital Budget for a water loss eradication project in order to reduce the water losses.

The Operating Budget per category is attached hereto.

**Table 88 Operating Budget of the Water and Sanitation Department**

DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 ADJ BUDGET	F00 R'000 PROJECTED	F01 R'000 2017/18	% B to B	% Of Total	F02 R'000 2018/19	F03 R'000 2019/20
	R	R	R	R	R	R	R	R
<b>Water &amp; Sanitation</b>								
<b>INCOME</b>								
NON - EXCHANGE REVENUE	(973)	(973)	(973)	(1,022)	5,00%	0,01%	(1,082)	(1,145)
Fines, Penalties and Forfeits	(1,613,795)	(1,604,900)	(1,604,900)	(1,625,821)	1,30%	22,23%	(1,895,674)	(2,059,690)
Transfers and Subsidies	(1,414,395)	(1,432,900)	(1,432,900)	(1,508,321)	5,26%	20,62%	(1,718,174)	(1,899,690)
- Operational: Monetary	(199,400)	(172,000)	(172,000)	(117,500)	-31,69%	1,61%	(177,500)	(160,000)
- Capital: Monetary	(1,614,769)	(1,605,873)	(1,605,873)	(1,626,843)	1,31%	22,24%	(1,896,757)	(2,069,835)
<b>EXCHANGE REVENUE</b>								
Service Charges	(4,979,682)	(4,979,682)	(4,973,329)	(5,379,031)	8,02%	73,53%	(5,887,476)	(6,444,412)
Interest, Dividends and Rent on Land	(194,160)	(194,160)	(191,034)	(293,868)	51,35%	4,02%	(311,206)	(329,256)
Sales of Goods and Rendering of Services	(14,622)	(14,622)	2,759	(15,353)	-5,00%	0,21%	(16,289)	(17,202)
<b>SUB TOTAL: EXCHANGE REVENUE</b>	<b>(5,188,464)</b>	<b>(5,188,464)</b>	<b>(5,161,604)</b>	<b>(5,688,252)</b>	<b>9,63%</b>	<b>77,76%</b>	<b>(6,214,941)</b>	<b>(6,790,870)</b>
<b>Contra Accounts</b>								
- Cost of Free Basic Services	(844,362)	(844,362)	(844,362)	-	-100,00%	0,00%	-	-
- Revenue Cost of Free Basic Services	(82,311)	(82,311)	(82,311)	-	-100,00%	0,00%	-	-
<b>TOTAL INCOME</b>	<b>(7,729,905)</b>	<b>(7,721,010)</b>	<b>(7,694,150)</b>	<b>(7,315,095)</b>	<b>-5,26%</b>	<b>100,00%</b>	<b>(8,111,697)</b>	<b>(8,851,705)</b>
<b>EXPENDITURE</b>								
Employee Related Costs	343,147	332,416	323,412	402,439	21,06%	7,50%	430,207	459,461
Senior Management	2,770	2,770	2,078	2,201	-20,56%	0,04%	2,353	2,513
- SM - Salaries Allowances and Service Benefits	2,578	2,578	1,933	2,199	-14,69%	0,04%	2,361	2,511
- SM - Social Contributions	193	193	145	2	-99,02%	0,00%	2	2
Municipal Staff	340,377	329,645	321,334	400,238	17,41%	7,46%	427,854	456,948
- MS - Salaries Allowances and Service Benefits	302,139	291,408	285,492	343,335	17,82%	6,40%	367,025	391,983
- MS - Social Contributions	57,528	57,528	55,133	76,193	32,46%	1,42%	81,451	86,989
- MS - Cost Capitalised to PPE	(19,291)	(19,291)	(19,291)	-	0,00%	-0,36%	(20,622)	(22,024)
<b>Contracted Services</b>	<b>688,718</b>	<b>692,240</b>	<b>683,359</b>	<b>803,901</b>	<b>16,13%</b>	<b>14,98%</b>	<b>870,306</b>	<b>944,241</b>
- Outsourcing Services	657,740	657,668	649,118	721,422	9,69%	13,44%	779,602	842,510
- Consultants and Professional Services	28,660	31,723	31,656	21,567	-32,01%	0,40%	23,702	26,072
- Contractors	2,328	2,849	2,585	60,912	2037,79%	1,14%	67,002	75,659
<b>Operational Cost</b>	<b>23,968</b>	<b>49,941</b>	<b>47,800</b>	<b>19,240</b>	<b>-61,47%</b>	<b>0,36%</b>	<b>20,927</b>	<b>22,776</b>
Inventory	3,990,200	988,369	986,085	346,424	-64,95%	6,46%	376,061	414,420
Bulk Purchases	583	2,778,539	2,640,266	3,027,824	8,97%	56,43%	3,270,049	3,531,653
Interest Dividends and Rent on Land	51,861	51,861	49,973	57,999	11,83%	1,08%	73,038	84,388
Contribution for Bad Debt	188,319	188,319	188,319	209,035	11,00%	3,90%	223,667	239,324
Transfers and Subsidies	170,677	359,182	359,182	363,882	2,70%	6,87%	387,833	418,291
- Operational: Monetary	170,677	359,182	359,182	363,882	2,70%	6,87%	387,833	418,291
Depreciation and Amortisation	147,725	147,725	146,003	130,245	-11,83%	2,43%	136,757	143,595
Contra Accounts Revenue	946,728	943,853	946,728	-	-100,00%	0,00%	-	-
- Cost of Free Basic Services Delivered	864,417	861,542	864,417	-	-100,00%	0,00%	-	-
- Revenue Cost of Free Basic Services	82,311	82,311	82,311	-	-100,00%	0,00%	-	-
<b>TOTAL EXPENDITURE</b>	<b>6,551,928</b>	<b>6,532,446</b>	<b>6,371,128</b>	<b>5,365,987</b>	<b>-17,86%</b>	<b>100,00%</b>	<b>5,788,845</b>	<b>6,258,149</b>
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSS</b>	<b>(1,177,978)</b>	<b>(1,188,564)</b>	<b>(1,323,022)</b>	<b>(1,949,108)</b>	<b>63,99%</b>		<b>(2,322,853)</b>	<b>(2,593,557)</b>
TOTAL RECOVERIES	-	-	-	(367,788)	100,00%		(402,311)	(440,098)
TOTAL CHARGES / RECOVERIES	-	-	-	710,863	100,00%		763,501	819,637
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp; CHARG</b>	<b>(1,177,978)</b>	<b>(1,188,564)</b>	<b>(1,323,022)</b>	<b>(1,949,108)</b>			<b>(2,322,853)</b>	<b>(2,593,557)</b>

**2.10.32 BUDGET OF ERWAT**

**Key Strategic Projects of ERWAT**

The Erwat Board approved a strategy at its strategic planning session and the following key strategic projects were identified:

The above was reduced to two clear strategic objectives namely:

- 19 Green Drop Awards.
- R200 m revenue from other activities.

**19 GREEN DROP AWARDS**

In order to achieve the strategic objective of 19 Green Drop Awards the Erwat Capital Budget has been reassessed and prioritised to be able to achieve this objective. It is however clear that the timeframe for achieving this objective is quite long and the current target is 10 Green Drop Awards by 2018.

Table 89 Budget of ERWAT

OPERATING BUDGET										
DESCRIPTION	F00 R'000 ORG BUDGET	F00 R'000 ADJ BUDGET	F00 R'000 YEAR TO DATE	F00 R'000 PROJECTED	F01 R'000 2017/18	% B to B	% P to B	% Of Total	F02 R'000 2018/19	F03 R'000 2019/20
<b>ERWAT</b>										
<b>INCOME</b>										
<b>NON - EXCHANGE REVENUE</b>										
Transfers and Subsidies	(50,354)	(50,354)	(15,406)	(51,333)	(50,000)	-0.70%	-2.60%	5.47%	(50,000)	(50,000)
- Operational: Monetary	(354)	(354)	(1,333)	(1,333)	-	-100.00%	0.00%	0.00%	-	-
- Capital: Monetary	(50,000)	(50,000)	(14,074)	(50,000)	(50,000)	0.00%	0.00%	5.47%	(50,000)	(50,000)
<b>SUB TOTAL: NON - EXCHANGE REVENUE</b>	<b>(50,354)</b>	<b>(50,354)</b>	<b>(15,406)</b>	<b>(51,333)</b>	<b>(50,000)</b>	<b>-0.70%</b>	<b>-2.60%</b>	<b>5.47%</b>	<b>(50,000)</b>	<b>(50,000)</b>
<b>EXCHANGE REVENUE</b>										
Service Charges	(645,216)	(645,216)	(322,608)	(645,216)	(719,935)	11.58%	11.58%	78.72%	(904,469)	(970,164)
Interest, Dividends and Rent on Land	(2,040)	(2,040)	(6,885)	(13,770)	(4,321)	111.81%	-68.62%	0.47%	(3,189)	(1,770)
Operational Revenue	(123,454)	(123,454)	(55,536)	(123,454)	(140,295)	13.64%	13.64%	15.34%	(137,063)	(148,597)
<b>SUB TOTAL: EXCHANGE REVENUE</b>	<b>(770,710)</b>	<b>(770,710)</b>	<b>(385,029)</b>	<b>(782,440)</b>	<b>(864,551)</b>	<b>12.18%</b>	<b>10.49%</b>	<b>94.53%</b>	<b>(1,044,721)</b>	<b>(1,120,531)</b>
<b>TOTAL INCOME</b>	<b>(821,064)</b>	<b>(821,064)</b>	<b>(400,436)</b>	<b>(833,772)</b>	<b>(914,551)</b>	<b>11.39%</b>	<b>9.69%</b>	<b>100.00%</b>	<b>(1,094,721)</b>	<b>(1,170,531)</b>
<b>EXPENDITURE</b>										
Employee Related Costs	278,135	278,135	127,607	261,137	301,112	8.26%	15.31%	34.83%	340,250	364,067
Senior Management	2,858	2,858	1,611	2,857	3,072	7.50%	7.52%	0.36%	2,090	2,236
- SM - Salaries Allowances & Service Benefits	2,858	2,858	1,611	2,857	3,072	7.50%	7.52%	0.36%	2,090	2,236
Municipal Staff	275,278	275,278	125,996	258,281	298,040	8.27%	15.39%	34.47%	338,160	361,831
- MS - Salaries Allowances & Service Benefits	275,278	275,278	125,996	258,281	298,040	8.27%	15.39%	34.47%	338,160	361,831
Operational Cost	206,014	206,014	70,242	224,417	226,339	9.87%	0.86%	26.18%	353,390	393,031
Bulk Purchases	195,937	195,937	77,078	195,937	202,296	3.25%	3.25%	23.40%	220,593	236,035
Interest Dividends and Rent on Land	51,065	51,065	31,985	51,065	63,125	23.64%	23.64%	7.30%	57,183	51,847
Contribution for Bad Debt	1,107	1,107	-	1,107	1,500	35.54%	35.54%	0.17%	1,500	1,500
Depreciation and Amortisation	38,816	38,816	19,778	38,816	70,178	80.80%	80.80%	8.12%	71,805	74,051
<b>TOTAL EXPENDITURE</b>	<b>771,064</b>	<b>771,064</b>	<b>326,690</b>	<b>772,469</b>	<b>864,551</b>	<b>12.12%</b>	<b>11.92%</b>	<b>100.00%</b>	<b>1,044,721</b>	<b>1,120,530</b>
<b>DEFICIT / (SURPLUS)</b>	<b>(50,000)</b>	<b>(50,000)</b>	<b>(73,745)</b>	<b>(61,303)</b>	<b>(50,000)</b>	<b>0.00%</b>	<b>-18.44%</b>		<b>(50,000)</b>	<b>(50,000)</b>
<b>DEFICIT / (SURPLUS) AFTER GAINS AND LOSSES</b>	<b>(50,000)</b>	<b>(50,000)</b>	<b>(73,745)</b>	<b>(61,303)</b>	<b>(50,000)</b>				<b>(50,000)</b>	<b>(50,000)</b>
<b>DEFICIT / (SURPLUS) AFTER COSTING</b>	<b>(50,000)</b>	<b>(50,000)</b>	<b>(73,745)</b>	<b>(61,303)</b>	<b>(50,000)</b>				<b>(50,000)</b>	<b>(50,000)</b>

---

## **2.11 Contracts having future budgetary implications**

In terms of the metro's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation or Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

## **2.12 Capital expenditure details**

The following four tables present details of the metro's capital expenditure programme, firstly on new assets, then the renewal of assets, repair and maintenance of assets and finally on the upgrading on the existing assets.

**Table 90 MBRR SA34a - capital expenditure on new assets by asset class**

EKU Ekurhuleni Metro - Supporting Table SA34a Capital expenditure on new assets by asset class									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>1,228,886</b>	<b>1,508,785</b>	<b>1,548,453</b>	<b>2,021,808</b>	<b>1,882,455</b>	<b>1,788,333</b>	<b>1,323,432</b>	<b>1,481,708</b>	<b>1,376,426</b>
Roads Infrastructure	551,047	696,276	788,867	1,069,579	1,069,579	1,016,100	381,650	435,389	327,900
<i>Roads</i>	551,047	696,276	788,867	1,069,579	1,069,579	1,016,100	381,650	435,389	327,900
Storm water Infrastructure	-	-	-	-	-	-	127,450	90,900	59,750
<i>Drainage Collection</i>	-	-	-	-	-	-	127,450	90,900	59,750
Electrical Infrastructure	239,441	386,399	390,713	503,429	473,429	449,758	550,500	550,500	571,451
<i>HV Substations</i>	-	-	-	-	-	-	202,000	182,000	141,451
<i>HV Switching Station</i>	-	-	-	-	-	-	-	-	-
<i>HV Transmission Conductors</i>	239,441	386,399	390,713	503,429	473,429	449,758	348,500	368,500	430,000
Water Supply Infrastructure	219,756	324,960	204,276	170,000	151,347	143,780	116,600	236,650	360,000
<i>Distribution</i>	219,756	324,960	204,276	170,000	151,347	143,780	116,600	236,650	360,000
Sanitation Infrastructure	70,591	58,120	126,126	73,300	69,100	65,645	50,600	66,100	19,000
<i>Pump Station</i>	-	-	-	-	-	-	-	-	-
<i>Reticulation</i>	70,591	58,120	126,126	73,300	69,100	65,645	50,600	66,100	19,000
Information and Communicatio	111,071	43,030	38,472	205,500	119,000	113,050	96,632	102,169	38,325
<i>Data Centres</i>	-	-	-	-	-	-	-	-	-
<i>Core Layers</i>	-	-	-	-	-	-	-	-	-
<i>Distribution Layers</i>	-	-	-	-	-	-	96,632	102,169	38,325
<i>Capital Spares</i>	111,071	43,030	38,472	205,500	119,000	113,050	-	-	-
<b>Community Assets</b>	<b>114,328</b>	<b>77,090</b>	<b>118,662</b>	<b>47,800</b>	<b>42,937</b>	<b>40,790</b>	<b>302,700</b>	<b>397,100</b>	<b>387,100</b>
Community Facilities	99,370	73,628	102,594	28,800	23,937	22,740	302,700	397,100	387,100
<i>Halls</i>	-	-	-	-	-	-	-	-	-
<i>Centres</i>	-	-	-	-	-	-	127,000	108,000	90,000
<i>Crèches</i>	-	-	-	-	-	-	-	-	-
<i>Clinics/Care Centres</i>	43,990	36,838	72,181	17,500	11,981	11,381	11,100	63,100	92,100
<i>Fire/Ambulance Stations</i>	-	-	-	-	-	-	42,000	70,000	37,000
<i>Museums</i>	15,402	19,913	-	-	-	-	-	-	-
<i>Libraries</i>	2,235	7,237	26,893	4,000	4,000	3,800	-	-	-
<i>Cemeteries/Crematoria</i>	20,871	9,640	3,520	7,300	7,957	7,559	-	-	-
<i>Police</i>	-	-	-	-	-	-	6,000	16,000	20,000
<i>Purls</i>	-	-	-	-	-	-	-	-	-
<i>Public Open Space</i>	-	-	-	-	-	-	112,000	112,000	112,000
<i>Nature Reserves</i>	-	-	-	-	-	-	1,600	18,000	31,000
<i>Airports</i>	-	-	-	-	-	-	3,000	10,000	5,000
<i>Taxi Ranks/Bus Terminals</i>	-	-	-	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	14,957	3,462	16,068	19,000	19,000	18,050	-	-	-
<i>Indoor Facilities</i>	-	-	-	-	-	-	-	-	-
<i>Outdoor Facilities</i>	-	2,165	16,068	19,000	19,000	18,050	-	-	-
<i>Capital Spares</i>	14,957	1,297	-	-	-	-	-	-	-
<b>Investment properties</b>	<b>15,174</b>	<b>138,256</b>	<b>281,214</b>	<b>519,117</b>	<b>521,849</b>	<b>495,756</b>	<b>1,400,660</b>	<b>1,553,979</b>	<b>1,810,507</b>
Revenue Generating	15,174	138,256	281,214	519,117	521,849	495,756	1,400,660	1,553,979	1,810,507
<i>Improved Property</i>	15,174	138,256	281,214	519,117	521,849	495,756	851,510	1,021,579	1,229,107
<i>Unimproved Property</i>	-	-	-	-	-	-	549,150	532,400	581,400
<b>Other assets</b>	<b>39,593</b>	<b>59,205</b>	<b>197,747</b>	<b>472,540</b>	<b>550,144</b>	<b>522,636</b>	<b>33,900</b>	<b>59,000</b>	<b>30,000</b>
Operational Buildings	39,593	59,205	197,747	472,540	550,144	522,636	33,900	59,000	30,000
<i>Municipal Offices</i>	39,593	57,865	197,747	472,540	550,144	522,636	18,900	25,000	25,000
<i>Depots</i>	-	-	-	-	-	-	15,000	34,000	5,000
<b>Machinery and Equipment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,000</b>	<b>-</b>	<b>-</b>
Machinery and Equipment	-	-	-	-	-	-	15,000	-	-
<b>Transport Assets</b>	<b>30,333</b>	<b>22,399</b>	<b>18,938</b>	<b>25,000</b>	<b>25,000</b>	<b>23,750</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transport Assets	30,333	22,399	18,938	25,000	25,000	23,750	-	-	-
<b>Total Capital Expenditure on new</b>	<b>1,428,313</b>	<b>1,805,734</b>	<b>2,165,014</b>	<b>3,086,265</b>	<b>3,022,385</b>	<b>2,871,265</b>	<b>3,075,692</b>	<b>3,491,787</b>	<b>3,604,033</b>

**Table 91 MBRR SA34b - capital expenditure on the renewal of existing assets by asset class**

EKU Ekurhuleni Metro - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>500,615</b>	<b>515,024</b>	<b>1,031,098</b>	<b>1,082,431</b>	<b>1,042,778</b>	<b>990,639</b>	<b>858,717</b>	<b>945,168</b>	<b>1,237,570</b>
Roads Infrastructure	221,913	105,148	404,944	349,770	326,748	310,411	49,750	73,050	257,550
Roads	221,913	105,148	404,944	349,770	326,748	310,411	49,750	73,050	257,550
Storm water Infrastructure	-	-	-	-	-	-	4,000	5,800	46,200
Drainage Collection	-	-	-	-	-	-	4,000	5,800	46,200
Electrical Infrastructure	117,248	105,012	79,839	122,700	122,700	116,565	129,500	143,000	145,000
HV Switching Station	-	-	-	-	-	-	-	-	-
HV Transmission Conductors	117,248	105,012	79,839	122,700	122,700	116,565	42,000	57,000	47,000
MV Networks	-	-	-	-	-	-	87,500	86,000	98,000
LV Networks	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	36,688	11,904	74,076	121,000	54,008	51,308	140,500	114,000	97,000
Distribution	36,688	11,904	74,076	121,000	54,008	51,308	140,500	114,000	97,000
Sanitation Infrastructure	45,809	22,719	47,100	96,000	54,900	52,155	66,600	122,300	111,000
Pump Station	-	-	-	-	-	-	-	-	-
Reticulation	45,809	22,719	47,100	96,000	54,900	52,155	66,600	122,300	111,000
Solid Waste Infrastructure	17,390	29,563	91,263	86,250	82,711	78,575	95,950	79,000	52,000
Landfill Sites	17,390	29,563	91,263	86,250	82,711	78,575	95,950	79,000	52,000
Information and Communication I	61,567	240,679	333,876	306,711	401,711	381,626	372,417	408,018	528,820
Data Centres	-	-	-	-	-	-	-	-	-
Core Layers	-	-	-	-	-	-	-	-	-
Distribution Layers	-	-	-	-	-	-	372,417	408,018	528,820
Capital Spares	61,567	240,679	333,876	306,711	401,711	381,626	-	-	-
<b>Community Assets</b>	<b>177,013</b>	<b>146,922</b>	<b>210,346</b>	<b>123,810</b>	<b>133,424</b>	<b>126,753</b>	<b>332,700</b>	<b>285,500</b>	<b>271,400</b>
Community Facilities	93,845	126,206	169,036	93,750	100,651	95,619	300,870	257,900	219,200
Halls	-	-	50,000	-	-	-	170	100	1,500
Centres	-	-	-	-	-	-	-	-	-
Crèches	-	-	-	-	-	-	-	-	-
Clinics/Care Centres	27,775	32,931	19,483	20,000	22,200	21,090	19,200	13,200	13,200
Fire/Ambulance Stations	-	-	-	-	-	-	60,400	32,600	20,000
Testing Stations	-	-	-	-	-	-	123,000	63,000	65,000
Museums	2,626	17,831	31,936	22,700	22,700	21,565	-	-	-
Galleries	-	-	-	-	-	-	-	-	-
Theatres	-	-	-	-	-	-	-	-	-
Libraries	14,712	1,305	4,365	25,000	26,000	24,700	17,000	21,000	6,000
Cemeteries/Crematoria	-	-	-	-	-	-	-	-	-
Police	4,923	9,168	2,795	2,700	2,700	2,565	61,500	40,000	20,500
Parks	-	-	-	-	-	-	-	-	-
Public Open Space	21,223	45,741	60,456	23,350	27,051	25,699	-	14,000	28,000
Nature Reserves	-	-	-	-	-	-	1,600	31,000	34,000
Taxi Ranks/Bus Terminals	4,832	-	-	-	-	-	18,000	43,000	31,000
Capital Spares	17,754	6,261	-	-	-	-	-	-	-
Sport and Recreation Facilities	83,167	20,716	41,311	30,060	32,773	31,135	31,830	27,600	52,200
Indoor Facilities	38,408	20,716	34,863	29,890	32,603	30,973	25,660	23,370	34,900
Outdoor Facilities	44,759	-	6,448	170	170	162	6,170	4,230	17,300
<b>Investment properties</b>	<b>37,456</b>	<b>176</b>	<b>52,264</b>	<b>30,000</b>	<b>30,000</b>	<b>28,500</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenue Generating	37,456	176	52,264	30,000	30,000	28,500	-	-	-
Improved Property	37,456	176	52,264	30,000	30,000	28,500	-	-	-
Unimproved Property	-	-	-	-	-	-	-	-	-
<b>Other assets</b>	<b>193,118</b>	<b>162,064</b>	<b>255,905</b>	<b>335,653</b>	<b>372,804</b>	<b>354,163</b>	<b>423,980</b>	<b>343,116</b>	<b>404,378</b>
Operational Buildings	193,118	162,064	255,905	335,653	372,804	354,163	423,980	343,116	404,378
Municipal Offices	157,819	159,296	255,905	335,653	372,804	354,163	273,480	200,866	272,178
Depots	-	-	-	-	-	-	150,500	142,250	132,200
Capital Spares	35,299	2,768	-	-	-	-	-	-	-
<b>Intangible Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>998</b>	<b>800</b>	<b>800</b>
Licences and Rights	-	-	-	-	-	-	998	800	800
Computer Software and Applications	-	-	-	-	-	-	998	800	800
<b>Computer Equipment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,979</b>	<b>43,687</b>	<b>56,650</b>
Computer Equipment	-	-	-	-	-	-	51,979	43,687	56,650
<b>Furniture and Office Equipment</b>	<b>51,807</b>	<b>94,683</b>	<b>59,685</b>	<b>91,600</b>	<b>80,991</b>	<b>76,942</b>	<b>62,251</b>	<b>43,480</b>	<b>46,977</b>
Furniture and Office Equipment	51,807	94,683	59,685	91,600	80,991	76,942	62,251	43,480	46,977
<b>Machinery and Equipment</b>	<b>33,803</b>	<b>37,777</b>	<b>33,300</b>	<b>80,670</b>	<b>75,783</b>	<b>71,994</b>	<b>114,620</b>	<b>127,462</b>	<b>103,195</b>
Machinery and Equipment	33,803	37,777	33,300	80,670	75,783	71,994	114,620	127,462	103,195
<b>Transport Assets</b>	<b>190,176</b>	<b>306,783</b>	<b>286,254</b>	<b>300,532</b>	<b>345,275</b>	<b>328,011</b>	<b>885,024</b>	<b>795,028</b>	<b>841,897</b>
Transport Assets	190,176	306,783	286,254	300,532	345,275	328,011	885,024	795,028	841,897
<b>Total Capital Expenditure on renewal of existing assets</b>	<b>1,183,988</b>	<b>1,263,430</b>	<b>1,928,851</b>	<b>2,044,696</b>	<b>2,081,055</b>	<b>1,977,002</b>	<b>2,730,268</b>	<b>2,584,241</b>	<b>2,962,868</b>



**Table 92 MBRR SA34c - repairs and maintenance expenditure by asset class**

EKU Ekurhuleni Metro - Supporting Table SA34c Repairs and maintenance expenditure by asset class									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>972,855</b>	<b>905,805</b>	<b>1,167,721</b>	<b>2,162,937</b>	<b>2,187,990</b>	<b>2,175,209</b>	<b>2,467,221</b>	<b>2,713,943</b>	<b>3,020,957</b>
Roads Infrastructure	240,419	139,083	262,839	537,707	589,702	586,706	776,939	854,633	959,481
<i>Roads</i>	240,419	139,083	262,839	537,707	589,702	586,706	776,939	854,633	959,481
Storm water Infrastructure	8,554	21,181	43,794	55,826	56,926	56,436	30,812	33,893	38,299
<i>Drainage Collection</i>									
<i>Storm water Conveyance Attenuation</i>	8,554	21,181	43,794	55,826	56,926	56,436	30,812	33,893	38,299
Electrical Infrastructure	465,127	526,489	584,083	948,415	918,480	913,432	1,000,142	1,100,157	1,215,963
<i>Power Plants</i>	448,503	511,542	529,860	889,878	859,943	855,609	922,193	1,014,412	1,120,945
<i>HV Substations</i>	16,624	14,947	54,222	58,536	58,536	57,824	77,949	85,744	95,018
Water Supply Infrastructure	113,380	85,078	116,998	398,543	401,087	397,772	363,315	399,647	444,796
<i>Distribution</i>	113,380	85,078	116,998	398,543	401,087	397,772	363,315	399,647	444,796
<i>Distribution Points</i>									
<i>PRV Stations</i>									
<i>Capital Spares</i>									
Sanitation Infrastructure	89,576	78,273	107,918	161,305	160,654	159,721	240,778	264,856	293,761
<i>Pump Station</i>									
<i>Reticulation</i>	89,576	78,273	107,918	161,305	160,654	159,721	240,778	264,856	293,761
<i>Capital Spares</i>									
Solid Waste Infrastructure	55,799	55,702	52,090	61,142	61,142	61,142	55,234	60,757	68,655
<i>Landfill Sites</i>	55,799	55,702	52,090	61,142	61,142	61,142	55,234	60,757	68,655
<b>Community Assets</b>	<b>50,070</b>	<b>59,823</b>	<b>93,593</b>	<b>111,609</b>	<b>97,892</b>	<b>97,274</b>	<b>87,143</b>	<b>95,856</b>	<b>108,198</b>
Community Facilities	46,444	56,582	87,924	108,038	94,241	93,671	83,754	92,128	103,986
<i>Halls</i>	4,983	5,212	5,110	6,457	5,994	5,942	6,144	6,758	7,637
<i>Centres</i>	461	286	1,604	1,569	1,266	1,272	108	118	134
<i>Clinics/Care Centres</i>	337	566	1,058	1,152	1,465	1,451	1,711	1,882	2,124
<i>Fire/Ambulance Stations</i>	13,517	15,683	16,871	18,462	13,584	13,407	19,029	20,932	23,653
<i>Testing Stations</i>									
<i>Museums</i>	109	237	832	946	921	916	751	826	933
<i>Libraries</i>	734	619	962	1,227	1,107	1,218	3,862	4,248	4,801
<i>Cemeteries/Crematoria</i>			10,905	12,558	12,833	12,809	5,879	6,467	7,308
<i>Police</i>	318	-	-	343	343	339	4,089	4,497	4,967
<i>Purls</i>									
<i>Public Open Space</i>	14,490	18,461	29,508	29,535	34,348	34,019	42,181	46,399	52,431
<i>Taxi Ranks/Bus Terminals</i>	11,496	15,519	21,077	35,789	22,379	22,298			
Sport and Recreation Facilities	3,626	3,241	5,669	3,571	3,652	3,604	3,389	3,728	4,212
<i>Indoor Facilities</i>	430	514	740	819	893	881	909	1,000	1,130
<i>Outdoor Facilities</i>	3,088	2,607	4,836	2,642	2,648	2,614	2,479	2,727	3,082
<i>Capital Spares</i>	108	120	93	110	110	109			
<i>Other</i>	1	1	1	1	1	1	1	1	1
<b>Heritage assets</b>	<b>109,921</b>	<b>154,177</b>	<b>132,252</b>	<b>252,238</b>	<b>283,115</b>	<b>281,632</b>	<b>394,243</b>	<b>439,048</b>	<b>493,414</b>
Other Heritage	109,921	154,177	132,252	252,238	283,115	281,632	394,243	439,048	493,414
<b>Investment properties</b>	<b>26,772</b>	<b>21,730</b>	<b>21,593</b>	<b>31,942</b>	<b>31,942</b>	<b>31,942</b>	<b>32,243</b>	<b>35,467</b>	<b>39,014</b>
Non-revenue Generating	26,772	21,730	21,593	31,942	31,942	31,942	32,243	35,467	39,014
<i>Improved Property</i>	26,772	21,730	21,593	31,942	31,942	31,942	32,243	35,467	39,014
<i>Unimproved Property</i>									
<b>Other assets</b>	<b>15,655</b>	<b>18,111</b>	<b>25,375</b>	<b>25,374</b>	<b>30,357</b>	<b>30,151</b>	<b>138,366</b>	<b>68,586</b>	<b>74,770</b>
Operational Buildings	-	-	-	-	-	-	681	750	847
<i>Municipal Offices</i>							681	750	847
Housing	15,655	18,111	25,375	25,374	30,357	30,151	137,684	67,836	73,923
<i>Staff Housing</i>									
<i>Social Housing</i>	15,655	18,111	25,375	25,374	30,357	30,151	137,684	67,836	73,923
<b>Computer Equipment</b>	<b>48,763</b>	<b>57,338</b>	<b>89,085</b>	<b>108,200</b>	<b>108,200</b>	<b>106,900</b>	<b>142,229</b>	<b>156,452</b>	<b>176,791</b>
Computer Equipment	48,763	57,338	89,085	108,200	108,200	106,900	142,229	156,452	176,791
<b>Furniture and Office Equipment</b>	<b>18,749</b>	<b>16,997</b>	<b>21,368</b>	<b>27,263</b>	<b>28,780</b>	<b>28,871</b>	<b>27,950</b>	<b>30,705</b>	<b>34,688</b>
Furniture and Office Equipment	18,749	16,997	21,368	27,263	28,780	28,871	27,950	30,705	34,688
<b>Machinery and Equipment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Machinery and Equipment	-	-	-	-	-	-	-	-	-
<b>Transport Assets</b>	<b>93,497</b>	<b>94,400</b>	<b>109,864</b>	<b>214,602</b>	<b>207,364</b>	<b>206,034</b>	<b>229,612</b>	<b>252,564</b>	<b>283,766</b>
Transport Assets	93,497	94,400	109,864	214,602	207,364	206,034	229,612	252,564	283,766
<b>Total Repairs and Maintenance Expenditure</b>	<b>1,336,283</b>	<b>1,328,381</b>	<b>1,660,851</b>	<b>2,934,165</b>	<b>2,975,641</b>	<b>2,958,013</b>	<b>3,519,006</b>	<b>3,792,620</b>	<b>4,231,597</b>

**Table 93 MBRR SA34e - Capital expenditure on the upgrading on the existing assets by asset class**

EKU Ekurhuleni Metro - Supporting Table SA34e Capital expenditure on the upgrading of existing assets by asset class									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term		
	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
<b>Capital expenditure on upgrading of existing assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	-	-	-	-	-	-	<b>251,750</b>	<b>311,000</b>	<b>369,900</b>
Roads Infrastructure	-	-	-	-	-	-	41,500	55,500	21,000
<i>Roads</i>							41,500	55,500	21,000
Storm water Infrastructure	-	-	-	-	-	-	42,750	29,500	25,700
<i>Drainage Collection</i>							42,750	29,500	25,700
Electrical Infrastructure	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	-	-	-	-	-	-	52,000	90,000	195,000
<i>Distribution</i>							52,000	90,000	195,000
Sanitation Infrastructure	-	-	-	-	-	-	80,500	80,000	50,000
<i>Pump Station</i>									
<i>Reticulation</i>							80,500	80,000	50,000
<i>Waste Water Treatment Works</i>									
<i>Outfall Sewers</i>									
<i>Toilet Facilities</i>									
<i>Capital Spares</i>									
Solid Waste Infrastructure	-	-	-	-	-	-	25,000	44,000	65,000
<i>Landfill Sites</i>							25,000	44,000	65,000
Information and Communication Infra	-	-	-	-	-	-	10,000	12,000	13,200
<i>Data Centres</i>							10,000	12,000	13,200
<b>Community Assets</b>	-	-	-	-	-	-	<b>89,300</b>	<b>174,250</b>	<b>174,100</b>
Community Facilities	-	-	-	-	-	-	56,300	118,050	95,600
<i>Halls</i>							2,000	-	1,000
<i>Clinics/Care Centres</i>							1,000	20,000	24,000
<i>Fire/Ambulance Stations</i>							500	500	1,500
<i>Libraries</i>							10,000	-	1,500
<i>Cemeteries/Crematoria</i>							23,000	43,000	47,000
<i>Public Open Space</i>							19,800	54,550	20,600
Sport and Recreation Facilities	-	-	-	-	-	-	33,000	56,200	78,500
<i>Indoor Facilities</i>							4,000	6,000	15,000
<i>Outdoor Facilities</i>							29,000	50,200	63,500
<b>Investment properties</b>	-	-	-	-	-	-	<b>91,000</b>	<b>15,611</b>	<b>10,000</b>
Revenue Generating	-	-	-	-	-	-	91,000	15,611	10,000
<i>Improved Property</i>							91,000	15,611	10,000
<b>Other assets</b>	-	-	-	-	-	-	<b>98,646</b>	<b>161,221</b>	<b>135,221</b>
Operational Buildings	-	-	-	-	-	-	98,646	161,221	135,221
<i>Municipal Offices</i>							93,146	161,221	135,221
<i>Depots</i>							5,500		
<i>Capital Spares</i>									
<b>Machinery and Equipment</b>	-	-	-	-	-	-	1,200	1,200	1,200
Machinery and Equipment							1,200	1,200	1,200
<b>Transport Assets</b>	-	-	-	-	-	-	61,500	117,000	108,000
Transport Assets							61,500	117,000	108,000
<b>Total Capital Expenditure on upgrading of existing assets</b>	-	-	-	-	-	-	<b>593,396</b>	<b>780,282</b>	<b>798,421</b>

**Table 94 MBRR SA35 - future financial implications of the Capital Budget**

EKU Ekurhuleni Metro - Supporting Table SA35 Future financial implications of the capital budget							
Vote Description R thousand	2017/18 Medium Term Revenue &			Forecasts			Present value
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	
<b>Capital expenditure</b>							
Vote 1 - Executive and Council	16,375	9,620	10,933	11,479	12,053	12,656	
Vote 2 - Finance and Corporate Services	1,483,368	1,431,834	1,557,171	1,635,029	1,716,781	1,802,620	
Vote 3 - Energy	717,700	717,200	745,151	782,409	821,529	862,605	
Vote 4 - Water and Sanitation	599,300	818,850	875,500	919,275	965,239	1,013,501	
Vote 5 - Waste Management	166,450	168,500	167,500	175,875	184,669	193,902	
Vote 6 - Human Settlements	1,001,526	1,087,712	1,293,467	1,358,140	1,426,047	1,497,349	
Vote 7 - City Planning	2,900	51,789	48,400	50,820	53,361	56,029	
Vote 8 - Economic Development	145,100	180,800	175,300	184,065	193,268	202,932	
Vote 9 - Disaster and Emergency Manage	211,770	192,500	142,000	149,100	156,555	164,383	
Vote 10 - Sports, Recreation, Arts & Cult	132,900	124,150	159,700	167,685	176,069	184,873	
Vote 11 - Health and Social Developmer	91,150	111,700	144,700	151,935	159,532	167,508	
Vote 12 - Environmental Resource Mana	167,000	320,950	345,200	362,460	380,583	399,612	
Vote 13 - Ekurhuleni Metropolitan Polic	149,000	114,500	95,000	99,750	104,738	109,974	
Vote 14 - Transport Planning & Provision	831,018	863,756	893,250	937,913	984,808	1,034,049	
Vote 15 - Roads and Stormwater	683,800	662,450	712,050	747,653	785,035	824,287	
<i>List entity summary if applicable</i>							
<b>Total Capital Expenditure</b>	<b>6,399,357</b>	<b>6,856,310</b>	<b>7,365,321</b>	<b>7,733,587</b>	<b>8,120,267</b>	<b>8,526,280</b>	<b>-</b>
<b>Net Financial Implications</b>	<b>6,399,357</b>	<b>6,856,310</b>	<b>7,365,321</b>	<b>7,733,587</b>	<b>8,120,267</b>	<b>8,526,280</b>	<b>-</b>

### 2.13 Detailed Capital Budget per municipal vote-

Detail expenditure per municipal vote has been attached as **Annexure F** as part of the MTREF budget document. The documents is in alignment with the municipal Budget and reporting regulations Table SA 36.

**Table 95 MBRR SA37 - Projects delayed from previous financial year**

Municipal Vote/Capital project	Ref.	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete Year	Current Year 2016/17		2017/18 Medium Term Revenue & Budget	
								Original Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19
<b>R thousand</b>	1,2										
<b>Parent municipality:</b>											
Energy		Esterpark substation	2278643642261	Infrastructure	HV Substations	-25,09785728,1987	2016/17	20000000	15000000	5000000	0
Health & Social Development		Extension & Upgrade Esangweni Clinic	3050641002630	Community	Clinic	-26,02241228,2007	2016/17	13000000	12000000	1000000	0
Health & Social Development		New TSIETSI Clinic Phomolo	3050641002230	Community	Clinic	-26,40844128,1648	2016/17	5000000	3400000	1500000	0
Real Estate		Upgrade and renewal of Saa	4854641002461	Other Assets	Municipal Offices		2016/17	7000000	4800000	4000000	20000000
Roads and Stormwater		Reconstruct Roads North The	5030645202161	Infrastructure	Roads	-25,008651092328,1648	2016/17	680000	180000	2000000	0
Roads and Stormwater		Roads: Low Cost Housing: Ea	4930645202X30	Infrastructure	Roads		2016/17	3000000	2250000	4000000	4000000
Roads and Stormwater		Roads: Low Cost Housing: Ea	4930645202030	Infrastructure	Roads	-26,38690228,4019	2016/17	3000000	1800000	4000000	4000000
Roads and Stormwater		SW Minor (N) Ossewa Subst	4930645202G61	Infrastructure	Drainage Collection	-26,068927075628,1648	2016/17	1000000	500000	1000000	0
Roads and Stormwater		SW Upgrades (S) - SW in Maj	5078645202F30	Infrastructure	Drainage Collection	-26,32436928,1996	2016/17	1700000	1100000	3000000	5000000
Roads and Stormwater		Tertiary Rds: (N) Tswelopele	5030645202161	Infrastructure	Drainage Collection		2016/17	800000	300000	800000	0
SRAC		Upgrade Olympia Park swimi	6194641002111	Community	Recreational Facilities		2016/17	3000000	900000	5000000	10000000
Transport		Construction of public transp	6382642002161	Community	Taxi Ranks/Bus Terminals	-26,15282728,4164	2016/17	25000000	2000000	5000000	10000000
Water & Sanitation		Springs Depot	6858641002461	Other Assets	Depots	-26,25820928,4310	2016/17	5000000	2000000	1500000	0
Water & Sanitation		Tembisa Depot	6858641002361	Other Assets	Depots	-26,01851328,2175	2016/17	5000000	2000000	5000000	8000000
Water & Sanitation		Russel Rd Bulk Water	6858644902A30	Infrastructure	Sanitation Retoulution	-26,24315928,1636	2016/17	5000000	1500000	5000000	0

## **2.14 Legislation compliance status**

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

### **2.13.1 In- year reporting**

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the metro's website.

### **2.13.2 Internship programme**

The metro has been participating since 2008 actively in the Municipal Financial Management Internship Programme. The programme started with five interns undergoing training in various divisions of the Financial Services Department.

Ten interns were appointed in October 2014 for a period of 24 months ending September 2016. These interns are funded by National Treasury (NT) with a R100 000.00 per intern per annum. The Finance Department is currently paying the interns R14700.00 (accountant level) per month, which according to NT is incorrect and should be corrected. The national stipend for interns is +/-R5100pm. Training of the interns should be included in the R100 000.00 allocated for each intern. This will be rectified in the future. The training of the interns will now be funded internally.

Finance Department also appointed 10 experiential trainees (Youth) from September 2014 for a period of 12 months. The trainees are placed in all sections within the department to gain relevant experience. The trainees are currently on Municipal Finance and Administration (MFA) training for 10 months which is funded by LG Seta.

### **2.13.3 Budget and Treasury Office**

The Budget and Treasury Office has been established in accordance with the MFMA.

### **2.13.4 Audit Committee**

An Audit Committee has been established and is fully functional.

### **2.13.5 Service Delivery and Implementation Plan**

Council compiled a detailed SDBIP document in 2017/18 MTREF. The detailed SDBIP is reflected in MBRR Schedule SA7 of the report.

### **2.13.6 Annual Report**

Annual report is compiled in terms of the MFMA and National Treasury requirements.

### **2.13.7 MFMA Training**

The MFMA training module in electronic format is presented at the metro's internal centre and training is ongoing.

### **2.13.8 Policies**

An amendment of the Municipal Property Rates Regulations as published in government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the regulations have been complied with.

## 2.15 Other supporting documents

Table 96 MBRR Table SA1 - Supporting detail to budgeted financial performance

EKU Ekurhuleni Metro - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>											
<b>REVENUE ITEMS:</b>											
<b>Property rates</b>											
Total Property Rates	6	4,043,486	4,366,439	4,685,093	5,298,765	5,298,765	5,275,450	5,275,450	5,216,256	5,737,881	6,307,827
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>		615,776	673,053	738,434	637,481	637,481	637,481	637,481	127,926	136,880	146,462
<b>Net Property Rates</b>		<b>3,427,709</b>	<b>3,693,387</b>	<b>3,946,659</b>	<b>4,661,284</b>	<b>4,661,284</b>	<b>4,637,970</b>	<b>4,637,970</b>	<b>5,088,330</b>	<b>5,601,001</b>	<b>6,161,365</b>
<b>Service charges - electricity revenue</b>											
Total Service charges - electricity revenue	6	10,394,177	11,255,135	13,136,623	15,107,844	14,995,756	14,852,483	13,315,364	13,027,720	14,327,264	15,756,488
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>				254,226	317,081	317,081	317,081				
<i>less Cost of Free Basis Services (30 kWh per indigent household per month)</i>		35,508	39,501	1,058,228	1,332,126	1,220,038	1,220,038		-	-	-
<b>Net Service charges - electricity revenue</b>		<b>10,358,669</b>	<b>11,215,634</b>	<b>11,824,170</b>	<b>13,458,637</b>	<b>13,458,637</b>	<b>13,315,364</b>	<b>13,315,364</b>	<b>13,027,720</b>	<b>14,327,264</b>	<b>15,756,488</b>
<b>Service charges - water revenue</b>											
Total Service charges - water revenue	6	3,235,293	3,686,669	4,035,331	5,245,936	5,116,689	5,068,105	4,212,303	4,087,720	4,492,404	4,937,228
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>		349,416	353,275	418,454	418,806	409,924	409,924				
<i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>		309,505	362,728	399,710	566,241	445,878	445,878		-	-	-
<b>Net Service charges - water revenue</b>		<b>2,576,373</b>	<b>2,970,665</b>	<b>3,217,167</b>	<b>4,260,889</b>	<b>4,260,888</b>	<b>4,212,303</b>	<b>4,212,303</b>	<b>4,087,720</b>	<b>4,492,404</b>	<b>4,937,228</b>
<b>Service charges - sanitation revenue</b>											
Total Service charges - sanitation revenue		1,284,674	1,427,248	1,592,236	2,165,737	2,237,228	2,279,461	1,688,507	1,355,300	1,463,724	1,580,822
<i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>		259,066	267,046	303,013	298,857	298,857	298,857				
<i>less Cost of Free Basis Services (free sanitation service to indigent households)</i>		130,152	155,058	234,555	220,607	292,097	292,097		-	-	-
<b>Net Service charges - sanitation revenue</b>		<b>895,456</b>	<b>1,005,144</b>	<b>1,054,668</b>	<b>1,646,274</b>	<b>1,646,274</b>	<b>1,688,507</b>	<b>1,688,507</b>	<b>1,355,300</b>	<b>1,463,724</b>	<b>1,580,822</b>
<b>Service charges - refuse revenue</b>											
Total refuse removal revenue	6	1,005,652	1,083,979	1,175,509	1,743,276	1,740,052	1,705,702	1,452,359	1,214,668	1,307,061	1,406,545
Total landfill revenue											
<i>(removed once a week to indigent)</i>		43,000	43,000	214,061	256,567	253,343	253,343		-	-	-
<b>Net Service charges - refuse revenue</b>		<b>962,652</b>	<b>1,040,979</b>	<b>961,447</b>	<b>1,486,709</b>	<b>1,486,709</b>	<b>1,452,359</b>	<b>1,452,359</b>	<b>1,214,668</b>	<b>1,307,061</b>	<b>1,406,545</b>
<b>Other Revenue by source</b>											
Fuel Levy		-	-	-	1,625,872	1,625,872	1,625,872	1,625,872	-	-	-
Other Revenue		97,021	193,547	160,717	90,812	90,812	39,959	39,959	89,354	94,626	100,333
<b>Total 'Other' Revenue</b>	1	<b>97,021</b>	<b>193,547</b>	<b>160,717</b>	<b>1,716,684</b>	<b>1,716,684</b>	<b>1,665,831</b>	<b>1,665,831</b>	<b>89,354</b>	<b>94,626</b>	<b>100,333</b>

**CITY OF EKURHULENI – FINAL BUDGET 2017/18 TO 2019/20**

EKU Ekurhuleni Metro – Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
<b>EXPENDITURE ITEMS:</b>										
<b>Employee related costs</b>										
Basic Salaries and Wages	3,743,561	4,069,358	3,997,824	4,479,252	4,196,827	4,111,476	4,111,476	4,759,589	5,014,384	5,326,236
Pension and UIF Contributions	669,968	720,311	718,555	837,887	929,535	891,797	891,797	1,033,199	1,104,490	1,179,595
Medical Aid Contributions	520,717	427,026	668,413	453,114	372,599	357,085	357,085	425,300	454,646	485,562
Overtime	471,338	512,118	638,657	409,439	410,096	402,919	402,919	472,500	505,103	539,450
Performance Bonus	-	-	-	7,556	7,556	5,667	5,667	4,486	4,796	5,122
Motor Vehicle Allowance	-	-	208,394	223,056	223,056	218,494	218,494	255,576	273,211	291,789
Cellphone Allowance	13,589	16,833	17,384	17,128	17,158	16,620	16,620	18,509	19,786	21,132
Housing Allowances	-	-	57,074	59,145	59,145	58,070	58,070	73,961	79,064	84,441
Other benefits and allowances	-	-	-	-	-	-	-	-	-	-
Payments in lieu of leave	-	-	105,370	185,896	185,896	182,091	182,091	230,916	246,850	263,635
Long service awards	46,364	(89,109)	(5,541)	19,671	19,671	19,327	19,327	20,851	22,290	23,805
Post-retirement benefit obligations	-	-	-	-	-	-	-	10,903	11,656	12,448
<i>sub-total</i>	<b>5,465,538</b>	<b>5,656,536</b>	<b>6,406,130</b>	<b>6,692,144</b>	<b>6,421,538</b>	<b>6,263,546</b>	<b>6,263,546</b>	<b>7,305,791</b>	<b>7,736,274</b>	<b>8,233,215</b>
Less: Employees costs capitalised to PPE	33,402	69,186	67,709	176,696	176,696	176,696	176,696	175,399	187,501	200,251
<b>Total Employee related costs</b>	<b>5,432,135</b>	<b>5,587,350</b>	<b>6,338,421</b>	<b>6,515,448</b>	<b>6,244,842</b>	<b>6,086,850</b>	<b>6,086,850</b>	<b>7,130,392</b>	<b>7,548,773</b>	<b>8,032,963</b>
<b>Contributions recognised - capital</b>										
<i>List contributions by contract</i>										
<b>Total Contributions recognised - capital</b>	-	-	-	-	-	-	-	-	-	-
<b>Depreciation &amp; asset impairment</b>										
Depreciation of Property, Plant & Equipment	1,910,672	1,869,308	1,944,959	1,795,168	1,795,168	1,793,405	1,793,405	1,991,316	2,371,930	2,730,111
Lease amortisation	13,175	9,989	275	10,178	10,178	10,178	10,178	10,483	11,007	11,557
Capital asset impairment	55,075	178,083	-	-	-	-	-	-	-	-
Depreciation resulting from revaluation of	-	-	-	-	-	-	-	-	-	-
<b>Total Depreciation &amp; asset impairment</b>	<b>1,978,922</b>	<b>2,057,381</b>	<b>1,945,234</b>	<b>1,805,346</b>	<b>1,805,346</b>	<b>1,803,583</b>	<b>1,803,583</b>	<b>2,001,799</b>	<b>2,382,937</b>	<b>2,741,668</b>
<b>Bulk purchases</b>										
Electricity Bulk Purchases	7,039,344	7,505,403	8,560,732	9,084,096	9,084,096	9,084,096	9,084,096	9,193,632	10,112,995	11,124,295
Water Bulk Purchases	2,446,366	2,713,105	3,101,424	3,404,927	3,404,855	3,258,439	3,258,439	3,724,696	4,022,672	4,344,486
<b>Total bulk purchases</b>	<b>9,485,711</b>	<b>10,218,508</b>	<b>11,662,156</b>	<b>12,489,022</b>	<b>12,488,950</b>	<b>12,342,535</b>	<b>12,342,535</b>	<b>12,918,328</b>	<b>14,135,667</b>	<b>15,468,781</b>
<b>Transfers and grants</b>										
Cash transfers and grants	606,086	557,437	568,811	735,737	913,563	908,552	908,552	656,953	703,801	743,393
Non-cash transfers and grants	454,358	610,122	527,666	1,205,581	1,212,172	1,212,172	1,212,172	460,198	482,069	516,226
<b>Total transfers and grants</b>	<b>1,060,444</b>	<b>1,167,559</b>	<b>1,096,477</b>	<b>1,941,318</b>	<b>2,125,735</b>	<b>2,120,724</b>	<b>2,120,724</b>	<b>1,117,152</b>	<b>1,185,870</b>	<b>1,259,619</b>
<b>Contracted services</b>										
<i>List services provided by contract</i>										
<b>Other Expenditure By Type</b>	685,925	714,568	856,564	1,074,371	1,132,380	1,090,869	1,090,869	1,220,002	1,294,966	1,409,418
Collection costs	153,335	148,107	116,163	173,961	173,661	170,415	170,415	146,563	161,073	177,180
Contributions to 'other' provisions	-	-	-	-	-	-	-	-	-	-
Consultant fees	136,591	125,011	131,949	193,578	224,181	217,793	217,793	99,412	109,254	120,179
Audit fees	18,921	19,529	20,932	23,000	23,000	22,264	22,264	19,171	21,069	23,176
General expenses	239,277	371,139	313,722	413,652	468,293	459,704	459,704	383,169	414,475	450,135
<i>Rental of Equipment</i>	365	217	255	288	318	305	305	438	482	530
<i>Vehicle - Fuel</i>	147,640	135,524	136,138	160,379	159,694	154,584	154,584	148,629	163,343	179,677
<i>Service Connections</i>	53,064	62,888	57,722	77,494	76,494	75,500	75,500	75,915	81,342	87,154
<i>Special Events</i>	110,910	89,173	106,662	121,447	139,053	139,613	139,613	112,574	123,719	135,819
<i>Telephone</i>	44,219	46,262	58,331	45,198	45,198	43,752	43,752	37,961	41,720	45,892
<i>License Software</i>	37,428	38,673	44,926	113,248	111,315	107,753	107,753	129,930	137,596	145,577
<i>Printing &amp; Stationery</i>	37,882	43,599	51,391	40,331	43,621	43,787	43,787	36,177	39,754	43,724
<i>Insurance Premium</i>	20,390	26,335	24,321	34,716	34,716	33,605	33,605	33,278	36,572	40,229
<i>Training Claimable</i>	22,212	17,212	11,417	39,529	37,869	37,867	37,867	48,672	53,491	58,840
<i>Refuse Bins Bags &amp; Containers</i>	26,148	44,325	61,353	54,231	54,216	54,216	54,216	45,005	49,460	54,406
<i>Land Invasion Relocation</i>	8,329	3,515	4,781	16,000	22,750	22,022	22,022	28,735	31,580	34,738
<i>Community Development Projects</i>	5,340	20,385	23,818	37,189	110,678	109,913	109,913	68,070	28,269	31,051
<i>Uniforms &amp; Protective Clothing</i>	33,969	34,571	56,698	62,610	68,466	66,275	66,275	56,695	62,307	68,538
<i>Hire of Vehicles</i>	285	11,558	22,812	3,849	3,739	3,397	3,397	3,184	3,499	3,849
<i>Postage</i>	21,620	22,056	24,870	33,409	31,759	30,743	30,743	19,973	21,950	24,145
<i>Rental of Buildings &amp; Facilities</i>	15,540	15,989	16,509	21,828	30,487	29,137	29,137	31,766	34,990	38,441
<i>Community Based Programmes</i>	30,229	93,291	84,625	120,458	87,958	87,958	87,958	5,659	6,219	6,841
<i>General Consumables</i>	28,703	32,597	34,374	20,301	24,072	24,230	24,230	18,123	19,917	21,909
<i>Software Development</i>	738	3,256	8,602	12,909	10,909	10,560	10,560	14,724	16,181	17,799
<i>Membership Fees</i>	12,029	11,955	15,081	14,480	14,482	14,018	14,018	12,133	13,334	14,667
<i>Network Extensions</i>	12,191	11,366	8,938	19,183	94,649	94,539	94,539	65,854	67,184	68,670
<i>Operational Grants and Internal Charges</i>	-	-	93,526	1,492,453	1,234,946	1,213,487	1,213,487	156,973	172,454	169,117
<b>Total 'Other' Expenditure</b>	<b>1,217,356</b>	<b>1,428,532</b>	<b>1,529,914</b>	<b>3,345,719</b>	<b>3,326,524</b>	<b>3,267,437</b>	<b>3,267,437</b>	<b>1,798,784</b>	<b>1,911,236</b>	<b>2,062,284</b>

**Table 97 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)**

R thousand	Vote 1 - Executive	Vote 2 - Finance and	Vote 3 - Energy	Vote 4 - Water and	Vote 5 - Waste	Vote 6 - Human	Vote 7 - City Planning	Vote 8 - Economic	Vote 9 - Disaster and	Vote 10 - Sports,	Vote 11 - Health and	Vote 12 - Environmen	Vote 13 - Ekurhuleni	Vote 14 - Transport	Vote 15 - Roads and	Total
<b>Revenue By Source</b>																
Property rates	-	5,107,451	(751)	(347)	(341)	(4,753)	(11)	(16)	(3,409)	(1,047)	(7,977)	-	(46)	(42)	(382)	5,088,330
Service charges - electricity rever	-	(26,006)	13,123,384	(1,337)	(3,020)	(34,849)	(46)	(11)	(11,797)	(10,470)	(2,124)	-	(690)	(1,902)	(3,424)	13,027,720
Service charges - water revenue	-	(8,454)	(432)	4,127,215	(780)	(19,829)	(9)	-	(1,959)	(5,734)	(1,669)	-	(232)	(147)	(250)	4,087,720
Service charges - sanitation rever	-	(5,576)	(333)	1,383,512	(83)	(17,140)	-	-	(637)	(3,350)	(583)	-	(37)	(435)	(38)	1,355,300
Service charges - refuse revenue	-	(3,313)	(25,505)	(25,971)	1,282,528	(9,258)	-	(397)	(1,617)	(1,180)	(272)	-	(183)	(58)	(107)	1,214,668
Service charges - other	-	-	-	-	-	-	-	21,067	15,548	118	-	31,719	-	52,049	1,980	122,479
Rental of facilities and equipment	-	20,829	-	-	-	42,892	-	2,176	0	7,672	-	734	-	-	58	74,361
Interest earned - external invest	-	389,824	-	-	-	4,176	-	27	-	-	-	-	-	-	-	394,026
Interest earned - outstanding det	-	28,414	80,000	-	65,805	-	-	-	-	-	-	-	-	-	-	468,086
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	239,222	7,562	173	-	-	-	-	-	376	-	-	155,260	-	-	402,592
Licences and permits	-	6,411	-	-	-	-	38,550	-	6,052	-	443	-	-	0	-	51,456
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	-	32,912	17,088	15,353	3	-	3,575	3	983	1,031	3,647	1,307	1,077	9,663	25,739	319,873
Transfers and subsidies	-	2,258,970	492,442	1,508,321	506,697	227,782	-	44,718	158,155	4,800	143,170	-	-	40,000	21,000	5,406,054
Gains on disposal of PPE	-	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	5,000
<b>Total Revenue (excluding capital t</b>	<b>-</b>	<b>8,045,684</b>	<b>13,693,455</b>	<b>7,300,787</b>	<b>1,850,809</b>	<b>189,022</b>	<b>42,059</b>	<b>67,578</b>	<b>161,319</b>	<b>(7,785)</b>	<b>134,636</b>	<b>33,760</b>	<b>155,149</b>	<b>419,000</b>	<b>44,576</b>	<b>32,130,048</b>
<b>Expenditure By Type</b>																
Employee related costs	261,929	1,574,139	105,188	154,255	511,608	108,790	201,452	102,187	750,689	452,984	861,973	520,221	1,111,332	349,724	63,919	7,130,392
Remuneration of councillors	130,316	-	-	-	90,416	2,574	-	-	-	-	-	-	-	-	-	130,316
Debt impairment	-	434,622	804,303	209,035	90,416	2,574	-	-	-	-	-	-	-	-	-	1,540,949
Depreciation on & asset impairment	1,168	239,047	490,387	130,245	43,832	52,310	1,036	4,444	22,635	109,458	30,260	25,808	-	-	851,170	2,001,799
Finance charges	-	231,238	173,152	57,999	91,477	138,803	-	-	-	-	45,540	-	-	-	-	738,209
Bulk purchases	-	-	9,193,632	3,724,696	-	-	-	-	-	-	-	-	-	-	-	12,918,328
Other materials	1,223	377,863	1,091,577	605,099	117,106	194,984	37,320	4,970	39,054	39,287	12,117	97,587	30,378	45,487	824,952	3,519,006
Contracted services	2,070	206,165	148,719	33,896	267,587	4,389	55,748	-	407	6,954	3,701	80,206	264,752	145,258	150	1,220,002
Transfers and subsidies	26,272	424,894	136,487	441,505	15,000	8,000	-	61,301	47,582	48,692	51,806	55,630	68,438	36,209	44,179	1,117,152
Other expenditure	102,134	(722,500)	1,062,488	455,515	267,668	196,062	11,588	73,293	47,582	-	-	-	-	-	-	1,798,784
Loss on disposal of PPE	-	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	15,000
<b>Total Expenditure</b>	<b>525,111</b>	<b>2,780,469</b>	<b>13,205,934</b>	<b>5,812,245</b>	<b>1,404,693</b>	<b>705,913</b>	<b>307,143</b>	<b>246,196</b>	<b>860,368</b>	<b>657,375</b>	<b>1,009,092</b>	<b>779,452</b>	<b>1,474,900</b>	<b>576,677</b>	<b>1,784,369</b>	<b>32,129,938</b>
<b>Surplus/(Deficit)</b>	<b>(525,111)</b>	<b>5,265,215</b>	<b>487,521</b>	<b>1,488,542</b>	<b>446,116</b>	<b>(516,891)</b>	<b>(265,085)</b>	<b>(178,617)</b>	<b>(699,049)</b>	<b>(665,160)</b>	<b>(874,456)</b>	<b>(745,693)</b>	<b>(1,319,751)</b>	<b>(157,677)</b>	<b>(1,739,793)</b>	<b>110</b>
Transfers and subsidies - capital (monetary allocations) (National/Provincial and District)	-	200,000	274,000	117,500	6,000	920,356	-	-	-	9,000	-	-	-	660,718	116,090	2,303,664
Transfers and subsidies - capital (monetary allocations) (National/Provincial and District)	(525,111)	5,465,215	761,521	1,606,042	452,116	403,465	(265,085)	(178,617)	(699,049)	(656,160)	(874,456)	(745,693)	(1,319,751)	503,041	(1,623,703)	2,303,775
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(525,111)</b>	<b>5,465,215</b>	<b>761,521</b>	<b>1,606,042</b>	<b>452,116</b>	<b>403,465</b>	<b>(265,085)</b>	<b>(178,617)</b>	<b>(699,049)</b>	<b>(656,160)</b>	<b>(874,456)</b>	<b>(745,693)</b>	<b>(1,319,751)</b>	<b>503,041</b>	<b>(1,623,703)</b>	<b>2,303,775</b>



Table 98 MBRR Table SA3 – Supporting detail to Statement of Financial Position)

EKU Ekurhuleni Metro - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
<b>ASSETS</b>										
<b>Call investment deposits</b>										
Call deposits										
Other current investments	143,070	115,978	147,021	143,070	143,070	143,070	143,070	143,070	143,070	143,070
<b>Total Call investment deposits</b>	<b>143,070</b>	<b>115,978</b>	<b>147,021</b>	<b>143,070</b>	<b>143,070</b>	<b>143,070</b>	<b>143,070</b>	<b>143,070</b>	<b>143,070</b>	<b>143,070</b>
<b>Consumer debtors</b>										
Consumer debtors	12,831,564	13,531,146	13,222,638	14,456,573	14,456,573	14,456,573	14,456,573	15,842,558	15,770,625	15,725,419
Less: Provision for debt impairments	(8,371,490)	(9,144,329)	(7,966,251)	(10,000,887)	(10,000,887)	(10,000,887)	(10,000,887)	(11,584,733)	(11,695,602)	(11,814,232)
<b>Total Consumer debtors</b>	<b>4,460,073</b>	<b>4,386,818</b>	<b>5,256,387</b>	<b>4,455,686</b>	<b>4,455,686</b>	<b>4,455,686</b>	<b>4,455,686</b>	<b>4,257,825</b>	<b>4,075,024</b>	<b>3,911,187</b>
<b>Debt impairment provision</b>										
Balance at the beginning of the year	7,042,114	8,371,490	9,144,329	8,465,950	8,465,950	8,465,950	8,465,950	10,000,887	10,000,887	10,000,887
Contributions to the provision	1,335,385	2,164,385	1,447,472	1,534,937	1,534,937	1,534,937	1,534,937	1,583,845	1,694,714	1,813,344
Bad debts written off	(6,009)	(1,391,547)	(2,625,549)							
<b>Balance at end of year</b>	<b>8,371,490</b>	<b>9,144,329</b>	<b>7,966,251</b>	<b>10,000,887</b>	<b>10,000,887</b>	<b>10,000,887</b>	<b>10,000,887</b>	<b>11,584,733</b>	<b>11,695,602</b>	<b>11,814,232</b>
<b>Property, plant and equipment (PPE)</b>										
PPE at cost/valuation (excl. finan	55,791,159	57,975,634	61,455,348	61,365,581	62,125,894	62,125,894	62,125,894	68,102,398	74,401,021	80,986,176
Leases recognised as PPE										
Less: Accumulated depreciation	13,105,875	13,703,049	15,364,378	13,719,011	13,719,011	13,719,011	13,719,011	15,807,291	18,222,743	20,988,969
<b>Total Property, plant and equipme</b>	<b>42,685,284</b>	<b>44,272,586</b>	<b>46,090,970</b>	<b>47,646,570</b>	<b>48,406,883</b>	<b>48,406,883</b>	<b>48,406,883</b>	<b>52,295,108</b>	<b>56,178,278</b>	<b>59,997,208</b>
<b>LIABILITIES</b>										
<b>Current liabilities - Borrowing</b>										
Current portion of long-term liab	267,666	368,432	384,807	381,507	381,507	381,507	381,507	316,839	240,032	1,862,577
<b>Total Current liabilities - Borrowing</b>	<b>267,666</b>	<b>368,432</b>	<b>384,807</b>	<b>381,507</b>	<b>381,507</b>	<b>381,507</b>	<b>381,507</b>	<b>316,839</b>	<b>240,032</b>	<b>1,862,577</b>
<b>Trade and other payables</b>										
Trade and other creditors	4,982,055	5,345,409	6,627,731	4,853,108	6,853,108	6,853,108	6,853,108	7,479,039	8,017,163	8,639,412
Unspent conditional transfers	370,603	553,046	433,286							
<b>Total Trade and other payables</b>	<b>5,352,657</b>	<b>5,898,455</b>	<b>7,061,017</b>	<b>4,853,108</b>	<b>6,853,108</b>	<b>6,853,108</b>	<b>6,853,108</b>	<b>7,479,039</b>	<b>8,017,163</b>	<b>8,639,412</b>
<b>Non current liabilities - Borrowing</b>										
Borrowing	5,021,111	5,411,930	5,050,855	5,760,444	5,770,257	5,770,257	5,770,257	8,438,845	11,437,373	13,057,596
Finance leases (including PPP asset element)										
<b>Total Non current liabilities - Borro</b>	<b>5,021,111</b>	<b>5,411,930</b>	<b>5,050,855</b>	<b>5,760,444</b>	<b>5,770,257</b>	<b>5,770,257</b>	<b>5,770,257</b>	<b>8,438,845</b>	<b>11,437,373</b>	<b>13,057,596</b>
<b>Provisions - non-current</b>										
Retirement benefits	1,967,932	2,049,899	2,527,235	2,105,480	2,105,480	2,105,480	2,105,480	2,462,663	2,660,985	2,889,875
List other major provision items										
Refuse landfill site rehabilitatio	224,539	302,574	362,686	924,856	924,856	924,856	924,856	924,856	924,856	924,856
Other	637,476	546,729	584,025							
<b>Total Provisions - non-current</b>	<b>2,829,947</b>	<b>2,899,201</b>	<b>3,473,946</b>	<b>3,030,336</b>	<b>3,030,336</b>	<b>3,030,336</b>	<b>3,030,336</b>	<b>3,387,519</b>	<b>3,585,841</b>	<b>3,814,731</b>
<b>CHANGES IN NET ASSETS</b>										
<b>Accumulated Surplus/(Deficit)</b>										
Accumulated Surplus/(Deficit) - c	38,650,165	41,512,875	43,482,911	46,640,793	44,430,278	44,373,250	44,373,250	46,605,778	47,460,528	46,717,142
GRAP adjustments										
Restated balance	38,650,165	41,512,875	43,482,911	46,640,793	44,430,278	44,373,250	44,373,250	46,605,778	47,460,528	46,717,142
Surplus/(Deficit)	1,856,415	2,057,822	2,170,248	1,877,528	1,814,458	1,871,487	1,871,487	2,303,775	2,412,131	2,565,579
<b>Accumulated Surplus/(Deficit)</b>	<b>40,506,580</b>	<b>43,570,696</b>	<b>45,653,160</b>	<b>48,518,321</b>	<b>46,244,737</b>	<b>46,244,737</b>	<b>46,244,737</b>	<b>48,909,553</b>	<b>49,872,659</b>	<b>49,282,721</b>
<b>Total Reserves</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMMUNITY WEALTH/EQU</b>	<b>40,506,580</b>	<b>43,570,696</b>	<b>45,653,160</b>	<b>48,518,321</b>	<b>46,244,737</b>	<b>46,244,737</b>	<b>46,244,737</b>	<b>48,909,553</b>	<b>49,872,659</b>	<b>49,282,721</b>

**Table 99 MBRR Table SA9 – Social, economic and demographic statistics and assumptions**

EKU Ekurhuleni Metro - Supporting Table SA9 Social, economic and demographic statistics and assumptions												
Description of economic indicator	Ref	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
<b>Demographics</b>		Source Of data Census 2011 interactive data in super cross	2,480	2,724	3,178	3,379	3,485	3,603	3,712	3,823	3,938	4,056
Population		3.14% growth rate	200	220	225	240	247	255	263	271	279	287
Females aged 5 - 14			196	213	230	245	252	261	268	276	285	293
Females aged 15 - 34			489	502	640	680	702	726	748	770	793	817
Males aged 15 - 34			532	536	711	756	780	807	831	856	881	908
Unemployment			332	434	456	485	500	517	532	548	565	582
<b>Monthly household income (no. of households)</b>	1, 12	Source Of data Census 2011 interactive data in super cross	1,266	1,304	1,343	1,429	1,474	1,524	1,570	1,617	1,665	1,715
No income		3.14% growth rate	615	633	652	694	715	739	761	784	808	832
R1 - R1 600			242	250	257	273	282	292	301	310	319	329
R1 601 - R3 200			204	210	216	230	238	246	253	261	269	277
R3 201 - R6 400			163	168	173	185	190	196	202	208	214	221
R6 401 - R12 800			123	127	131	140	144	149	153	158	163	168
R12 801 - R25 600			52	53	55	59	607	628	647	666	686	707
R25 601 - R51 200			15	16	16	32	33	34	35	36	37	38
R52 201 - R102 400			5	5	5	5	6	6	6	6	7	7
R102 401 - R204 800			4	4	4	4	4	4	4	4	4	5
R204 801 - R409 600			-	-	-	-	-	-	-	-	-	-
R409 601 - R819 200			-	-	-	-	-	-	-	-	-	-
> R819 200			-	-	-	-	-	-	-	-	-	-
<b>Poverty profiles (no. of households)</b>												
< R2 060 per household per month	13		502	517	533	584.00	603.00	623.00	641.00	661.00	681.00	701.43
Insert description	2											
<b>Household/demographics (000)</b>												
Number of people in municipal area			2,996	3,085	3,178	3,380	3,486	3,605	3,713	3,713	3,939	4,057
Number of poor people in municipal area			957	985	1,015	1,080	1,114	1,152	1,186	1,186	1,259	1,296
Number of households in municipal area			502	517	533	584	603	623	642	642	681	701
Number of poor households in municipal area			<=R2300 P/M	<=R2300 P/M	<=R2300 P/M	<=2448 P/M	<=2524 P/M	<=2840P/M	<=3124P/M	<=3436P/M	<=3779P/M	<=4157P/M
Definition of poor household (R per month)												
<b>Housing statistics</b>	3		731	754	777	827	853	882	908	936	964	993
Formal			224	231	238	253	261	270	278	286	295	304
Informal			955	985	1,015	1,080	1,114	1,152	1,186	1,222	1,259	1,296
<b>Total number of households</b>	4											
Dwellings provided by municipality												
Dwellings provided by province/s	5											
Dwellings provided by private sector												
<b>Total new housing dwellings</b>			-	-	-	-	-	-	-	-	-	-

**CITY OF EKURHULENI – FINAL BUDGET 2017/18 TO 2019/20**

Eku Ekurhuleni Metro - Supporting Table SA9 Social, economic and demographic statistics and assumptions														
Description of economic indicator	Ref.	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		
<b>Detail on the provision of municipal services for A10</b>														
Total municipal services	Ref.					2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
		<b>Household service targets (000)</b>												
		<b>Water:</b>												
		Piped water inside dwelling	504,196	507,258	508,458	509,658	509,658	509,658	509,658	509,658	509,658	510,858	512,058	513,258
		Piped water inside yard (but not in d	176,357	381,762	381,762	381,762	381,762	381,762	381,762	381,762	381,762	381,762	381,762	381,762
	8	Using public tap (at least min.serv	143,716	119,217	119,217	119,217	119,217	119,317	119,417	119,417	119,417	119,417	119,417	119,417
	10	Other water supply (at least min.serv	2,211	2,211	2,211	-	-	-	-	-	-	-	-	-
		<i>Minimum Service Level and Above sub-total</i>	826,481	1,010,448	1,011,648	1,010,637	1,010,737	1,010,737	1,010,837	1,010,837	1,010,837	1,012,037	1,013,237	1,014,437
	9	Using public tap (< min.service level)	22,110	-	-	-	-	-	-	-	-	-	-	-
	10	Other water supply (< min.service lev	-	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311
		No water supply	-	-	-	-	-	-	-	-	-	-	-	-
		<i>Below Minimum Service Level sub-total</i>	22,110	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311
		<b>Total number of households</b>	<b>848,591</b>	<b>1,021,759</b>	<b>1,022,959</b>	<b>1,021,948</b>	<b>1,022,048</b>	<b>1,022,148</b>	<b>1,022,148</b>	<b>1,022,148</b>	<b>1,022,148</b>	<b>1,023,348</b>	<b>1,024,548</b>	<b>1,025,748</b>
		<b>Sanitation/sewerage:</b>												
		Flush toilet (connected to sewerage)	703,692	508,458	509,658	510,858	510,858	510,858	510,858	510,858	510,858	512,058	513,258	514,458
		Flush toilet (with septic tank)	3,429	3,429	3,429	3,429	3,429	3,429	3,429	3,429	3,429	3,429	3,429	3,429
		Chemical toilet	102,879	217,245	217,245	217,245	217,245	217,745	217,245	217,245	217,245	217,245	217,245	217,245
		Pit toilet (ventilated)	68,586	80,613	80,613	80,613	80,613	80,613	80,613	80,613	80,613	80,613	80,613	80,613
		Other toilet provisions (> min.service	-	179,824	179,824	179,824	179,824	179,824	179,824	179,824	179,824	179,824	179,824	179,824
		<i>Minimum Service Level and Above sub-total</i>	878,586	989,569	990,769	991,969	992,469	991,969	991,969	991,969	991,969	993,169	994,369	995,569
		Bucket toilet	-	-	-	-	-	-	-	-	-	-	-	-
		Other toilet provisions (< min.service	-	23,594	23,594	23,594	23,594	23,594	23,594	23,594	23,594	23,594	23,594	23,594
		No toilet provisions	-	11,806	11,806	11,806	11,806	11,806	11,806	11,806	11,806	11,806	11,806	11,806
		<i>Below Minimum Service Level sub-total</i>	-	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400
		<b>Total number of households</b>	<b>878,586</b>	<b>1,024,969</b>	<b>1,026,169</b>	<b>1,027,369</b>	<b>1,027,869</b>	<b>1,027,369</b>	<b>1,027,369</b>	<b>1,027,369</b>	<b>1,027,369</b>	<b>1,028,569</b>	<b>1,029,769</b>	<b>1,030,969</b>
		<b>Energy:</b>												
		Electricity (at least min.service level)	145,000	150,000	150,000	150,000	113,901	113,901	113,901	113,901	113,901	108,206	102,796	97,656
		Electricity - prepaid (min.service leve	405,000	394,101	394,101	398,042	442,337	442,337	442,337	442,337	442,337	454,007	465,995	478,311
		<i>Minimum Service Level and Above sub-total</i>	550,000	544,101	544,101	548,042	556,238	556,238	556,238	556,238	556,238	562,213	568,791	575,966
		Electricity (< min.service level)	-	-	-	-	-	-	-	-	-	-	-	-
		Electricity - prepaid (< min. service le	-	-	-	-	-	-	-	-	-	-	-	-
		Other energy sources	27,000	27,000	27,000	27,000	15,000	15,000	15,000	15,000	10,000	10,000	10,000	10,000
		<i>Below Minimum Service Level sub-total</i>	27,000	27,000	27,000	27,000	15,000	15,000	15,000	15,000	10,000	10,000	10,000	10,000
		<b>Total number of households</b>	<b>577,000</b>	<b>571,101</b>	<b>571,101</b>	<b>575,042</b>	<b>571,238</b>	<b>571,238</b>	<b>571,238</b>	<b>571,238</b>	<b>571,238</b>	<b>572,213</b>	<b>578,791</b>	<b>585,966</b>
		<b>Refuse:</b>												
		Removed at least once a week	768,544	652,498	652,498	668,158	674,385	674,385	674,385	674,385	674,385	681,000	687,000	694,000
		<i>Minimum Service Level and Above sub-total</i>	768,544	652,498	652,498	668,158	674,385	674,385	674,385	674,385	674,385	681,000	687,000	694,000
		Removed less frequently than once a	-	-	-	-	-	-	-	-	-	-	-	-
		Using communal refuse dump	187,468	164,699	164,699	164,699	164,399	164,399	164,399	164,399	164,399	164,399	164,399	164,399
		Using own refuse dump	-	-	-	-	-	-	-	-	-	-	-	-
		Other rubbish disposal	-	-	-	-	-	-	-	-	-	-	-	-
		No rubbish disposal	-	-	-	-	-	-	-	-	-	-	-	-
		<i>Below Minimum Service Level sub-total</i>	187,468	164,699	164,699	164,699	164,399	164,399	164,399	164,399	164,399	164,399	164,399	164,399
		<b>Total number of households</b>	<b>956,012</b>	<b>817,197</b>	<b>817,197</b>	<b>832,857</b>	<b>838,784</b>	<b>838,784</b>	<b>838,784</b>	<b>838,784</b>	<b>838,784</b>	<b>845,399</b>	<b>851,399</b>	<b>858,399</b>

CITY OF EKURHULENI – FINAL BUDGET 2017/18 TO 2019/20

EKU Ekurhuleni Metro - Supporting Table SA9 Social, economic and demographic statistics and assumptions												
Description of economic indicator	Ref.	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
Municipal in-house services	Ref.			2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
		<b>Household service targets (000)</b>										
		<b>Water:</b>										
		Piped water inside dwelling		504,196	507,258	508,458	509,658	509,658	509,658	510,858	512,058	513,258
		Piped water inside yard (but not in dwelling)		176,357	381,762	381,762	381,762	381,762	381,762	381,762	381,762	381,762
	8	Using public tap (at least min.service level)		143,716	119,217	119,217	119,217	119,317	119,417	119,417	119,417	119,417
	10	Other water supply (at least min.service level)		2,211	2,211	2,211	-	-	-	-	-	-
		<i>Minimum Service Level and Above sub-total</i>		826,481	1,010,448	1,011,648	1,010,637	1,010,737	1,010,837	1,012,037	1,013,237	1,014,437
	9	Using public tap (< min.service level)		22,110	-	-	-	-	-	-	-	-
	10	Other water supply (< min.service level)		-	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311
		No water supply		-	-	-	-	-	-	-	-	-
		<i>Below Minimum Service Level sub-total</i>		22,110	11,311	11,311	11,311	11,311	11,311	11,311	11,311	11,311
		<b>Total number of households</b>		<b>848,591</b>	<b>1,021,759</b>	<b>1,022,959</b>	<b>1,021,948</b>	<b>1,022,048</b>	<b>1,022,148</b>	<b>1,023,348</b>	<b>1,024,548</b>	<b>1,025,748</b>
		<b>Sanitation/sewerage:</b>										
		Flush toilet (connected to sewerage)		703,692	508,458	509,658	510,858	510,858	510,858	512,058	513,258	514,458
		Flush toilet (with septic tank)		3,429	3,429	3,429	3,429	3,429	3,429	3,429	3,429	3,429
		Chemical toilet		102,879	217,245	217,245	217,245	217,745	217,245	217,245	217,245	217,245
		Pit toilet (ventilated)		68,586	80,613	80,613	80,613	80,613	80,613	80,613	80,613	80,613
		Other toilet provisions (> min.service level)		-	179,824	179,824	179,824	179,824	179,824	179,824	179,824	179,824
		<i>Minimum Service Level and Above sub-total</i>		878,586	989,569	990,769	991,969	992,469	991,969	993,169	994,369	995,569
		Bucket toilet		-	-	-	-	-	-	-	-	-
		Other toilet provisions (< min.service level)		-	23,594	23,594	23,594	23,594	23,594	23,594	23,594	23,594
		No toilet provisions		-	11,806	11,806	11,806	11,806	11,806	11,806	11,806	11,806
		<i>Below Minimum Service Level sub-total</i>		-	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400
		<b>Total number of households</b>		<b>878,586</b>	<b>1,024,969</b>	<b>1,026,169</b>	<b>1,027,369</b>	<b>1,027,869</b>	<b>1,027,369</b>	<b>1,028,569</b>	<b>1,029,769</b>	<b>1,030,969</b>
		<b>Energy:</b>										
		Electricity (at least min.service level)		145,000	150,000	150,000	150,000	113,901	113,901	108,206	102,796	97,656
		Electricity - prepaid (min.service level)		405,000	394,101	394,101	398,042	442,337	442,337	454,007	465,995	478,311
		<i>Minimum Service Level and Above sub-total</i>		550,000	544,101	544,101	548,042	556,238	556,238	562,213	568,791	575,966
		Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
		Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
		Other energy sources		27,000	27,000	27,000	27,000	15,000	15,000	10,000	10,000	10,000
		<i>Below Minimum Service Level sub-total</i>		27,000	27,000	27,000	27,000	15,000	15,000	10,000	10,000	10,000
		<b>Total number of households</b>		<b>577,000</b>	<b>571,101</b>	<b>571,101</b>	<b>575,042</b>	<b>571,238</b>	<b>571,238</b>	<b>572,213</b>	<b>578,791</b>	<b>585,966</b>
		<b>Refuse:</b>										
		Removed at least once a week		768,544	652,498	652,498	668,158	674,385	674,385	681,000	687,000	694,000
		<i>Minimum Service Level and Above sub-total</i>		768,544	652,498	652,498	668,158	674,385	674,385	681,000	687,000	694,000
		Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
		Using communal refuse dump		187,468	164,699	164,699	164,699	164,399	164,399	164,399	164,399	164,399
		Using own refuse dump		-	-	-	-	-	-	-	-	-
		Other rubbish disposal		-	-	-	-	-	-	-	-	-
		No rubbish disposal		-	-	-	-	-	-	-	-	-
		<i>Below Minimum Service Level sub-total</i>		187,468	164,699	164,699	164,699	164,399	164,399	164,399	164,399	164,399
		<b>Total number of households</b>		<b>956,012</b>	<b>817,197</b>	<b>817,197</b>	<b>832,857</b>	<b>838,784</b>	<b>838,784</b>	<b>845,399</b>	<b>851,399</b>	<b>858,399</b>

Table 100 MBRR SA32 – List of external mechanisms

## 2.16 Implementation of MSCOA

In engagements during the 2016 calendar year, National Treasury indicated that there were 4 requirements for mSCOA compliance on the 1<sup>st</sup> of July 2017. The other deliverables, refinement, processes, seamless integration, entities and change management are only required after that.

There are, broadly, 4 sets of deliverables that are currently being worked on within City of Ekurhuleni (please note that this does not obviate the requirement for the other deliverables, but is merely a milestone set for the 1<sup>st</sup> of July 2017):

### 1. Hosting the mSCOA chart

It is a compliance requirement that the financial and HR systems host the full mSCOA chart. It is a further requirement that any other systems that host financial transactions and exchange information with the financial system, also host the full

mSCOA chart. The financial system is hosting the mSCOA chart, and has been doing so since 2015. There is work to be done before the 1<sup>st</sup> of July in ensuring that the chart is upgraded to the required version (version 6.1). The HR system is currently in the process of being made compliant; it is currently only hosting the short code instead of the full chart and is thus non-compliant. There are 27 systems affected by the second requirement. The work of making them mSCOA compliant has started and is expected to be completed as part of normal operational system changes.

## 2. mSCOA Budgeting

It is also a requirement that municipalities budget in mSCOA and that the final Budget due for finalization on the 25th of May 2017 be in version 6.1 of mSCOA. Budgeting in mSCOA is being done in the City of Ekurhuleni (CoE). The departments, however, are still being hand-held by the Budget Division to ensure compliance. The Budget is on course to be delivered on time and in the required version of the mSCOA format. The CoE will have to implement a budgeting tool in order to embed mSCOA budgeting within the organization and enable departments to do their own budgeting.

## 3. Transacting in mSCOA

CoE is required to be transacting in mSCOA version 6.1 from the 1<sup>st</sup> of July 2017. CoE is currently transacting in mSCOA version 5.4. There are plans to upgrade the version on the financial system to version 6.1 after the final budget is approved. The deadline is currently on course to be met.

## 4. Reporting in mSCOA

Similarly to transacting, CoE has been reporting in mSCOA since the 1<sup>st</sup> of July 2015. A monthly upload of all financial transaction performed at in the organization is uploaded to the National Treasury's testing database to ensure that CoE is conducting its transactions in mSCOA and doing so correctly. The change that will happen from the 1<sup>st</sup> of July is that the source of the reports will be the mSCOA 6.1. Version system and the database will similarly be checking compliance against version 6.1.

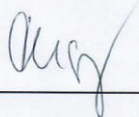
## 2.17 Municipal Manager's quality certificate



### City Manager's Quality Certificate

I **Imogen Mashazi**, City Manager of Ekurhuleni Metropolitan Municipality, hereby certify that the **2017/18** annual budget and supporting documentation have 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 of the municipality.

Signature: \_\_\_\_\_



Date: \_\_\_\_\_

18/05/2017

Name of City Manager:

**Dr IMOGEN MASHAZI**  
City Manager  
Ekurhuleni Metropolitan Municipality (GT000)