



2018/19 – 2020/21 BUDGET

TABLE OF CONTENTS

Item	Subject	Page
	TABLE OF CONTENTS	2
	LIST OF TABLES	3-4
	LIST OF FIGURES	4
	ABBREVIATIONS	5
	 PART 1 – ANNUAL BUDGET	 6
1.1	EXECUTIVE MAYOR'S FOREWORD – TABLING OF THE 2018/19 TO 2020/21 DRAFT BUDGET AND IDP FOR APPROVAL BY COUNCIL	6-9
1.2	COUNCIL RESOLUTIONS	10-11
1.3	EXECUTIVE SUMMARY	11-13
1.4	HISTORIC TARIFFS INCREASES	13-14
1.5	OPERATING REVENUE FRAMEWORK	14-22
1.6	OPERATING EXPENDITURE FRAMEWORK	22-27
1.7	CAPITAL EXPENDITURE	28
1.8	ANNUAL CONSOLIDATED BUDGET TABLES	28-42
1.9	ANNUAL BUDGET TABLES – PARENT MUNICIPALITY	42-54
1.10	CONSOLIDATED BUDGET SUPPORTING TABLES	54
	 PART 2 – SUPPORTING DOCUMENTATION	 55
2.1	OVERVIEW OF ANNUAL BUDGET PROCESS	55
2.2	ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN	55-56
2.3	MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	57-58
2.4	OVERVIEW OF BUDGET RELATED POLICIES	58
2.5	OVERVIEW OF BUDGET ASSUMPTIONS	58-60
2.6	OVERVIEW OF BUDGET FUNDING	60-63
2.7	EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES	63
2.8	ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY	63
2.9	COUNCILLORS AND BOARD MEMBERS ALLOWANCES AND EMPLOYEE BENEFITS	63
2.10	ANNUAL BUDGETS AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS – DIRECTORATES	64
2.11	CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS	65-66
2.12	LEGISLATION COMPLIANCE STATUS	67-68
2.13	CAPITAL EXPENDITURE DETAILS	68
2.14	OTHER SALIENT POINTS TO NOTE IN TERMS OF THE 2018/19 TO 2020/21 BUDGET	68-72
2.15	QUALITY CERTIFICATE	72

LIST OF TABLES

Table	Subject	Page
1	CONSOLIDATED OVERVIEW OF THE 2018/19 MTREF	7
2.	PROJECTS TO BE FUNDED VIA EXTERNAL LOANS	7
3.	PROJECTS TO BE FUNDED VIA EXTERNAL LOANS OVER THE 2018/19 MTREF	8
4.	SERVICE TARIFF INCREASES	8
5.	CAPITAL BUDGET BY DIRECTORATE	9
6.	CONSOLIDATED OVERVIEW OF THE 2018/19 MTREF	13
7.	HISTORIC PERCENTAGE INCREASES FOR SERVICES	14
8.	SUMMARY OF MAIN REVENUE SOURCES	15
9.	MIX OF MAIN REVENUE SOURCES	15
10.	OPERATING TRANSFERS AND GRANT RECEIPTS	16
11.	TABLE SA14 – HOUSEHOLD BILLS – MIDDLE INCOME RANGE	20
12.	TABLE SA14 – HOUSEHOLD BILLS – AFFORDABLE RANGE	21
13.	TABLE SA14 – HOUSEHOLD BILLS – NON-ATTP SMALL RANGE	21
14.	TABLE SA14 – HOUSEHOLD BILLS – ATTP - SMALL RANGE	22
15.	TABLE SA14 – HOUSEHOLD BILLS – ATTP - SMALL RANGE	22
16.	SUMMARY OF OPERATING EXPENDITURE BY STANDARD CLASSIFICATION ITEM	23
17.	MIX OF MAIN EXPENDITURE TYPES	23
18.	REPAIRS AND MAINTENANCE PER ASSET CLASS	25-27
19.	2018/19 MEDIUM-TERM CAPITAL BUDGET PER VOTE	28
20.	2018/19 MEDIUM-TERM CAPITAL BUDGET PER VOTE PERCENTAGE ALLOCATION	28
21.	TABLE A1 – CONSOLIDATED BUDGET SUMMARY	29-30
22.	TABLE A2 – CONSOLIDATED BUDGET FINANCIAL PERFORMANCE	30-31
23.	TABLE A3 – CONSOLIDATED BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE BY MUNICIPAL VOTE)	31-32
24.	TABLE A4 - BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE	32-33
25.	TABLE A5 – CONSOLIDATED BUDGETED CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING SOURCE	34-35
26.	TABLE A6 – CONSOLIDATED BUDGETED FINANCIAL POSITION	35-36
27.	TABLE A7 – CONSOLIDATED BUDGET CASH FLOW STATEMENT	36-37
28.	TABLE A8 - CASH BACKED RESERVES/ACCUMULATED SURPLUS RECONCILIATION	37
29.	TABLE A9 - ASSET MANAGEMENT	38-41
30.	TABLE A10 – CONSOLIDATED BASIC SERVICE DELIVERY MEASUREMENT	41-42
31.	TABLE A1 – BUDGET SUMMARY	43-44
32.	TABLE A2 – BUDGETED FINANCIAL PERFORMANCE ((REVENUE AND EXPENDITURE BY FUNCTIONAL CLASSIFICATION	44-45
33.	TABLE A3 BUDGET FINANCIAL PERFORMANCE BY VOTE	45
34.	TABLE A4 – BUDGET FINANCIAL PERFORMANCE REVENUE AND EXPENDITURE	45-46
35.	TABLE A5 – BUDGET CAPITAL EXPENDITURE – STANDARD CLASSIFICATION	46-47
36.	TABLE A6 – BUDGET FINANCIAL POSITION	48

Table	Subject	Page
37.	TABLE A7 – BUDGETED CASH FLOWS	48-49
38.	TABLE A8 – CASH BACKED RESERVES	49
39.	TABLE A9 – ASSET MANAGEMENT	50-53
40.	TABLE A10 – BASIC SERVICE DELIVERY MEASUREMENT	53-54
41.	BUDGET ALLOCATION ACCORDING TO IDP PRIORITIES	56
42.	MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	57
43.	BUDGET ASSUMPTIONS	60
44.	BREAKDOWN OF THE OPERATING REVENUE OVER THE MEDIUM-TERM	60
45.	SA15 – DETAIL INVESTMENT INFORMATION	61
46.	SOURCES OF CAPITAL REVENUE OVER THE MTREF	62
47.	TABLE SA 17 - DETAIL OF BORROWINGS	63
48.	CONTRACTS IMPACTING ON THE MUNICIPALITY'S REVENUE	65-66
49.	SECTION 33 EXPENDITURE	67
50.	ALLOCATION OF GRANTS	69
51.	EQUITABLE SHARE ALLOCATIONS	70
52.	USDG ALLOCATIONS	70

LIST OF FIGURES

Figure	Subject	Page
1.	Alignment with National and Provincial Priorities	56
2.	Sources of Capital Revenue for the 2018/19 financial year	62
3.	Long Term Loans	63

ABBREVIATIONS

i.	“AC”	–	Audit Committee
ii.	“ATTP”	–	Assistance to the Poor Policy (Indigent Policy);
iii.	“BEPP”	–	Built Environment Performance Plans
iv.	“CFO”	–	Chief Financial Officer;
v.	“CM”	–	City Manager;
vi.	“COGTA”	–	Co-operative Governance and Traditional Affairs;
vii.	“COIDA”	–	Compensation for Occupational Injuries and Diseases Act (1993);
viii.	“COO”	–	Chief Operating Officer;
ix.	“CPI”	–	Consumer Price Index;
x.	“CRR”	–	Capital Replacement Reserve
xi.	“DWA”	–	Department of Water Affairs;
xii.	“ED”	–	Executive Director;
xiii.	“EIA”	–	Environmental Impact Analysis;
xiv.	“EM”	–	Executive Mayor;
xv.	“EMS”	–	Enterprise Management Solution (the replacement of the current GL System)
xvi.	“ESKOM”	–	Electricity Supply Commission (i.t.o. the Electricity Act);
xvii.	“FMP”	–	Financial Management Policies (of Council);
xviii.	“GFS”	–	Government Finance Statistics;
xix.	“GLS”	–	General Ledger System (Our current system being replaced with the new EMS);
xx.	“GRAP”	–	Generally Recognised Accounting Practice;
xxi.	“GV”	–	General Valuation Roll;
xxii.	“IDP”	–	Integrated Development Plan;
xxiii.	“IEEC”	–	Infrastructure, Electricity and Energy Committee;
xxiv.	“IPT”	–	Integrated Public Transport System;
xxv.	“KPA”	–	Key Performance Areas;
xxvi.	“KPI”	–	Key Performance Indicator;
xxvii.	“MBDA”	–	Mandela Bay Development Agency (an Entity of the Municipality);
xxviii.	“MFMA”	–	Municipal Finance Management Act (56 of 2003);
xxix.	“MMC”	–	Member of Mayoral Committee;
xxx.	“MPRA”	–	Municipal Property Rates Act (29 of 2014);
xxxi.	“MSA”	–	Municipal Systems Act (32 of 2000);
xxxii.	“mSCOA”	–	Municipal Standard Chart of Account;
xxxiii.	“MTREF”	–	Medium Term, Revenue and Expenditure Framework;
xxxiv.	“NGO”	–	Non Governmental Organisations;
xxxv.	“NERSA”	–	National Electricity Regulator of South Africa;
xxxvi.	“NT”	–	National Treasury;
xxxvii.	“OEW”	–	Operational Efficiency Work Plan;
xxxviii.	“PPE”	–	Property Plant and Equipment;
xxxix.	“SALGA”	–	South African Local Government Association;
xl.	“SANS”	–	South African National Standard; (<i>i.e. Drinking Water Specifications</i>);
xli.	“SDBIP”	–	Service Delivery Budget and Implementation Plan;
xlii.	“SCM”	–	Supply Chain Management;
xliii.	“SIF”	–	Self Insurance Fund;
xliv.	“SRAC”	–	Sports, Recreation, Arts and Culture Directorate;
xliv.	“TLC”	–	Transitional Local Council;
xlvi.	“USDG”	–	Urban Settlements Development Grant;
xlvii.	“WSA”	–	Water Services Authority; and
xlviii.	“WSP”	–	Water Services Authority.

PART 1 – ANNUAL BUDGET

1.1 EXECUTIVE MAYOR'S FOREWORD – TABLING OF THE 2018/19 TO 2020/21 DRAFT BUDGET AND IDP FOR APPROVAL BY COUNCIL

Section 21 of the Municipal Finance Management Act (56 of 2003) requires of me to table the budget to the municipal Council for approval. Section 24 of the same Act requires that the budget be approved by Council 30 days before the start of the budget year, and as such the process of tabling this budget to this Council, in an Africa month, is exactly to ensure that we comply with the rules of this game.

The Council will recall that on the 29 March 2018 the draft 2018/19 to 2020/21 was tabled to this Council for noting and on the same day this Council also approved the 2017/18 Adjustment Budget for implementation. Upon tabling of the draft budget or noting, a process of engaging with communities commenced in early April 2018 going through various Wards of the Nelson Mandela Bay. The reactions by communities in certain Wards were widely reported in the press and other sources including the violent behaviour that occurred in the area of Colchester on Thursday, **12 April 2018**, resulting to properties, amongst others, cars of some municipal employees, members of the public and other assets of the municipality being pelted with stones or vandalized or burnt by fire, etc.

This, I must categorically state that was quite an unacceptable behaviour that must be discouraged vehemently in a democratic society. I must also state clearly that this behaviour was not the case in all the areas of NMBM, and it is my duty to thank all the Communities/Ward Councillors/ Ward Committee members for showing utmost maturity during these sessions including the various employees of Council who worked tirelessly in order for these sessions to be a success (*Ndiyabulela / Baie Dankie / Thank You*). Our democratic processes require of us to undertake these sessions, no one can stop them as they are a regulated requirement, in fact Community Participation is the legal requirement in terms of Chapter 4 of the Municipal Systems Act (32 of 2000).

The public participation sessions concluded with a visit to National Treasury on the 24 to 25 April 2018 for the budget benchmarking exercise as required in terms of section 23(1)(b) of the Municipal Finance Management Act (56 of 2003). A separate report or communication from National Treasury will be found as an Annexure to this Budget Document.

I must indicate that the budget tabled to this Council today has been concluded under enormous pressure, due to internal or external demands. Amongst the pressures that the institution is faced with is the level of our Revenue Collection which is at **92.2%** from July 2017 to April 2018. The challenge here is that the budget tabled to Council is funded on the basis of an improved Revenue Collection rate which in the 2017/18 financial year is set at **94%**. If the institution fails to collect as planned that definitely means there “may” have to be a re-think in terms of expenditure, as a situation whereby the expenditure exceeds revenue cannot be allowed to continue as that will financially drain the municipality. Recently National Treasury also tabled a report to Parliamentarians where they were being sensitized about the continuing culture of non-payment that threatens the financial stability of municipalities across the country. The National Minister of Finance (Hon Mr Nhlanhla Nene) has also raised his concerns about the financial health of some municipalities in the country as others are in a situation where they cannot pay their creditors such as ESKOM / Bulk Water, etc. We cannot allow such situation to happen in the Nelson Mandela Bay. The collection rate for the 2018/19 financial year is set at **95%**, whilst the 2019/20 and 2020/21 are set at **95.5%**. All strategies will have to be adopted or implemented in order to attain this collection rate, failing which if the situation is not improving based on the assessment of the first and second quarter of the 2018/19 financial year, the expenditure will have to either be reduced / curtailed or more discipline be enforced in our finances, in order to avoid any financial disaster.

The following table gives an overview of the summarised version of the NMBM's budget (Capital and Operating) after consolidating the budget for the MBDA (i.e. Entity) in order to gauge the financial position of the municipality at a high level: -

TABLE 1 (CONSOLIDATED OVERVIEW OF THE 2018/19 MTREF)

R thousands	Original Budget 2017/18	Adjustments Budget 2017/18	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
Total Operating Revenue	9,363,536	9,651,844	10,363,386	11,096,207	11,937,206
Total Operating Expenditure	9,488,809	9,676,868	10,375,088	11,079,494	11,769,632
Surplus/(Deficit)	(125,274)	(25,024)	(11,702)	16,713	167,573
Total Capital Expenditure	1,601,891	1,669,909	1,740,079	1,974,862	1,951,681

The above table indicates that over the 2018/19 financial year the municipality's operating budget records a deficit of R11.7m, however, in the 2019/20 and 2020/21 financial years the situation is projected to change to a surplus of R16.71m and R167.57m respectively. All this entirely depend on continuous improvements in terms of the collection rate of 95% (year 1) and 95.5% (for years 2 and 3).

I must also highlight that what accompanies this budget is the process of taking loans for the already identified projects under the service delivery / revenue generating Directorates (i.e. Water, Sanitation and Electricity) which is in the total amount of **R750 million**. This amount is to be withdrawn over a four-year period from the successful financial institution/s to fund those projects. The proposal for external loan funding was advertised on 28 March 2018. The tender closed on 3 May 2018. Proposals were received from four (4) of the major banks, with all four (4) tendering for a 10-year loan period, two (2) tendering for a 15-year loan period and only one (1) tendering for a 20-year loan period. The tenders are currently being evaluated and it is anticipated that the adjudication process will be completed by 8 June 2018 at the latest.

The following table illustrates the projects that are to be undertaken via the use of external loans under the service delivery / revenue generating Directorates as stated above (these projects have already been approved by Council in line with the requirements of Chapter 6 of the MFMA):

TABLE 2 (PROJECTS TO BE FUNDED VIA EXTERNAL LOANS)

PROJECT DESCRIPTION	AMOUNT
Water Projects	
Pressure Management	R 20 000 000
Meter Replacement	R115 000 000
Pipe Replacement	R280 000 000
Sub-Total : Water Projects	R415 000 000
Wastewater Projects (Sanitation Services)	
Major Wastewater Projects	R150 000 000
Sub-Total Wastewater Projects	R150 000 000
Electricity and Energy Projects	
Installation of 10 000 smart pre-payment meters	R32 828 100
Upgrade/convert 1500 commercial customers to remote metering	R10 854 000
Install 200 meters in LV substations	R 1 920 000
Plan and implement the construction of a HV transmission line into the City centre, in order to provide a 2 nd hub to ensure security of supply	R50 000 000
Electricity losses project (Innovative electrification)	R90 000 000
Sub-Total: Electricity and Energy Projects	R185 602 100
TOTAL: LOAN FUNDED PROJECTS	R750 602 100

The following table illustrates how the projects are to be withdrawn from the financial institution/s or will be incurred over the four-year period:

TABLE 3 (PROJECTS TO BE FUNDED VIA EXTERNAL LOANS OVER THE 2018/19 MTREF)

Services Description	Expenditure per financial year (R1000)				
	Total	2018/19	2019/20	2020/21	2021/22
Water Projects	415,000	75,000	125,000	135,000	80,000
Wastewater Projects	150,000	20,000	70,000	60,000	
Electricity and Energy Projects	185,602	53,290	91,370	40,943	
Total Expenditure	750,602	148,290	286,370	235,943	80,000

As we are aware the budget tabled to Council will always be subjected to tariffs increases due to the fact that costs on the other side do not remain static or they increase year-on-year. The fuel price continues to escalate as much as other running costs. The following are the recommended tariffs increases for various services: -

TABLE 4 (SERVICE TARIFF INCREASES)

SERVICE	2018/19 %	2019/20 %	2020/21 %
Property Rates	5	7	7
Water	8.5	9.5	9.5
Sanitation	8.5	9.5	9.5
Refuse	7.5	9.5	9.5
Electricity (Average – pending the outcome of the application from NERSA)	5.43	6.84	6.84

I can categorically confirm that the reduced property rates increases of 5% year on year has never been this low in more than a decade, which means that we listen to our ratepayers.

I must also indicate that incorporated into the Capital Budget are projects that relate to construction of three Community Halls / Multi-Purpose Centres in Wards 17, 34 and 42. This will require proper processes being followed including undertaking the EIA (Environmental Impact Analysis) as without such processes being followed it will not be possible to construct such structures. These three projects are under Sports, Recreation, Arts and Culture (SRAC) Directorate.

Also included in the Capital Budget are two projects that relate to the acquisition of land in the Seaview and Lorraine areas as previously resolved by the Council when discussing the issue of the additional **R178.8m** USDG. These projects will be strictly monitored with strict reports directed to the Council including the actual value of the said pieces of land. It will not be accepted that any of these allocated amounts are subjected to virementing of these allocations without my knowledge *and* any reports to the municipal Council.

The following spreadsheet gives a high-level overview of the Capital Budget per Directorate: -

TABLE 5 (CAPITAL BUDGET BY DIRECTORATE)

Directorate	Draft 2018/19 Capital Budget Request	Draft 2019/20 Capital Budget Request	Draft 2020/21 Capital Budget Request
Budget & Treasury	11,942,500	20,869,553	3,900,000
Chief Operating Officer	10,743,478	16,050,435	16,096,522
Corporate Services	42,150,000	17,085,000	24,085,000
Economic Development, Tourism and Agriculture	1,500,000	-	-
Sport and Recreation	48,500,000	50,500,000	43,000,000
Human Settlements	228,456,930	203,474,782	228,007,826
Electricity and Energy	244,173,307	340,434,787	290,007,787
Roads, Stormwater, Transportation & Fleet	465,054,086	506,861,208	509,588,278
Water Services	265,100,000	330,470,104	341,510,113
Sanitation Services	280,854,396	357,500,000	361,500,000
Public Health	51,286,956	63,766,000	63,766,000
Safety & Security	25,095,652	29,100,000	29,444,000
NMBM Stadium	13,000,000	5,000,000	5,000,000
Mandela Bay Development Agency	52,221,709	33,750,540	35,775,834
TOTAL CAPITAL (PRIOR CONSOLIDATION)	1,740,079,109	1,974,862,463	1,951,681,384

What is important to also highlight is the fact that the budget tabled today is prior conclusion of the salary negotiations for municipal employees in terms of the SALGA Bargaining Council negotiations as they are still in progress. The percentage budgeted salary increases incorporated into this budget will have to be assessed with the final outcomes in order to ascertain if they are sufficient and in case they are not sufficient Council will have to resolve on the matter prior implementation.

The work undertaken by all role-players in preparing these documents for approval by Council is appreciated from the respective MMC's, City Manager, Executive Directors and all leading roleplayers. It is to be understood that the budgeting process is not a simple task that can be undertaken with much ease, more especially the requirements of mSCOA implementation, as there are many financial demands against the limited available funds.

I therefore table this budget before Council, in an Africa month, for approval by the clear majority of this Council.

ONE CITY, ONE FUTURE!

**COUNCILLOR A TROLLIP
EXECUTIVE MAYOR**



1.2 COUNCIL RESOLUTIONS

That the Executive Mayor recommends to the Council that:

1. The consolidated “draft” annual budget of the Nelson Mandela Bay Municipality for the financial year 2018/19 and the indicative allocations for the projected outer years 2019/20 and 2020/21, and the multi-year and single year capital appropriations be “**approved**” for the purpose of complying with Chapter 4 of the Local Government : Municipal Finance Management Act, Act 56 of 2003 (MFMA), read in conjunction with Municipal Budget and Reporting Regulations No.32141 (dated 17 April 2009), as set-out in the following tables:

- 1.1 Budgeted Financial Performance (revenue and expenditure by standard classification); [Page 34 to 35];
- 1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote); [Page 35 to 36];
- 1.3 Budgeted Financial Performance (revenue by source and expenditure by type); [Page 36 to 37];
- 1.4 and Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source. [Page 38 to 39];

2. The budgeted financial position, budgeted cash flows, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets be noted as set-out in the following tables:

- 2.1 Budgeted Financial Position; [Page 39 to 40];
- 2.2 Budgeted Cash Flows; [Page 41];
- 2.3 Cash backed reserves and accumulated surplus reconciliation; [Page 42];
- 2.4 Asset Management; [Page 42 to 46] and
- 2.5 Basic service delivery measurement. [Page 46 to 48].

3. The consolidated budget that includes the financial impact of the municipal entity (Mandela Bay Development Agency) be approved.

4. Tariffs be increased as follows with effect from 1 July 2018:

Property rates	-	5.0%
Water	-	8.5%
Sanitation	-	8.5%
Refuse	-	7.5%
Electricity	-	5.43% (Pending the application outcome from NERSA)

5. That the Council notes that as tariff increases for Electricity are depending on NERSA application in the event that the response is contrary to the recommended increases, the matter will have to be attended to in terms of paragraph 25 of the Financial Management Policies of Council.

6. Indicative tariffs for 2019/20 and 2020/21 be increased as follows:

	2019/20	2020/21
Property Rates	7.0%	7.0%
Water	9.5%	9.5%
Sanitation	9.5%	9.5%
Refuse	9.5%	9.5%
Electricity	6.84%	6.84%

7. That the Council mandates the City Manager together with the Acting Chief Financial Officer to process any administrative corrections that may require such actions after the approval of the budget, prior submission of Budget Report / Document to other stakeholders (e.g. National Treasury) on condition that there are no significant changes to the budget.
8. That the Executive Director: Human Settlements submits progress reports on the projects relating to the Acquisition of Land, including their proper valuation amongst others, to the full Council meetings until the transaction is fully concluded.
9. That the City Manager and respective Executive Directors ensure that no virement of funds for the new projects (i.e. Acquisition of Land and the Construction of Multi-Purpose Centres or Community Halls) incorporated into this budget will be allowed, except in cases where the Executive Mayor has approved same with reports being tabled to Council explaining the reasons thereof.
10. That the respective MMC's and their Executive Directors ensure that consideration is made to deal with the submissions received from the political parties (i.e. ANC and UF) in terms of community requirements or needs in certain identified Wards and proper responses **facilitated by the COO's office** to that effect be provided to both political parties on or before **1 July 2018 (or prior commencement of the 2018/19 financial year)**.
11. That **ALL** Miscellaneous Fees and Charges contained elsewhere in this Budget Report for the 2018/19 MTREF period relating to services that are funded or financed through Property Rates Revenue be increased from 2017/18 financial year to 2018/19 **by no less than 5%** which is the recommended Property Rates increases for **2018/19**.
12. That in the future financial years, effective from **2019/20**, all Directorates and or Standing Committees that recommend that their Miscellaneous Fees and Charges for services funded from the Property Rates Revenue not be increased for whatever reason, provide detailed costing reports to determine if there is effective cost recovery per service, or comparative studies with other Cities or Metropolitan Municipalities that give rise to the recommended non-increase to respective Miscellaneous Fees and Charges for a particular financial year, as Council **must** not accept a **0%** increase without proper motivation as that will mean that Council **must** firstly be presented with reduction in expenditure prior approving such recommendation.

1.3 EXECUTIVE SUMMARY

The key service delivery priorities, as reflected in the IDP, informed the development of the Budget, including the need to maintain the Municipality's financial sustainability.

Specific revenue collection strategies to improve the collection of outstanding consumer debt are being implemented by the Municipality, such as the debt relief programme and external capacity to deal with revenue enhancement and the improvement of debt recovery. Cost containment measures are also being implemented to further curb costs and to improve operational efficiency. The contents of National Treasury Circular 82 are combined with the current Operational Efficiency Work Plan (OEW) in order to have one integrated document, which was approved by Council in 2017 for implementation.

All National Treasury's MFMA Circulars were used to guide the compilation of the 2018/19 MTREF, including the latest MFMA Budget Circulars.

The Municipality faced the following significant challenges during the compilation of the 2018/19 MTREF:

- Budgeting for a surplus (i.e. Total Revenue exceeding Total Expenditure) on the Operating Budget;
- Escalating levels of the Employee Related Costs which are now greater than 30% as compared to the total budget of the municipality;
- Fully implementing cost containment measures and removing non-core expenditure items;
- Maintaining revenue collection rates at acceptable levels and even more;
- Ensuring that electricity and water losses are maintained;
- Allocation of the required operating budget provision for newly created infrastructure and facilities, with a consequential impact on the level of rates and tariff increases;
- Allocation of the required budget provision for the rehabilitation and maintenance of infrastructure;
- Allocation of the required operating budget provision for staffing requirements, including the envisaged implementation of the Task Job Evaluation System and the associated maintenance phase, even though it has not been costed;
- Depleted Capital Replacement Reserve, impacting on the Municipality's ability to fund capital expenditure from internal sources;
- Maintaining an acceptable cost coverage ratio and other key ratios;
- The implementation of an mSCOA budget as required in terms of the mSCOA Regulations and preparing the budget in the new EMS;
- The unfunded / underfunded mandates that negatively impact the budget;
- Reprioritisation of capital projects and operating expenditure within the financial affordability limits of the Budget, taking the municipality's declining cash position into account;
- Ensuring that the budget responds to Built Environmental Performance Plan requirements or prioritisation, and
- Operationalisation of the decision to absorb about 460 private security guards, etc.

The following budget principles and guidelines directly informed the compilation of the 2018/19 MTREF:

- The priorities and targets, relating to the key strategic focus areas, as determined in the IDP.
- The need to enhance the municipality's revenue base.
- The level of property rates and tariff increases to ensure the delivery of services on a financially sustainable basis.
- No budget allocations have been made to programmes and projects, unless the respective programme and project plans have been submitted by the relevant Acting/Executive Directors and reflect in the IDP.
- An assessment of the relative human resources capacity to implement the Budget.
- In accordance with Section 19 of the Municipal Finance Management Act, the relevant Acting/Executive Directors must submit comprehensive reports in relation to new projects, inter-alia, dealing with the total project costs, funding sources, future operating budget implications and associated tariff implications, before Council finally approves the implementation of any new projects.
- It is also a requirement that new projects that are motivated into the budgeting process must be accompanied with (i) Business Plan, (ii) Cash Flow and (iii) Procurement Plan.

In view of the aforementioned, the following table represents a **consolidated overview** (which includes the MBDA or entity budget) of the proposed 2018/19 Medium-term Revenue and Expenditure Framework:

TABLE 6 (CONSOLIDATED OVERVIEW OF THE 2018/19 MTREF)

R thousands	Original Budget 2017/18	Adjustments Budget 2017/18	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
Total Operating Revenue	9,363,536	9,651,844	10,363,386	11,096,207	11,937,206
Total Operating Expenditure	9,488,809	9,676,868	10,375,088	11,079,494	11,769,632
Surplus/(Deficit)	(125,274)	(25,024)	(11,702)	16,713	167,573
Total Capital Expenditure	1,601,891	1,669,909	1,740,079	1,974,862	1,951,681

Total operating revenue has increased by 7.37% or R711.54 million for the 2018/19 financial year, compared to the 2017/18 Adjustments Budget. For the two outer years, operational revenue increases by 7.07% and 7.58% respectively, resulting in a total revenue growth of R2.285 billion over the MTREF, when compared to the 2017/18 financial year.

Total operating expenditure for the 2018/19 financial year amounts to R10.38 billion, resulting in a budgeted surplus of R8.26 million. Compared to the 2017/18 Adjustments Budget, operational expenditure increased by 7.22% in the 2018/19 Budget; and increased by 6.79% and 6.23% for each of the respective outer years of the MTREF. The 2019/20 and 2020/21 budgets reflect an operating surplus of R16.71 million and an operating surplus R167.57 million respectively.

The major operating expenditure items for 2018/19 are employee related costs (31.54%), bulk electricity and water purchases (30.67%), Contracted Services (13.20%), depreciation and asset impairment (7.88%) and Debt Impairment (5.22%). The harmonisation of the Long Service Bonus as approved by Council on the 7 June 2016, when the 2016/17 budget was approved, is one of the main causes for the employee related costs to escalate to greater than 30%.

Funding for the 2018/19 Operating Budget is obtained from various sources, the major sources being service charges such as electricity, water, sanitation and refuse collection and disposal (52.77%), property rates (21.02%), grants and subsidies received from National and Provincial Governments (17.51%).

In order to support the 2018/19 Operating Budget, the following increase in rates and service charges are being proposed, with effect from 1 July 2018:

Property rates	-	5.00%	
Water	-	8.50%	
Sanitation	-	8.50%	
Refuse	-	7.50%	
Electricity (Average)	-	5.43%	(On average depending on various categories of properties being levied, as presented in a separate item elsewhere in the Agenda)

The capital budget of R1.74 billion for 2018/19 is 8.63% more than the 2017/18 Original Budget. The Capital Budget increases to R1.97 billion in the 2019/20 financial year and then reduce to R1.95 billion in the 2020/21 financial year. The Capital Budget over the MTREF period will be mainly funded from government grants and subsidies. It must be noted that external borrowing in the amount of R670.603 million will be taken up over the 2018/19 MTREF after following the requirements of Chapter 6 of the Municipal Finance Management Act (56 of 2003).

1.4 HISTORIC TARIFFS INCREASES

In order to illustrate as to how the increases for various services have been increased, the following table has been compiled to assist in doing so:

TABLE 7 (HISTORIC PERCENTAGE INCREASES FOR SERVICES)

SERVICES	HISTORIC PERCENTAGE INCREASES FOR SERVICES						
	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
	%	%	%	%	%	%	%
Electricity	5.43 (average)	1.88	7.64	12.2	7.39	7	8 (small businesses) & 11.03 (medium to large businesses)
Water	8.5	9	9	13	12	13	13
Sanitation	8.5	9	9	12	12	13	13
Property Rates	5	4.4	9.5	9.5	9.5	9.14	13
Refuse	7.5	9	9	11	12	13	13

The above table illustrates as to how tariff increases over a period of seven financial years were increased in the municipality.

1.5 OPERATING REVENUE FRAMEWORK

The continued provision and expansion of municipal services is largely dependent on the Municipality generating sufficient revenues. Efficient and effective revenue management is thus of critical importance in ensuring the ongoing financial sustainability of the Municipality. Furthermore, in accordance with section 18(1)(a) of the MFMA, expenditure has to be limited to the realistically anticipated revenues.

The Municipality's revenue management strategy includes the following key components:

- National Treasury's guidelines in this regard in terms of the relevant Circulars;
- Tariff Policies;
- The Property Rates Policy;
- The ATTP Policy and provision of free basic services;
- The level of property rates and tariff increases must ensure financially sustainable service delivery;
- The level of property rates and tariff increases to provide for the maintenance and replacement of infrastructure, including the expansion of services;
- Building the Capital Replacement Reserve (CRR) in order to re-finance Capital related projects;
- Implementing Operational Efficiency Work Plan / Cost Containment Measures;
- Ensuring fully cost reflective tariffs for trading services;
- Electricity bulk tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Water bulk tariff increases as approved by the Department of Water Affairs (DWA);
- Efficient revenue management, targeting the following annual collection rates for property rates and service charges:
 - 2018/19 – 95%
 - 2019/20 – 95.5%
 - 2020/21 – 95.5%
- No growth in the revenue base.

The following table is a summary of the 2018/19 MTREF (classified by main revenue source):

TABLE 8 (SUMMARY OF MAIN REVENUE SOURCES)

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
Revenue By Source										
Property rates	1 332 135	1 502 463	1 639 399	1 882 347	1 940 747	1 940 747	1 940 747	2 177 931	2 331 217	2 495 777
Service charges - electricity revenue	3 085 314	3 466 988	3 568 982	3 748 825	3 723 756	3 723 756	3 723 756	3 964 692	4 222 300	4 496 744
Service charges - water revenue	519 528	660 223	761 650	714 594	1 003 890	1 003 890	1 003 890	749 547	820 754	898 725
Service charges - sanitation revenue	323 716	377 421	424 335	469 359	504 406	504 406	504 406	459 930	503 624	551 468
Service charges - refuse revenue	130 907	144 592	127 050	174 671	186 898	186 898	186 898	294 667	322 599	353 180
Service charges - other								200	200	200
Rental of facilities and equipment	18 378	21 042	22 980	18 886	30 252	30 252	30 252	37 118	39 566	42 662
Interest earned - external investments	83 294	113 354	121 035	105 174	122 031	122 031	122 031	106 592	112 297	118 952
Interest earned - outstanding debtors	151 070	160 682	178 768	178 343	178 362	178 362	178 362	221 488	239 542	259 014
Dividends received	291	77	341	-	-	-	-	-	-	-
Fines, penalties and forfeits	40 885	224 461	202 307	265 711	256 306	256 306	256 306	303 735	333 884	363 757
Licences and permits	9 695	9 332	10 473	26 671	26 442	26 442	26 442	28 034	29 723	31 662
Agency services	2 246	2 345	2 503	-	2 728	2 728	2 728	2 892	3 066	3 250
Transfers and subsidies	1 486 060	1 148 940	954 122	1 543 704	1 499 041	1 499 041	1 499 041	1 814 474	1 917 867	2 084 853
Other revenue	953 301	897 028	904 140	235 219	176 984	176 984	176 984	202 086	219 568	236 963
Gains on disposal of PPE	830	28	606	32	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	8 137 650	8 728 976	8 918 690	9 363 536	9 651 844	9 651 844	9 651 844	10 363 386	11 096 207	11 937 206

TABLE 9 (MIX OF MAIN REVENUE SOURCES)

Description	Current Year 2017/18								2018/19 Medium Term Revenue & Expenditure Framework					
	Original Budget		Adjusted Budget		Full Year Forecast		Pre-audit outcome		Budget Year 2018/19		Budget Year 2019/20		Budget Year 2020/21	
R thousand		%		%		%		%		%		%		%
Revenue By Source														
Property rates	1 882 347	20,10	1 940 747	20,11	1 940 747	20,11	1 940 747	20,11	2 177 931	21,02	2 331 217	21,01	2 495 777	20,91
Service charges - electricity revenue	3 748 825	40,04	3 723 756	38,58	3 723 756	38,58	3 723 756	38,58	3 964 692	38,26	4 222 300	38,05	4 496 744	37,67
Service charges - water revenue	714 594	7,63	1 003 890	10,40	1 003 890	10,40	1 003 890	10,40	749 547	7,23	820 754	7,40	898 725	7,53
Service charges - sanitation revenue	469 359	5,01	504 406	5,23	504 406	5,23	504 406	5,23	459 930	4,44	503 624	4,54	551 468	4,62
Service charges - refuse revenue	174 671	1,87	186 898	1,94	186 898	1,94	186 898	1,94	294 667	2,84	322 599	2,91	353 180	2,96
Service charges - other	-	0,00	-	0,00	-	0,00	-	0,00	200	0,00	200	0,00	200	0,00
Rental of facilities and equipment	18 886	0,20	30 252	0,31	30 252	0,31	30 252	0,31	37 118	0,36	39 566	0,36	42 662	0,36
Interest earned - external investments	105 174	1,12	122 031	1,26	122 031	1,26	122 031	1,26	106 592	1,03	112 297	1,01	118 952	1,00
Interest earned - outstanding debtors	178 343	1,90	178 362	1,85	178 362	1,85	178 362	1,85	221 488	2,14	239 542	2,16	259 014	2,17
Dividends received	-	0,00	-	0,00	-	0,00	-	0,00	-	0,00	-	0,00	-	0,00
Fines, penalties and forfeits	265 711	2,84	256 306	2,66	256 306	2,66	256 306	2,66	303 735	2,93	333 884	3,01	363 757	3,05
Licences and permits	26 671	0,28	26 442	0,27	26 442	0,27	26 442	0,27	28 034	0,27	29 723	0,27	31 662	0,27
Agency services	-	0,00	2 728	0,03	2 728	0,03	2 728	0,03	2 892	0,03	3 066	0,03	3 250	0,03
Transfers and subsidies	1 543 704	16,49	1 499 041	15,53	1 499 041	15,53	1 499 041	15,53	1 814 474	17,51	1 917 867	17,28	2 084 853	17,47
Other revenue	235 219	2,51	176 984	1,83	176 984	1,83	176 984	1,83	202 086	1,95	219 568	1,98	236 963	1,99
Gains on disposal of PPE	32	0,00	-	0,00	-	0,00	-	0,00	-	0,00	-	0,00	-	0,00
Total Revenue (excluding capital transfers and contributions)	9 363 536	100,00	9 651 844	100,00	9 651 844	100,00	9 651 844	100,00	10 363 386	100,00	11 096 207	100,00	11 937 206	100,00
Total Revenue from Rates and Service Charges	6 989 796	74,65	7 359 697	76,25	7 359 697	76,25	7 359 697	76,25	7 646 967	73,65	8 200 694	73,91	8 796 093	73,69

In the 2017/18 financial year, rates and service charges amounted to R6.99 billion or 74.65%. This increases to R7.65 billion, R8.20 billion and R8.80 billion in the 2018/19, 2019/20 and 2020/21 financial years, respectively.

Property rates represent the second largest revenue source, amounting to 21.02% or R2.18 billion in 2018/19 and reducing to 20.91% or R2.50 billion in 2020/21. Property Rates revenue takes into account the average Rates tariff increase as well as the average increase in the General Valuation Roll that was implemented w.e.f. 1 July 2017, in terms of the Municipal Property Rates Act (29 of 2014). It must also be kept in mind that the GV process also identifies properties that may not have been levied property rates and other services. Also to bear in mind is that property such as Bay West, which was given a three year rates relief, as an encouragement to the investment, is towards its last financial year.

Operating grants and transfers amounted to R1.81 billion in the 2018/19 financial year and increases to R2.08 billion in 2020/21.

The following table provides a breakdown of the various operating grants and subsidies allocated to the Municipality over the medium term:

TABLE 10 (OPERATING TRANSFERS AND GRANT RECEIPTS)

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
RECEIPTS:									
Operating Transfers and Grants									
National Government:	930 088	834 017	846 027	1 190 326	1 238 738	1 238 738	1 361 748	1 479 546	1 651 917
Local Government Equitable Share	761 606	774 617	798 043	844 287	844 287	844 287	939 530	1 021 661	1 119 805
Energy Efficiency and Demand Management	10 000								
EPWP Incentive	13 439	8 664	8 496	4 807	4 807	4 807	6 711		
Public Transport Network Operations	62 500	-		81 501	81 501	81 501			
Finance Management	1 250	1 050	1 050	1 050	1 050	1 050	1 000	1 000	1 000
Infrastructure Skills Development	8 000	9 000	14 500	15 394	15 394	15 394	11 834	12 229	13 300
Integrated City Development	4 133								
Urban Settlements Development	25 700	22 925	17 000	15 960	59 182	59 182	27 170	28 551	30 122
Municipal Human Settlements Capacity	37 707	9 847		0	0	0			
LGSETA	5 753	7 914	6 938	4 459	4 459	4 459	4 709	4 709	4 709
Intergrated Public Transport System							97 228	103 139	109 449
Fuel Levy				222 868	228 058	228 058	273 566	308 257	373 531
Provincial Government:	242 061	236 587	91 623	278 504	146 910	146 910	382 236	391 810	408 782
Sport and Recreation	7 390	9 752	15 000	15 000	15 000	15 000	15 000	15 000	15 000
Health subsidy							181	91	
Human Settlements Development	221 858	220 761	68 623	252 711	120 117	120 117	366 262	375 879	392 891
Housing Accreditation	8 660								
DRPW(Maintenance of Roads)	3 503		8 000	10 000	10 000	10 000			
Marine and Coastal Management	650			793	793	793	793	840	891
Other		6 074			1 000	1 000			
Other grant providers:	646	4 633	10 570	74 874	95 357	95 357	11 836	-	-
<i>Groen Sebenza (SANBI)</i>	440	216			3 000	3 000			
<i>Other Grant Providers</i>	205	4 417	10 570						
<i>KFW (MBDA)</i>				3 900	22 200	22 200	11 836		
<i>SARS</i>				70 974	70 157	70 157			
Total Operating Transfers and Grants	1 172 795	1 075 236	948 220	1 543 704	1 481 005	1 481 005	1 755 820	1 871 356	2 060 698

1.2.1 Property Rates

Property rates fund the costs associated with the provision of general services, such as recreational, library and roads and storm water services, etc. Further to this a new Policy (i.e. Long Term Financial Management Plan Policy) has been developed in order to ensure that funding of the budget as required in terms of mSCOA is addressed and future budget circulars will be explicit on how budget funding for Directorates is split or funded from (i.e. funding sources).

The following provisions in the Draft Property Rates Policy are highlighted:

- The first R15,000 of the market value of a property used for residential purposes is excluded from the rateable value (Section 17(h) of the MPRA).

- 100% rebate will be granted to registered indigents in terms of the Indigent Policy / Assistance to the Poor Policy, as approved by Council.
- Pensioners, physically and mentally disabled property owners of rateable property may on submission of an application be granted a rebate. The rebate will be granted on a sliding scale basis with the income levels and corresponding percentage reductions being determined by Council in its annual budget. In this regard the following stipulations are relevant to the applicant:
 - (a) must be a natural person;
 - (b) be the owner of the property;
 - (c) occupy the property as his or her normal residence or where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement;
 - (d) produce certified copy/ies of owner/s' bar-coded identity document;
 - (e) - *pensioners*: be at least 60 years of age on 1 July of the financial year concerned; or if the owner turns 60 during the year the rebate will be granted on a pro rata basis from the date on which the applicant turned 60;
- *disabled*: be in receipt of disability grant / pension and submit proof and nature of disability e.g. letter from doctor with application.
 - (f) be in receipt of a total gross annual income (as defined in Part 2 of the policy), excluding medical aid contributions and child support/grant not exceeding a value as determined by Council in its annual budget; submit pension statements, previous 3 months (or the number of months determined necessary by the Chief Financial Officer (CFO) bank statements from all bank and investment accounts of owner and spouse, and proof of total gross annual income of any other persons living on the property (not just rental received). All documents provided must clearly state who it is for – documents which do not reflect person's name or ID. No. will not be considered;
 - (g) not be in receipt of an indigent subsidy;
 - (h) provide a certified affidavit declaring any assistance from any other sources. Assistance received from family members not residing on property, will not however be included in the calculation of total household income;
 - (i) provide a certified affidavit to explain any once-off monies received e.g. gifts, donations, etc; and
 - (j) ensure that his/her accounts are not in arrears (or arrangements made to pay all outstanding amounts) before applying for the rebate and continue to pay the rates account in full until rebate is granted as no interest will be reversed;
 - (k) a usufructuary will be regarded as the owner;
 - (l) the criteria of a natural person may be waived at the sole discretion of the municipality to allow for a property owned by a trust where the total number of beneficiaries meets all of the other requirements of this policy; and provided further that the gross monthly income of all persons residing on that property be added to the gross monthly income of the beneficiaries staying on that property;
 - (m) owners qualify for only one rebate per year, if financial circumstances change they can only apply for future years;
- Sporting organisations, the sole purpose of which is to use the property owned/leased by them for sporting purposes, whether for gain or not, may qualify for a rebate, with amateur bodies being granted 100% and professional bodies 40%. Any profits earned must be invested in the betterment of the organisation and not be for private gain. Audited financial statement must be provided, if however, the sporting body does not have audited financial statement reasons therefore must be provided on the clubs official letterhead.
- If the usage of a property changes during a financial year, the rebate applicable will be reduced *pro rata* for the balance of the financial year.
- All accounts of the applicant must be up to date or arrangements must be made to pay any outstanding balances before any rebate will be granted. The applicant must continue to pay the rates account in full until the rebate is granted as no interest will be reversed.

- With effect from 1 July 2016 Council introduced a new qualifying criterion for indigent households which are on the basis of the value of property of R100 000 or less. In this case such household qualifies to be categorised as indigent based on property valuation. Council further rescinded this decision in order to subject every household to a verification process instead of automatic qualification, as in certain instances occupiers may be people who can afford to pay for municipal services and avoid further burden to the limited financial resources of the municipality.

A property rates increase of an average 5.0% is proposed as from 1 July 2018.

The proposed property rates increase is mainly influenced by the following:

- Employee related costs increased by an average of approximately 11.52% year-to-year based on the signed Collective Agreement;
- Creating a Provision for Long Service Awards and Long Service Bonuses based on an Actuarial assessment.
- Costs of servicing existing external borrowing to fund roads and storm water infrastructure;
- Providing for debt impairment;
- Operationalisation of the IPTS and Metro Police Services;
- Absorption of about 460 private security guards (Watchmen); and
- TASK implementation, amongst others.

1.2.2 Sale of Water and Impact of Tariff Increases

In accordance with various National Treasury's MFMA Circulars, (e.g. 51, 55, 58, 66, 70, 74, 78, 79, 85, 86, 89 and 91.); Municipalities are encouraged to review the level and structure of their water tariffs to ensure the following:

- Fully cost reflective water tariffs – tariffs should include the costs associated with bulk water purchases, the maintenance and renewal of purification plants, water networks and water reticulation expansion;
- Water tariffs are structured to protect basic levels of service; and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In terms of paragraph 5.2 of National Treasury Circular 78 municipalities are urged to ensure that water tariffs are fully cost reflective. In this regard in instances where tariffs are not cost recovery based, a phased-in approach must be undertaken to ensure that tariffs are fully cost reflective over the medium term. As the charging of fully cost reflective tariffs would place an undue financial burden on customers, it will not be possible to immediately implement it in the 2018/19 MTREF.

A tariff increase of 8.5% is proposed as from 1 July 2018 (subject to DWA indicating otherwise). The proposed tariff increase is mainly influenced by the following:

- Employee related costs increased by an average of 11.52%;
- Year-to-year increases to the cost of bulk water purchases;
- Costs of servicing existing external borrowing to fund water infrastructure; and
- Providing for debt impairment.

The water tariff structure is designed in such a manner that higher levels of water consumption are progressively charged at a higher rate.

1.2.3 Sale of Electricity and Impact of Tariff Increases

NERSA has determined that the Eskom bulk electricity tariff to municipalities would increase by 6.84% (on average) as from 1 July 2018. Considering the Eskom tariff increase, the

Municipality's consumer tariffs has been set at 5.43% on average whilst awaiting the final outcomes on this matter.

The proposed tariff increases are mainly influenced by the following:

- Employee related costs increased by an average;
- The cost of bulk electricity purchases;
- Costs of servicing existing external and new borrowing to fund electricity infrastructure;
- Providing for debt impairment

1.2.4 Sanitation and Impact of Tariff Increases

In accordance with various National Treasury's MFMA Circulars, (e.g. 51, 55, 58, 66, 70, 74, 78, 79, 85, 86, 89 and 91), Municipalities are encouraged to review the level and structure of their sanitation tariffs to ensure:

- Fully cost reflective sanitation tariffs – tariffs should include the costs associated with maintenance and renewal of treatment plants, sanitation networks and sanitation infrastructure expansion;
- Sanitation tariffs are structured to protect basic levels of service; and
- Sanitation tariffs are designed to encourage efficient and sustainable consumption.

National Treasury has urged municipalities to ensure that sanitation tariffs are fully cost reflective. In this regard a phased-in approach must be undertaken to ensure that tariffs are fully cost reflective over the medium term, in case of any discrepancies. As the charging of fully cost reflective tariffs would place an undue financial burden on customers, it will not be possible to implement it in the 2018/19 MTREF.

Sanitation charges are determined based on the volume of water consumed, which is appropriately reduced by the percentage of water discharged into the sewer system.

A tariff increase of 8.5% is proposed as from 1 July 2018. The proposed tariff increase is mainly influenced by the following:

- Employee related costs increased by an average of 8%;
- Costs of servicing existing external and new borrowing to fund sanitation infrastructure;
- Providing for debt impairment.

1.2.5 Refuse Collection and Disposal and Impact of Tariff Increases

National Treasury has urged municipalities to ensure that refuse tariffs are fully cost reflective. The tariffs should take into account the need to maintain a cash-backed reserve to cover the future costs of the rehabilitation of landfill sites. In this regard a phased-in approach will be undertaken to ensure that tariffs are fully cost reflective over the medium term. As the charging of fully cost reflective tariffs would place an undue financial burden on customers, it will not be possible to implement it in the 2018/19 MTREF and a phasing-in approach is recommended.

The refuse collection and disposal service is currently operating on a break even basis. A tariff increase of 7.5% is proposed for the refuse collection and disposal service, as from 1 July 2018.

The proposed tariff increase is mainly influenced by the following:

- Employee related costs increases;
- Costs of servicing existing external borrowing to fund refuse infrastructure;
- Providing for debt impairment.

1.2.6 Overall impact of tariff increases on households

The following tables reflect the anticipated impact of the proposed tariff increases on a middle income and affordable range household, as well as an indigent household receiving free basic services. In respect of Indigent Household receiving free basic services 3 tables have been provided to illustrate the benefit rendered to the indigent. Table 13 illustrates what would be payable by a non-ATTP qualifying consumer residing at a property with a land value of R300 000, using 350kwh of electricity and 20kl of water per month respectively. Table 14 illustrates what would have been payable by an ATTP qualifying consumer residing at a property with a land value of R300 000, using 350kwh of electricity (using the ATTP electricity tariff structure) and 20kl of water per month respectively. Table 15 illustrates what would be actually payable by an ATTP qualifying consumer residing at a property with a land value of R300 000, using 350kwh of electricity and 20kl of water per month respectively after applying the NMBM ATTP policy.

It is to be noted that NMBM by far renders the largest benefit to the indigent consumers of all Metros. It must also be taken into account that only the benefits allowed that is in accordance with the National Policy may be funded via the Equitable Share. All benefits such as Rates and availability charges, etc. is regarded by National Treasury as revenue foregone and as such to the extent provided by NMBM is regarded as a risk to the future financial sustainability of the NMBM by National Treasury.

It is to be noted that the overall impact of the proposed tariff increases on household bills has been maintained at 6.42% with indigent households increasing by 7.11%.

The basis used for calculating the municipal accounts for the different categories of households is as follows:

Description	Land Value	Electricity (kwh)	Water (kl)
Household – Middle Income	R700 000	1000 kwh	30kl
Household – Affordable Range	R500 000	500 kwh	25kl
Indigent Household receiving free services	R300 000	350 kwh	20kl

TABLE 11 (TABLE SA14 – HOUSEHOLD BILLS – MIDDLE INCOME RANGE)

Monthly Account for Household - 'Middle Income Range'	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	15% VAT	Budget Year 2018/19	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
							% incr.			
Rates and services charges:										
Property rates R700 000	507.59	555.82	608.62	635.28	635.28	635.28	5.00%	667.04	713.74	763.70
Electricity: Consumption(1000 Kwh)	1243.85	1395.95	1516.67	1551.77	1551.77	1551.77	5.84%	1642.39	1754.73	1874.76
0 - 350	367.15	412.02	447.62	456.05	456.05	456.05	5.84%	482.68	515.70	550.97
351 – 600	313.00	351.33	381.68	393.13	393.13	393.13	5.84%	416.09	444.55	474.96
601 - 900	415.50	466.29	506.70	521.91	521.91	521.91	5.84%	552.39	590.17	630.54
901 - 1000	148.20	166.31	180.68	180.68	180.68	180.68	5.84%	191.23	204.31	218.29
Water: Basic levy	30.90	34.92	38.06	41.49	41.49	41.49	8.50%	45.02	49.29	53.98
Water: Consumption (30 Kl)	297.54	336.24	366.54	399.36	399.36	399.36	8.50%	433.31	474.47	519.54
0 – 24	226.56	256.08	279.12	304.08	304.08	304.08	8.50%	329.93	361.27	395.59
>24	70.98	80.16	87.42	95.28	95.28	95.28	8.50%	103.38	113.20	123.95
Sanitation	201.96	226.26	246.60	268.74	268.74	268.74	8.50%	291.58	319.28	349.62
Sanitation Availability Levy			29.38	41.49	41.49	41.49	8.50%	45.02	49.29	53.98
Refuse removal	77.26	85.76	93.47	102.00	102.00	102.00	7.50%	109.65	120.07	131.47
Other										
Sub-total	2359.10	2634.95	2899.34	3040.13	3040.13	3040.13	6.38%	3234.01	3480.87	3747.05
VAT on Services	259.21	291.08	320.70	336.68	336.68	360.73		385.05	415.07	447.50
Total large household bill:	2618.31	2926.03	3220.04	3376.81	3376.81	3400.86	6.42%	3619.06	3895.94	4194.55
% increase/decrease		11.75%	10.05%	4.87%	4.87%	5.62%		6.42%	7.65%	7.66%

TABLE 12 (TABLE SA14 – HOUSEHOLD BILLS – AFFORDABLE RANGE)

Monthly Account for Household - 'Affordable Range'	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	15% VAT	Budget Year 2018/19	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
							% incr.			
Rates and services charges:										
Property rates R500 000	359.39	393.54	430.92	449.80	449.80	449.80	5.00%	472.28	505.35	540.72
Electricity: Consumption (500 Kwh)	554.95	622.82	676.62	691.93	691.93	691.93	5.84%	732.34	782.43	835.95
0 - 350	367.15	412.02	447.62	456.05	456.05	456.05	5.84%	482.68	515.70	550.97
351 -500	187.80	210.80	229.01	235.88	235.88	235.88	5.84%	249.66	266.73	284.98
Water: Basic levy	30.90	34.92	38.06	41.49	41.49	41.49	8.50%	45.02	49.29	53.98
Water: Consumption (25 Kl)	238.39	269.44	293.69	319.96	319.96	319.96	8.50%	347.15	380.14	416.25
0 – 24	226.56	256.08	279.12	304.08	304.08	304.08	8.50%	329.93	361.27	395.59
>24	11.83	13.36	14.57	15.88	15.88	15.88	8.50%	17.22	18.87	20.66
Sanitation	168.30	188.55	205.50	223.95	223.95	223.95	8.50%	242.99	266.07	291.35
Sanitation Availability Levy			29.38	41.49	41.49	41.49	8.50%	45.02	49.29	53.98
Refuse removal	77.26	85.76	93.47	102.00	102.00	102.00	7.50%	109.65	120.07	131.47
Other										
Sub-total	1,429.19	1,595.03	1,767.64	1,870.62	1,870.62	1,870.62	6.62%	1,994.45	2,152.64	2,323.70
VAT on Services	149.77	168.21	187.14	198.91	98.91	213.12		228.33	247.09	267.45
Total small household bill:	1,578.96	1,763.24	1,954.78	2,069.53	1,069.53	2,083.74	6.67%	2,222.78	2,399.73	2,591.15
% increase/-decrease		11.67%	10.86%	5.87%	5.87%	6.60%		6.67%	7.96%	7.98%

In respect of Indigent Household receiving free basic services 3 tables have been provided to illustrate the benefit rendered to the indigent.

Table 13 illustrates what would be payable by a non-ATTP qualifying consumer residing at a property with a land value of R300 000, using 350kwh of electricity and 20kl of water per month respectively.

TABLE 13 (TABLE SA14 – HOUSEHOLD BILLS – NON-ATTP SMALL RANGE)

Monthly Account for Household - 'Non-Indigent' Household receiving free basic services	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	15% VAT	Budget Year 2018/19	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
							% incr.			
Rates and services charges:										
Property rates R300 000	211.19	231.25	253.22	264.31	264.31	264.31	5.00%	277.53	296.96	317.74
Electricity: Consumption (350Kwh)	367.15	412.02	447.62	456.05	456.05	456.05	5.84%	482.68	515.70	550.97
0 -350	367.15	412.02	447.62	456.05	456.05	456.05	5.84%	482.68	515.70	550.97
Water: Basic levy	30.90	34.92	38.06	41.49	41.49	41.49	8.50%	45.02	49.29	53.98
Water: Consumption (20 KL)	188.80	213.40	232.60	253.40	253.40	253.40	8.50%	274.94	301.06	329.66
Sanitation	134.64	150.84	164.40	179.16	179.16	179.16	8.50%	194.39	212.86	233.08
Sanitation Availability Levy			29.38	41.49	41.49	41.49	8.50%	45.02	49.29	53.98
Refuse removal	77.26	85.76	93.47	102.00	102.00	102.00	7.50%	109.65	120.07	131.47
Sub-total	1,009.94	1,128.19	1,258.75	1,337.90	1,337.90	1,337.90	6.69%	1,429.23	1,545.23	1,670.88
VAT on Services	111.83	125.57	140.77	150.30	150.30	161.04		172.76	187.24	202.97
Total small household bill:	1,121.77	1,253.76	1,399.52	1,488.20	1,488.20	1,498.94	6.87%	1,601.99	1,732.47	1,873.85
% increase/-decrease		11.77%	11.63%	6.34%	6.34%	7.10%		6.87%	8.14%	8.16%

Table 14 illustrates what would have been payable by an ATTP qualifying consumer residing at a property with a land value of R300 000, using 350kwh of electricity (using the ATTP electricity tariff structure) and 20kl of water per month respectively.

TABLE 14 (TABLE SA14 – HOUSEHOLD BILLS – ATTP - SMALL RANGE)

Monthly Account for Household - 'Indigent' Household receiving free basic services prior to free services	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	15% VAT	Budget Year 2018/19	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
							% incr.			
Rates and services charges:										
Property rates R300 000	211.19	231.25	253.22	264.31	264.31	264.31	5.00%	277.53	296.96	317.74
Electricity: Consumption (350kWh)	259.16	290.67	312.90	318.77	318.77	318.77	5.84%	337.38	360.47	385.12
0 - 75	51.53	57.83	62.26	63.43	63.43	63.43	5.84%	67.13	71.73	76.63
75-350	207.63	232.84	250.64	255.34	255.34	255.34	5.84%	270.25	288.74	308.49
Water: Basic levy	30.90	34.92	38.06	41.49	41.49	41.49	8.50%	45.02	49.29	53.98
Water: Consumption (20 KL)	188.80	213.40	232.60	253.40	253.40	253.40	8.50%	274.94	301.06	329.66
Sanitation	134.64	150.84	164.40	179.16	179.16	179.16	8.50%	194.39	212.86	233.08
Sanitation Availability Levy			29.38	41.49	41.49	41.49	8.50%	45.02	49.29	53.98
Refuse removal	77.26	85.76	93.47	102.00	102.00	102.00	7.50%	109.65	120.07	131.47
Sub-total	901.95	1,006.84	1,124.03	1,200.62	1,200.62	1,200.62	6.83%	1,283.93	1,390.00	1,505.03
VAT on Services	96.71	108.58	121.91	131.08	131.08	140.45		150.96	163.96	178.09
Total small household bill:	998.66	1,115.42	1,245.94	1,331.70	1,331.70	1,341.07	7.00%	1,434.89	1,553.96	1,683.12
% increase/-decrease		11.69%	11.70%	6.88%	6.88%	7.64%		7.00%	8.30%	8.31%

Table 15 illustrates what would be actually payable by an ATTP qualifying consumer residing at a property with a land value of R300 000, using 350kwh of electricity and 20kl of water per month respectively after applying the NMBM ATTP policy.

TABLE 15 (TABLE SA14 – HOUSEHOLD BILLS – ATTP - SMALL RANGE)

Monthly Account for Household - 'Indigent' Household receiving free basic services – after reduction of funding from E-Share	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	15% VAT	Budget Year 2018/19	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
							% incr.			
Rates and services charges:										
Property rates R300 000	0.00	0.00	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00
Electricity: Consumption (350kWh)	207.63	232.84	250.64	255.34	255.34	255.34	5.84%	270.25	288.74	308.49
0 - 75	0.00	0.00	0.00	0.00	0.00	0.00	5.84%	0.00	0.00	0.00
75-350	207.63	232.84	250.64	255.34	255.34	255.34	5.84%	270.25	288.74	308.49
Water: Basic levy	0.00	0.00	0.00	0.00	0.00	0.00	8.50%	0.00	0.00	0.00
Water: Consumption (20 KL) less 8 kl free	113.28	128.04	139.56	152.04	152.04	152.04	8.50%	164.96	180.63	197.80
Sanitation less 11kl free	60.59	69.68	73.98	80.62	80.62	80.62	8.50%	87.47	95.78	104.88
Refuse removal	0.00	0.00	0.00	0.00	0.00	0.00	8.50%	0.00	0.00	0.00
Other										
Sub-total	381.50	430.56	464.18	488.00	488.00	488.00	7.11%	522.68	565.15	611.17
VAT on Services	53.41	60.28	64.99	68.32	68.32	73.20		78.40	84.77	91.68
Total small household bill:	434.91	490.84	529.17	556.32	556.32	561.20	7.11%	601.08	649.92	702.85
% increase/-decrease		12.86%	7.81%	5.13%	5.13%	6.05%		7.11%	8.13%	8.14%

It is important to note that an ATTP qualifying consumer using the above level of services will only pay R601.08 compared to the R1601.99 to be paid by a consumer using the same level of service, but not qualifying for ATTP assistance. To note that free Property Rates does not form part of the National Policy and may therefore not be funded from the Equitable Share and must be regarded as revenue foregone.

1.6 OPERATING EXPENDITURE FRAMEWORK

The Municipality's expenditure framework for the 2018/19 budget and MTREF is informed by the following:

- The funding of the budget over the medium-term is informed by the requirements of Section 18 and 19 of the MFMA;
- A balanced budget approach by limiting operating expenditure to the operating revenue;
- The asset renewal strategy and the repairs and maintenance plan;
- Considering budget priority / focus areas as determined by the political leadership and included in the IDP document;
- Strict adherence to the principle of “no budget allocations without a business plan, procurement plan and cash flow”.

The following table is a high level summary of the 2018/19 budget and MTREF (classified per main type of operating expenditure):

TABLE 16 (SUMMARY OF OPERATING EXPENDITURE BY STANDARD CLASSIFICATION ITEM)

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
Expenditure By Type										
Employee related costs	2 163 727	2 343 747	3 060 663	2 842 251	2 907 890	2 907 890	2 907 890	3 272 708	3 574 706	3 916 725
Remuneration of councillors	58 161	62 196	64 284	70 938	71 438	71 438	71 438	73 451	79 013	86 439
Debt impairment	407 410	625 575	437 845	619 213	637 894	637 894	637 894	541 605	541 019	579 734
Depreciation & asset impairment	901 879	1 095 302	778 250	808 877	809 578	809 578	809 578	817 712	842 267	867 561
Finance charges	180 098	166 492	155 281	148 169	148 451	148 451	148 451	142 392	174 724	198 529
Bulk purchases	2 455 086	2 815 732	3 010 600	3 005 447	3 029 503	3 029 503	3 029 503	3 181 932	3 419 421	3 526 287
Other materials	559 523	409 289	342 298	276 975	267 476	267 476	267 476	191 819	203 470	215 335
Contracted services	349 465	481 775	650 011	1 183 120	1 025 724	1 025 724	1 025 724	1 369 473	1 457 316	1 550 210
Transfers and subsidies	25 691	22 835	47 462	112 165	89 832	89 832	89 832	89 038	79 574	83 064
Other expenditure	1 115 407	743 706	606 009	421 653	689 082	689 082	689 082	694 958	707 984	745 748
Loss on disposal of PPE	513	34	1 297							
Total Expenditure	8 216 959	8 766 683	9 154 000	9 488 809	9 676 868	9 676 868	9 676 868	10 375 088	11 079 494	11 769 632
Surplus/(Deficit)	(79 309)	(37 706)	(235 310)	(125 274)	(25 024)	(25 024)	(25 024)	(11 702)	16 713	167 573

The total operating expenditure increased from R10.38 billion in 2018/19 to R11.77 billion in 2020/21.

TABLE 17 (MIX OF MAIN EXPENDITURE TYPES)

Description	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework					
	Original Budget		Adjusted Budget		Budget Year 2018/19		Budget Year +1 2019/20		Budget Year 2020/21	
R thousand		%		%		%		%		%
Expenditure By Type										
Employee related costs	2 842 251		2 907 889		3 272 707		3 574 705		3 916 725	
	176	29,95	928	30,05	651	31,54	773	32,26	491	33,28
Remuneration of councillors	70 937 756	0,75	71 437 756	0,74	73 450 700	0,71	79 012 990	0,71	86 439 250	0,73
			637 894				541 019		579 733	
Debt impairment	619 213 278	6,53	340	6,59	541 605 230	5,22	120	4,88	820	4,93
Depreciation & asset impairment	808 877 177	8,52	809 577	8,37	817 711 733	7,88	842 267	7,60	867 560	7,37
			148 450				174 724		198 529	
Finance charges	148 169 317	1,56	840	1,53	142 392 290	1,37	160	1,58	210	1,69
Bulk purchases	3 005 447		3 029 503		3 181 932		3 419 421		3 526 286	
	393	31,67	020	31,31	490	30,67	490	30,86	840	29,96
Other materials	276 974 718	2,92	267 476	2,76	191 818 700	1,85	203 469	1,84	215 334	1,83
	1 183 119		1 025 724		1 369 473		1 457 315		1 550 210	
Contracted services	736	12,47	060	10,60	185	13,20	679	13,15	236	13,17
Transfers and subsidies	112 165 450	1,18	89 832 180	0,93	89 037 910	0,86	79 573 900	0,72	83 063 530	0,71
Other expenditure	421 653 426	4,44	689 081	7,12	694 958 243	6,70	707 983	6,39	745 748	6,34
			582				841		051	
Total Expenditure	9 488 809	100	9 676 868	100	10 375 088	100	11 079 494	100	11 769 632	100
	427		030		132		218		228	

Below is a discussion of the main expenditure components.

Employee related costs

The 2018/19 draft budget provides for annual increments, where applicable, and a general increase of around 12.55% compared to the 2017/18 Adjustments Budget.

Council's target is to restrict personnel costs to below 30% of total expenditure. Personnel costs in the 2018/19 draft Budget represent 31.54% of total operating expenditure. Secondly it must also be noted that Council approved the "harmonisation" of the condition of service for employees as it relates to the "Long Service Bonus". The calculation of this bonus is the same w.e.f. 1 July 2016 to the employees / staff members of the former Uitenhage TLC. This approach has an increasing expenditure in the Employee Related Costs category hence the high increase thereof. The agreement signed by parties is to equate the allowance for all over a three financial year period (i.e. phasing in approach).

Remuneration of Councillors

The remuneration of Councillors is determined by the Minister of Co-operative Governance and Traditional Affairs (COGTA) 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 preparing the budget.

Debt Impairment

The provision for debt impairment was determined based on a targeted annual collection rate of 95% for 2018/19, 95.5% for 2019/20 and 95.5% for 2020/21, including ATTP subsidies. The collection rate is based on billed revenue. It must be noted that resulting from the mSCOA implementation this category now incorporates Impairment of Traffic Fines.

Depreciation and Asset Impairment

The provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy.

Finance Charges

Finance charges consist primarily of the repayment of interest on existing and new long-term borrowing (cost of capital) that are to be taken in the coming financial year. The item dealing with an intention to raise loans was approved by Council on the 30 March 2017 and the processes as required by Chapter 6 of the MFMA are being followed.

Bulk Electricity Purchases

NERSA has approved a 6.84% increase in the Eskom bulk tariff for the 2018/19 financial year. Energy consumption levels are influenced by the following:

- Significant increases in electricity prices;
- Consumer awareness of the need to conserve energy; and
- The implementation of energy conservation measures.

Bulk Water Purchases

The increases for this category have been set at 9% whilst awaiting the final determination by DWA.

1.6.1 Priority relating to repairs and maintenance

In line with the Municipality's stated intention to preserve and maintain its existing infrastructure, the 2018/19 Budget and MTREF provide for reasonable growth in the asset maintenance budget, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality.

During the compilation of the 2018/19 MTREF operational repairs and maintenance was identified as a strategic priority in view of the aging infrastructure especially in the service delivery Directorates and certain deferred maintenance.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

TABLE 18 (REPAIRS AND MAINTENANCE PER ASSET CLASS)

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	454 565	313 422	249 745	214 010	193 242	193 242	315 104	348 702	373 257
Roads Infrastructure	85 144	42 851	29 880	45 360	36 086	36 086	43 587	46 117	48 800
<i>Roads</i>	85 144	42 851	29 880	42 940	33 687	33 687	20 147	21 361	22 648
<i>Road Structures</i>				32	32	32	18 881	20 014	21 215
<i>Road Furniture</i>				2 389	2 367	2 367	4 559	4 743	4 937
<i>Capital Spares</i>				-	-	-			
Storm water Infrastructure	38 828	31 640	16 185	32 368	11 541	11 541	15 748	16 693	17 695
<i>Drainage Collection</i>				-	-	-			
<i>Storm water Conveyance</i>	38 828	31 640	16 185	32 368	11 541	11 541	15 748	16 693	17 695
<i>Attenuation</i>				-	-	-			
Electrical Infrastructure	45 905	45 131	45 561	27 182	22 464	22 464	33 391	35 309	36 453
<i>Power Plants</i>				742	731	731	45	48	51
<i>HV Substations</i>				1 220	1 809	1 809	17	18	20
<i>HV Switching Station</i>				-	-	-			
<i>HV Transmission Conductors</i>				2 262	2 786	2 786	160	170	180
<i>MV Substations</i>				2 570	1 762	1 762	4 111	4 256	4 619
<i>MV Switching Stations</i>				1 387	642	642	686	727	771
<i>MV Networks</i>	45 905	45 131	45 561	12 566	9 604	9 604	21 747	23 068	23 369
<i>LV Networks</i>				6 433	5 129	5 129	6 624	7 022	7 443
<i>Capital Spares</i>									
Water Supply Infrastructure	150 100	79 119	96 398	44 031	51 391	51 391	147 795	162 382	171 721
<i>Dams and Weirs</i>	11 990	10 556	7 829	702	661	661	357	386	401
<i>Boreholes</i>				-	-	-			
<i>Reservoirs</i>				2 670	771	771	615	652	691
<i>Pump Stations</i>				9 128	14 581	14 581	1 818	1 959	2 111
<i>Water Treatment Works</i>				5 367	5 337	5 337	90 637	96 104	101 840
<i>Bulk Mains</i>				3 517	3 317	3 317	2 650	2 809	2 978
<i>Distribution</i>	138 110	68 563	88 569	21 136	25 274	25 274	49 853	58 495	61 605
<i>Distribution Points</i>				500	439	439	196	208	220
<i>PRV Stations</i>				1 011	1 011	1 011	1 669	1 769	1 875
<i>Capital Spares</i>									
Sanitation Infrastructure	126 410	108 147	54 417	62 355	70 445	70 445	70 600	83 977	94 113
<i>Pump Station</i>				12 605	12 605	12 605	6 991	7 517	8 084
<i>Reticulation</i>	126 410	108 147	54 417	39 294	42 961	42 961	1 109	1 199	1 297
<i>Waste Water Treatment Works</i>				10 412	14 830	14 830	62 461	75 219	84 685
<i>Outfall Sewers</i>				44	49	49	39	42	46
<i>Toilet Facilities</i>				-	-	-			
<i>Capital Spares</i>									
Solid Waste Infrastructure	8 179	6 535	7 304	-	-	-	-	-	-
<i>Landfill Sites</i>									
<i>Waste Transfer Stations</i>	2 088	952	2 352						
<i>Waste Processing Facilities</i>	6 091	5 583	4 952						
<i>Waste Drop-off Points</i>									
<i>Waste Separation Facilities</i>									
<i>Electricity Generation Facilities</i>									
<i>Capital Spares</i>									

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Rail Infrastructure	-	-	-	2 602	1 315	1 315	3 983	4 223	4 476
<i>Rail Lines</i>				2 602	1 315	1 315	3 983	4 223	4 476
<i>Rail Structures</i>									
<i>Rail Furniture</i>									
<i>Drainage Collection</i>									
<i>Storm water Conveyance</i>									
<i>Attenuation</i>									
<i>MV Substations</i>									
<i>LV Networks</i>									
<i>Capital Spares</i>									
Coastal Infrastructure	-	-	-	112	-	-	-	-	-
<i>Sand Pumps</i>									
<i>Piers</i>									
<i>Revetments</i>									
<i>Promenades</i>									
<i>Capital Spares</i>				112					
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
<i>Data Centres</i>									
<i>Core Layers</i>									
<i>Distribution Layers</i>									
<i>Capital Spares</i>									
Community Assets	39 747	37 378	45 294	26 827	22 128	22 128	19 226	20 348	21 582
Community Facilities	24 728	24 319	31 042	11 821	13 741	13 741	11 760	12 471	13 225
<i>Halls</i>	8 224	2 798	4 227	3 838	3 584	3 584	3 632	3 852	4 086
<i>Centres</i>	4 425	3 954	11 649	619	390	390	693	735	779
<i>Crèches</i>				-	-	-			
<i>Clinics/Care Centres</i>	724	577	409	-	-	-			
<i>Fire/Ambulance Stations</i>	5 456	6 133	5 588	187	187	187	72	76	81
<i>Testing Stations</i>				-	-	-			
<i>Museums</i>	414	991	2 573	870	1 100	1 100	695	736	780
<i>Galleries</i>				592	201	201	213	226	240
<i>Theatres</i>				-	-	-			
<i>Libraries</i>	3 310	2 929	4 441	1 225	2 796	2 796	3 460	3 668	3 888
<i>Cemeteries/Crematoria</i>	322	415	885	851	29	29			
<i>Police</i>	1 854	6 522	1 271	-	-	-			
<i>Parks</i>				548	345	345	195	206	219
<i>Public Open Space</i>				2 166	2 088	2 088	2 038	2 163	2 296
<i>Nature Reserves</i>				13	29	29	12	13	14
<i>Public Ablution Facilities</i>				609	599	599			
<i>Markets</i>				257	2 393	2 393	750	795	843
<i>Stalls</i>									
<i>Abattoirs</i>									
<i>Airports</i>									
<i>Taxi Ranks/Bus Terminals</i>				47	0	0			
<i>Capital Spares</i>									
Sport and Recreation Facilities	15 020	13 059	14 252	15 006	8 388	8 388	7 466	7 878	8 357
<i>Indoor Facilities</i>				2 450	2 450	2 450	6 485	6 838	7 255
<i>Outdoor Facilities</i>	15 020	13 059	14 252	12 555	5 937	5 937	981	1 040	1 103
<i>Capital Spares</i>									
	1	1	1	1	1	1	1	1	1
Heritage assets	-	-	-	1 094	738	738	638	676	717
Monuments				766	436	436	318	337	358
Historic Buildings				26	0	0			
Works of Art				-	-	-			
Conservation Areas				302	302	302	320	339	359
Other Heritage				-	-	-			
Investment properties	-	-	-	245	250	250	-	-	-
Revenue Generating	-	-	-	245	250	250	-	-	-
<i>Improved Property</i>				-	-	-			
<i>Unimproved Property</i>				245	250	250			
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<i>Improved Property</i>									
<i>Unimproved Property</i>									

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Other assets	59 494	49 484	46 063	17 002	29 072	29 072	34 326	35 911	37 592
Operational Buildings	59 321	48 746	45 221	12 473	20 351	20 351	25 268	26 786	28 396
Municipal Offices	53 091	44 042	33 713	7 896	14 090	14 090	17 044	18 059	19 137
Pay/Enquiry Points				-					
Building Plan Offices	6 230	4 704	11 508	-					
Workshops				860	1 041	1 041	1 803	1 911	2 026
Yards				-					
Stores				-					
Laboratories				131	7	7			
Training Centres				200	200	200	26	28	29
Manufacturing Plant				-					
Depots				3 386	5 013	5 013	6 395	6 788	7 204
Capital Spares									
Housing	174	738	842	4 529	8 721	8 721	9 058	9 125	9 196
Staff Housing				511	704	704	726	770	816
Social Housing	174	738	842	4 017	8 017	8 017	8 332	8 355	8 380
Capital Spares									
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets									
Intangible Assets	-	-	-	3 724	3 868	3 868	5 070	5 386	5 756
Servitudes									
Licences and Rights	-	-	-	3 724	3 868	3 868	5 070	5 386	5 756
Water Rights				-					
Effluent Licenses				-					
Solid Waste Licenses				-					
Computer Software and Applications				3 724	3 868	3 868	5 070	5 386	5 756
Load Settlement Software Applications				-					
Unspecified				-					
Computer Equipment	5 716	9 005	1 196	6 217	8 111	8 111	13 974	14 739	15 554
Computer Equipment	5 716	9 005	1 196	6 217	8 111	8 111	13 974	14 739	15 554
Furniture and Office Equipment	-	-	-	1 908	2 186	2 186	1 474	1 574	1 676
Furniture and Office Equipment				1 908	2 186	2 186	1 474	1 574	1 676
Machinery and Equipment	-	-	-	11 838	101 238	101 238	38 790	40 618	40 801
Machinery and Equipment				11 838	101 238	101 238	38 790	40 618	40 801
Transport Assets	-	-	-	32 780	19 827	19 827	34 576	36 633	38 878
Transport Assets				32 780	19 827	19 827	34 576	36 633	38 878
Libraries	-	-	-	136	3	3	-	-	-
Libraries				136	3	3			
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals									
Total Repairs and Maintenance Expenditure	559 523	409 289	342 298	315 781	380 665	380 665	463 178	504 587	535 812
R&M as a % of PPE	4,1%	2,8%	2,2%	2,0%	2,4%	2,4%	2,9%	3,0%	3,0%
R&M as % Operating Expenditure	6,8%	4,7%	3,7%	3,3%	3,9%	3,9%	4,8%	4,9%	4,8%

1.6.2 Free Basic Services: Basic Social Services Package

The social package assists indigent households that have limited financial ability to pay for municipal services. In order to qualify for free services the households are required to register in terms of the Municipality's Assistance to the Poor Policy, whilst the monthly household income may not exceed two state pensions. Detail relating to free services, cost of free basic services, as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share allocation, received in terms of the annual Division of Revenue Act.

1.7 CAPITAL EXPENDITURE

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

TABLE 19 (2018/19 MEDIUM-TERM CAPITAL BUDGET PER VOTE)

Vote Description	2014/15	2015/16	2016/17	Current Year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework		
				Original Budget	Adjusted Budget	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
R thousand								
Capital expenditure - Vote								
Vote 1 - Budget & Treasury	34 555	38 081	29 784	25 575	23 575	11 943	20 870	3 900
Vote 2 - Public Health	73 940	74 868	67 003	47 100	55 288	51 287	63 766	63 766
Vote 3 - Human Settlements	201 395	180 459	205 227	258 326	258 326	228 457	203 475	228 008
Vote 4 - Economic Development, Tourism & Agriculture	97 310	13 722	8 134	-	36 760	53 722	33 751	35 776
Vote 5 - Corporate Services	35 735	47 180	23 006	13 560	53 220	42 150	17 085	24 085
Vote 6 - Infrastructure & Engineering Unit - Rate & General	287 037	237 347	254 428	436 050	455 012	465 054	506 861	509 588
Vote 7 - Metro Water Service	178 826	186 776	202 103	196 000	200 200	265 100	330 470	341 510
Vote 8 - Sanitation - Metro	263 307	238 904	243 900	281 964	231 764	280 854	357 500	361 500
Vote 9 - Electricity & Energy	229 039	242 331	301 576	276 986	282 372	244 173	340 435	290 008
Vote 10 - Executive & Council	2 376	3 422	9 648	6 411	6 411	10 743	16 050	16 097
Vote 11 - Safety & Security	12 737	9 750	16 495	13 700	16 700	25 096	29 100	29 444
Vote 12 - Mandela Bay Stadium	6 832	11 725	-	-	-	13 000	5 000	5 000
Vote 13 - Special Projects and Programmes	3 333	1 016	18 661	7 500	7 895	-	-	-
Vote 14 - Recreational & Cultural Services	25 020	66 717	50 948	38 720	42 387	48 500	50 500	43 000
Capital expenditure	1 451 441	1 352 298	1 430 913	1 601 891	1 669 909	1 740 079	1 974 862	1 951 681

TABLE 20 (2018/19 MEDIUM-TERM CAPITAL BUDGET PER VOTE PERCENTAGE ALLOCATION)

Vote Description	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework					
	Original Budget		Adjusted Budget		Budget Year 2018/19		Budget Year 2019/20		Budget Year 2020/21	
R thousand										
Capital expenditure - Vote										
Vote 1 - Budget & Treasury	25 575	1,60%	23 575	1,41%	11 943	0,69%	20 870	1,06%	3 900	0,20%
Vote 2 - Public Health	47 100	2,94%	55 288	3,31%	51 287	2,95%	63 766	3,23%	63 766	3,27%
Vote 3 - Human Settlements	258 326	16,13%	258 326	15,47%	228 457	13,13%	203 475	10,30%	228 008	11,68%
Vote 4 - Economic Development, Tourism & Agriculture	-	0,00%	36 760	2,20%	53 722	3,09%	33 751	1,71%	35 776	1,83%
Vote 5 - Corporate Services	13 560	0,85%	53 220	3,19%	42 150	2,42%	17 085	0,87%	24 085	1,23%
Vote 6 - Infrastructure & Engineering Unit - Rate & General	436 050	27,22%	455 012	27,25%	465 054	26,73%	506 861	25,67%	509 588	26,11%
Vote 7 - Metro Water Service	196 000	12,24%	200 200	11,99%	265 100	15,23%	330 470	16,73%	341 510	17,50%
Vote 8 - Sanitation - Metro	281 964	17,60%	231 764	13,88%	280 854	16,14%	357 500	18,10%	361 500	18,52%
Vote 9 - Electricity & Energy	276 986	17,29%	282 372	16,91%	244 173	14,03%	340 435	17,24%	290 008	14,86%
Vote 10 - Executive & Council	6 411	0,40%	6 411	0,38%	10 743	0,62%	16 050	0,81%	16 097	0,82%
Vote 11 - Safety & Security	13 700	0,86%	16 700	1,00%	25 096	1,44%	29 100	1,47%	29 444	1,51%
Vote 12 - Mandela Bay Stadium	-	0,00%	-	0,00%	13 000	0,75%	5 000	0,25%	5 000	0,26%
Vote 13 - Special Projects and Programmes	7 500	0,47%	7 895	0,47%	-	0,00%	-	0,00%	-	0,00%
Vote 14 - Recreational & Cultural Services	38 720	2,42%	42 387	2,54%	48 500	2,79%	50 500	2,56%	43 000	2,20%
Capital expenditure	1 601 891	100,00%	1 669 909	100,00%	1 740 079	100,00%	1 974 862	100,00%	1 951 681	100,00%

1.8 ANNUAL CONSOLIDATED BUDGET TABLES

The ten main budget tables, as required in terms of the Municipal Budget and Reporting Regulations (32141 dated 17 April 2009), are included in this section. These tables set out the Municipality's 2017/18 Budget and MTREF to be considered for approval by Council. Each table is accompanied by *explanatory notes*.

TABLE 21 (TABLE A1 – CONSOLIDATED BUDGET SUMMARY)

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Financial Performance										
Property rates	1 332 135	1 502 463	1 639 399	1 882 347	1 940 747	1 940 747	1 940 747	2 177 931	2 331 217	2 495 777
Service charges	4 059 466	4 649 224	4 882 016	5 107 449	5 418 950	5 418 950	5 418 950	5 469 035	5 869 476	6 300 316
Investment revenue	83 294	113 354	121 035	105 174	122 031	122 031	122 031	106 592	112 297	118 952
Transfers recognised - operational	1 486 060	1 148 940	954 122	1 543 704	1 499 041	1 499 041	1 499 041	1 814 474	1 917 867	2 084 853
Other own revenue	1 176 696	1 314 995	1 322 117	724 862	671 075	671 075	671 075	795 353	865 349	937 308
Total Revenue (excluding capital transfers and contributions)	8 137 650	8 728 976	8 918 690	9 363 536	9 651 844	9 651 844	9 651 844	10 363 386	11 096 207	11 937 206
Employee costs	2 163 727	2 343 747	3 060 663	2 842 251	2 907 890	2 907 890	2 907 890	3 272 708	3 574 706	3 916 725
Remuneration of councillors	58 161	62 196	64 284	70 938	71 438	71 438	71 438	73 451	79 013	86 439
Depreciation & asset impairment	901 879	1 095 302	778 250	808 877	809 578	809 578	809 578	817 712	842 267	867 561
Finance charges	180 098	166 492	155 281	148 169	148 451	148 451	148 451	142 392	174 724	198 529
Materials and bulk purchases	3 014 609	3 225 021	3 352 899	3 282 422	3 296 979	3 296 979	3 296 979	3 373 751	3 622 891	3 741 622
Transfers and grants	25 691	22 835	47 462	112 165	89 832	89 832	89 832	89 038	79 574	83 064
Other expenditure	1 872 794	1 851 089	1 695 161	2 223 986	2 352 700	2 352 700	2 352 700	2 606 037	2 706 319	2 875 692
Total Expenditure	8 216 959	8 766 683	9 154 000	9 488 809	9 676 868	9 676 868	9 676 868	10 375 088	11 079 494	11 769 632
Surplus/(Deficit)	(79 309)	(37 706)	(235 310)	(125 274)	(25 024)	(25 024)	(25 024)	(11 702)	16 713	167 573
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	784 204	777 512	905 519	1 321 667	1 042 340	1 042 340	1 042 340	997 534	1 033 573	1 073 513
Contributions recognised - capital & contributed assets	56 854	52 011	67 637	149 769	-	-	-	139 982	170 525	198 873
Surplus/(Deficit) after capital transfers & contributions	761 749	791 817	737 846	1 346 162	1 017 316	1 017 316	1 017 316	1 125 813	1 220 810	1 439 959
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	761 749	791 817	737 846	1 346 162	1 017 316	1 017 316	1 017 316	1 125 813	1 220 810	1 439 959
Capital expenditure & funds sources										
Capital expenditure	1 451 441	1 352 298	1 430 913	1 601 891	1 669 909	1 669 909	1 669 909	1 740 079	1 974 862	1 951 681
Transfers recognised - capital	784 204	777 512	855 067	1 394 136	1 042 340	1 042 340	1 042 340	1 137 515	1 204 098	1 272 386
Public contributions & donations	56 854	47 747	107 513	77 300	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	148 290	286 370	235 943
Internally generated funds	610 383	527 039	468 333	130 455	627 569	627 569	627 569	454 274	484 395	443 353
Total sources of capital funds	1 451 441	1 352 298	1 430 913	1 601 891	1 669 909	1 669 909	1 669 909	1 740 079	1 974 862	1 951 681
Financial position										
Total current assets	3 243 908	3 480 108	3 799 983	4 277 506	4 141 116	4 141 116	4 141 116	4 528 235	5 093 594	5 759 768
Total non current assets	14 047 315	14 816 561	15 643 788	16 217 572	16 320 801	16 320 801	16 320 801	17 154 030	18 274 154	19 355 969
Total current liabilities	2 172 775	2 259 708	2 332 781	2 404 381	2 509 138	2 509 138	2 509 138	2 646 570	2 806 250	2 996 063
Total non current liabilities	3 171 589	3 312 032	3 648 214	3 396 527	3 509 619	3 509 619	3 509 619	3 721 780	4 050 768	4 309 285
Community wealth/Equity	11 946 859	12 724 930	13 462 776	14 694 170	14 443 159	14 443 159	14 443 159	15 313 915	16 510 730	17 810 390
Cash flows										
Net cash from (used) operating	1 400 638	1 892 677	1 495 039	1 957 820	2 127 358	2 127 358	2 127 358	2 023 586	2 128 174	2 357 814
Net cash from (used) investing	(1 451 120)	(1 621 917)	(1 383 251)	(1 320 664)	(1 676 283)	(1 676 283)	(1 676 283)	(1 731 287)	(1 926 717)	(1 959 333)
Net cash from (used) financing	(111 777)	(104 093)	(93 920)	(82 472)	(80 004)	(80 004)	(80 004)	72 864	194 707	127 687
Cash/cash equivalents at the year end	1 445 839	1 612 505	1 630 474	2 227 835	2 001 445	2 001 445	2 001 445	2 366 608	2 762 772	3 288 941
Cash backing/surplus reconciliation										
Cash and investments available	1 448 553	1 614 975	1 633 025	2 227 835	2 001 445	2 001 445	2 001 445	2 366 608	2 762 772	3 288 941
Application of cash and investments	231 070	223 978	(74 379)	372 688	1 488 686	2 043 668	2 043 668	1 615 340	1 687 239	1 825 715
Balance - surplus (shortfall)	1 217 483	1 390 997	1 707 404	1 855 147	512 759	(42 223)	(42 223)	751 269	1 075 533	1 463 226
Asset management										
Asset register summary (WDV)	14 029 016	14 792 197	15 579 729	16 189 425	16 256 742	16 256 742	16 256 742	17 086 768	18 203 865	19 282 517
Depreciation	901 879	1 095 302	778 250	808 877	809 578	809 578	809 578	817 712	842 267	867 561
Renewal of Existing Assets	774 313	661 142	771 216	334 690	294 990	294 990	294 990	318 310	421 018	451 280
Repairs and Maintenance	559 523	409 289	342 298	315 781	380 665	380 665	380 665	463 178	504 587	535 812

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands										
Free services										
Cost of Free Basic Services provided	255 261	258 450	460 691	410 940	410 940	410 940	410 940	479 388	523 455	571 012
Revenue cost of free services provided	177 144	146 823	207 930	204 322	204 322	204 322	204 322	181 198	194 587	208 995
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	30	30	22	24	24	24	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	156	156	62	367	367	367	20	20	20	20

Explanatory notes to Table A1 - Budget Summary

The aim of the Budget Summary is to provide a concise overview of the proposed budget from all of the major financial perspectives (operating expenditure, capital expenditure, financial position, cash flow, and MFMA funding compliance). The table provides an overview of the amounts to be approved by Council within the context of operating performance, resources utilised for capital expenditure, financial position, cash and funding compliance, as well as the Municipality's commitment to eliminating basic service delivery backlogs. The upwards / downwards trends for certain categories of revenue / expenditure has already been previously explained (e.g. changes in Property Rates, etc.).

TABLE 22 (TABLE A2 – CONSOLIDATED BUDGET FINANCIAL PERFORMANCE)

Functional Classification Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional									
<i>Governance and administration</i>	2 547 839	2 707 968	2 724 880	2 559 903	2 635 472	2 635 472	2 830 550	3 053 975	3 315 214
Executive and council	650	116	9 705	35	33	33	26	29	31
Finance and administration	2 547 189	2 707 852	2 715 175	2 559 866	2 635 438	2 635 438	2 830 522	3 053 944	3 315 181
Internal audit	-	-	-	2	2	2	2	2	2
<i>Community and public safety</i>	798 200	734 164	539 992	629 246	386 485	386 485	813 650	811 799	864 916
Community and social services	27 477	26 650	27 984	63 885	49 732	49 732	57 548	61 483	65 797
Sport and recreation	22 912	19 651	31 124	51 938	4 784	4 784	4 761	5 089	5 408
Public safety	40 503	229 141	204 830	5 800	191 906	191 906	-	-	-
Housing	701 604	455 307	271 140	505 678	138 409	138 409	749 529	743 408	791 876
Health	5 703	3 415	4 915	1 944	1 654	1 654	1 811	1 820	1 834
<i>Economic and environmental services</i>	537 701	352 747	397 703	1 031 352	809 881	809 881	1 058 907	1 106 749	1 183 118
Planning and development	215 195	184 670	205 789	311 535	158 044	158 044	180 624	155 107	164 469
Road transport	305 815	160 778	187 346	715 157	650 377	650 377	876 783	950 044	1 016 945
Environmental protection	16 692	7 299	4 568	4 660	1 460	1 460	1 501	1 598	1 705
<i>Trading services</i>	5 078 871	5 746 120	6 211 764	6 594 204	6 841 909	6 841 909	6 749 916	7 276 507	7 793 050
Energy sources	3 288 877	3 708 273	3 789 257	4 054 525	3 953 963	3 953 963	4 168 510	4 454 611	4 737 303
Water management	805 052	996 553	1 163 571	1 099 105	1 411 415	1 411 415	1 159 095	1 254 529	1 354 333
Waste water management	729 022	759 019	954 100	1 083 260	1 088 555	1 088 555	978 525	1 081 252	1 170 511
Waste management	255 920	282 275	304 836	357 313	387 976	387 976	443 785	486 115	530 903
Other	16 098	17 501	17 507	20 267	20 437	20 437	47 879	51 274	53 293
Total Revenue - Functional	8 978 708	9 558 500	9 891 846	10 834 972	10 694 184	10 694 184	11 500 902	12 300 305	13 209 591
Expenditure - Functional									
<i>Governance and administration</i>	1 095 178	1 234 578	1 730 177	1 655 089	1 753 010	1 753 010	1 888 563	2 028 920	2 189 432
Executive and council	182 709	187 685	176 357	262 512	249 252	249 252	308 256	328 006	350 450
Finance and administration	912 470	1 046 893	1 553 820	1 350 942	1 447 251	1 447 251	1 518 222	1 634 637	1 767 994
Internal audit	-	-	-	41 635	56 508	56 508	62 085	66 277	70 988

Functional Classification Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Community and public safety	1 544 467	1 596 436	1 408 590	1 273 137	1 161 389	1 161 389	1 518 060	1 601 140	1 733 952
Community and social services	180 960	187 463	198 807	237 565	254 485	254 485	320 117	346 111	391 663
Sport and recreation	189 075	211 365	207 842	397 184	368 967	368 967	382 055	394 550	424 110
Public safety	455 489	749 762	648 812	179 462	191 906	191 906	206 274	224 313	244 454
Housing	520 186	316 392	144 279	395 707	270 411	270 411	521 858	541 077	570 712
Health	198 758	131 452	208 850	63 219	75 620	75 620	87 755	95 090	103 012
Economic and environmental services	1 246 760	974 247	958 700	1 145 042	1 029 467	1 029 467	1 312 261	1 368 180	1 454 463
Planning and development	529 514	519 417	400 272	288 411	196 343	196 343	326 997	320 989	340 469
Road transport	584 010	304 283	412 250	809 650	788 247	788 247	935 241	993 043	1 054 894
Environmental protection	133 236	150 547	146 178	46 980	44 878	44 878	50 023	54 148	59 100
Trading services	4 311 687	4 945 911	5 036 427	5 374 654	5 690 858	5 690 858	5 609 374	6 030 677	6 337 093
Energy sources	3 040 348	3 487 071	3 597 784	3 712 787	3 620 633	3 620 633	3 850 352	4 128 324	4 285 806
Water management	626 581	702 836	727 200	772 686	895 629	895 629	821 475	892 585	963 424
Waste water management	444 905	486 967	493 232	511 934	705 077	705 077	559 395	606 784	654 581
Waste management	199 853	269 037	218 210	377 247	469 519	469 519	378 151	402 984	433 282
Other	18 867	15 511	20 106	40 888	42 144	42 144	46 830	50 577	54 692
Total Expenditure - Functional	8 216 959	8 766 683	9 154 000	9 488 809	9 676 868	9 676 868	10 375 088	11 079 494	11 769 632
Surplus/(Deficit) for the year	761 749	791 817	737 846	1 346 162	1 017 316	1 017 316	1 125 813	1 220 810	1 439 959

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

The 'standard classification' refers to a modified Government Finance Statistics (GFS) reporting structure. The aim of the standard classification approach is to ensure that all municipalities approve a budget in one common format, to facilitate comparison across all municipalities. **It should be noted that the revenue by vote as reflected in this table, includes revenue attributable to capital grants.**

TABLE 23 (TABLE A3 – CONSOLIDATED BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE BY MUNICIPAL VOTE))

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
Revenue by Vote									
Vote 1 - Budget & Treasury	2 520 975	2 662 693	2 688 505	2 480 469	2 525 934	2 525 934	2 778 076	2 989 514	3 244 329
Vote 2 - Public Health	287 386	299 709	318 420	411 983	387 979	387 979	487 223	541 582	592 901
Vote 3 - Human Settlements	729 690	479 704	312 673	520 525	402 329	402 329	777 167	773 746	825 175
Vote 4 - Economic Development, Tourism & Agriculture	130 352	109 035	149 395	118 039	121 217	121 217	152 687	144 885	138 172
Vote 5 - Corporate Services	19 828	34 141	15 587	25 043	37 874	37 874	20 733	21 831	23 009
Vote 6 - Infrastructure & Engineering Unit - Rate & General	297 661	147 733	178 572	658 178	445 274	445 274	375 950	384 896	406 128
Vote 7 - Metro Water Service	805 052	996 553	1 163 571	1 099 105	1 411 415	1 411 415	1 159 095	1 254 529	1 354 333
Vote 8 - Sanitation - Metro	721 528	759 019	947 460	1 098 220	1 088 555	1 088 555	978 525	1 081 252	1 170 511
Vote 9 - Electricity & Energy	3 288 877	3 708 273	3 789 257	4 054 525	3 953 963	3 953 963	4 168 510	4 454 611	4 737 303
Vote 10 - Executive & Council	2 639	6 360	25 186	20 589	21 470	21 470	22 350	21 459	22 071
Vote 11 - Safety & Security	60 570	248 628	226 367	256 625	242 925	242 925	530 206	578 893	639 619
Vote 12 - Mandela Bay Stadium	42 112	50 932	14 193	10 800	10 800	10 800	15 000	16 200	17 496
Vote 13 - Special Projects and Programmes	37 689	22 426	17 052	20 784	23 044	23 044	14 416	15 554	16 805
Vote 14 - Recreational & Cultural Services	34 350	33 296	45 608	60 087	21 404	21 404	20 961	21 353	21 741
Total Revenue by Vote	8 978 708	9 558 500	9 891 846	10 834 972	10 694 184	10 694 184	11 500 902	12 300 305	13 209 591

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
Expenditure by Vote to be appropriated									
Vote 1 - Budget & Treasury	584 219	723 426	1 181 075	696 245	699 245	699 245	775 101	839 028	917 603
Vote 2 - Public Health	531 312	652 893	563 068	654 078	647 254	647 254	683 690	732 461	789 859
Vote 3 - Human Settlements	683 113	564 998	260 919	478 511	362 177	362 177	607 383	633 555	669 424
Vote 4 - Economic Development, Tourism & Agriculture	120 349	111 891	124 367	143 465	157 061	157 061	172 182	163 830	172 113
Vote 5 - Corporate Services	362 049	296 648	333 340	413 513	418 568	418 568	447 520	479 397	514 099
Vote 6 - Infrastructure & Engineering Unit - Rate & General	708 090	407 538	562 264	644 967	700 549	700 549	781 272	823 073	870 797
Vote 7 - Metro Water Service	626 582	702 977	727 200	790 601	858 239	858 239	838 614	910 907	983 026
Vote 8 - Sanitation - Metro	386 167	430 121	458 024	465 894	518 069	518 069	504 307	548 498	592 846
Vote 9 - Electricity & Energy	3 040 348	3 500 746	3 597 784	3 708 839	3 724 312	3 724 312	3 846 612	4 124 252	4 281 367
Vote 10 - Executive & Council	221 930	235 069	238 469	343 968	292 304	292 304	374 993	389 943	416 773
Vote 11 - Safety & Security	467 520	621 408	661 276	727 756	805 781	805 781	893 624	966 739	1 040 860
Vote 12 - Mandela Bay Stadium	182 259	192 150	128 697	50 434	114 901	114 901	51 584	55 181	59 030
Vote 13 - Special Projects and Programmes	33 937	22 748	13 134	13 011	13 755	13 755	12 731	13 704	14 772
Vote 14 - Recreational & Cultural Services	269 085	304 071	304 382	357 527	364 652	364 652	385 474	398 926	447 063
Total Expenditure by Vote	8 216 959	8 766 683	9 154 000	9 488 809	9 676 868	9 676 868	10 375 088	11 079 494	11 769 632
Surplus/(Deficit) for the year	761 749	791 817	737 846	1 346 162	1 017 316	1 017 316	1 125 813	1 220 810	1 439 959

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

- The purpose of the format in which the budget is presented, is to enable the Council to enforce a vote in accordance with the municipality's organisational structure, so as to assign responsibility for the revenue and expenditure recorded against these votes to the City Manager and Executive Directors concerned. Operating revenue and expenditure is thus presented by 'vote'. A 'vote' is defined in terms of section 1 of the MFMA as one of the main segments into which a budget of a municipality is divided into, for the appropriation of funds.

TABLE 24 (TABLE A4 - BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE))

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source										
Property rates	1 332 135	1 502 463	1 639 399	1 882 347	1 940 747	1 940 747	1 940 747	2 177 931	2 331 217	2 495 777
Service charges - electricity revenue	3 085 314	3 466 988	3 568 982	3 748 825	3 723 756	3 723 756	3 723 756	3 964 692	4 222 300	4 496 744
Service charges - water revenue	519 528	660 223	761 650	714 594	1 003 890	1 003 890	1 003 890	749 547	820 754	898 725
Service charges - sanitation revenue	323 716	377 421	424 335	469 359	504 406	504 406	504 406	459 930	503 624	551 468
Service charges - refuse revenue	130 907	144 592	127 050	174 671	186 898	186 898	186 898	294 667	322 599	353 180
Service charges - other								200	200	200
Rental of facilities and equipment	18 378	21 042	22 980	18 886	30 252	30 252	30 252	37 118	39 566	42 662
Interest earned - external investments	83 294	113 354	121 035	105 174	122 031	122 031	122 031	106 592	112 297	118 952
Interest earned - outstanding debtors	151 070	160 682	178 768	178 343	178 362	178 362	178 362	221 488	239 542	259 014
Dividends received	291	77	341	-	-	-	-	-	-	-
Fines, penalties and forfeits	40 885	224 461	202 307	265 711	256 306	256 306	256 306	303 735	333 884	363 757
Licences and permits	9 695	9 332	10 473	26 671	26 442	26 442	26 442	28 034	29 723	31 662
Agency services	2 246	2 345	2 503	-	2 728	2 728	2 728	2 892	3 066	3 250
Transfers and subsidies	1 486 060	1 148 940	954 122	1 543 704	1 499 041	1 499 041	1 499 041	1 814 474	1 917 867	2 084 853
Other revenue	953 301	897 028	904 140	235 219	176 984	176 984	176 984	202 086	219 568	236 963
Gains on disposal of PPE	830	28	606	32						

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Total Revenue (excluding capital transfers and contributions)	8 137 650	8 728 976	8 918 690	9 363 536	9 651 844	9 651 844	9 651 844	10 363 386	11 096 207	11 937 206
Expenditure By Type										
Employee related costs	2 163 727	2 343 747	3 060 663	2 842 251	2 907 890	2 907 890	2 907 890	3 272 708	3 574 706	3 916 725
Remuneration of councillors	58 161	62 196	64 284	70 938	71 438	71 438	71 438	73 451	79 013	86 439
Debt impairment	407 410	625 575	437 845	619 213	637 894	637 894	637 894	541 605	541 019	579 734
Depreciation & asset impairment	901 879	1 095 302	778 250	808 877	809 578	809 578	809 578	817 712	842 267	867 561
Finance charges	180 098	166 492	155 281	148 169	148 451	148 451	148 451	142 392	174 724	198 529
Bulk purchases	2 455 086	2 815 732	3 010 600	3 005 447	3 029 503	3 029 503	3 029 503	3 181 932	3 419 421	3 526 287
Other materials	559 523	409 289	342 298	276 975	267 476	267 476	267 476	191 819	203 470	215 335
Contracted services	349 465	481 775	650 011	1 183 120	1 025 724	1 025 724	1 025 724	1 369 473	1 457 316	1 550 210
Transfers and subsidies	25 691	22 835	47 462	112 165	89 832	89 832	89 832	89 038	79 574	83 064
Other expenditure	1 115 407	743 706	606 009	421 653	689 082	689 082	689 082	694 958	707 984	745 748
Loss on disposal of PPE	513	34	1 297							
Total Expenditure	8 216 959	8 766 683	9 154 000	9 488 809	9 676 868	9 676 868	9 676 868	10 375 088	11 079 494	11 769 632
Surplus/(Deficit)	(79 309)	(37 706)	(235 310)	(125 274)	(25 024)	(25 024)	(25 024)	(11,702)	16 713	167 573
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	784 204	777 512	905 519	1 321 667	1 042 340	1 042 340	1 042 340	997 534	1 033 573	1 073 513
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	56 854	52 011	67 637	149 769	-	-	-	139 982	170 525	198 873
Transfers and subsidies - capital (in-kind - all)										
Surplus/(Deficit) after capital transfers & contributions	761 749	791 817	737 846	1 346 162	1 017 316	1 017 316	1 017 316	1 125 813	1 220 810	1 439 959
Taxation										
Surplus/(Deficit) after taxation	761 749	791 817	737 846	1 346 162	1 017 316	1 017 316	1 017 316	1 125 813	1 220 810	1 439 959
Attributable to minorities										
Surplus/(Deficit) attributable to municipality	761 749	791 817	737 846	1 346 162	1 017 316	1 017 316	1 017 316	1 125 813	1 220 810	1 439 959
Share of surplus/ (deficit) of associate										
Surplus/(Deficit) for the year	761 749	791 817	737 846	1 346 162	1 017 316	1 017 316	1 017 316	1 125 813	1 220 810	1 439 959

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

Revenue

1. The Financial Performance Budget is required to be approved concurrently by revenue source and expenditure type, so as to ensure consistency with annual reporting format requirements. A key aim is to facilitate comparison between the annual results and the original budget, so as to assess performance.

TABLE 25 (TABLE A5 – CONSOLIDATED BUDGETED CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING SOURCE)

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 1 - Budget & Treasury	31 028	36 129	29 553	6 075	20 625	20 625	20 625	9 243	20 120	3 000
Vote 2 - Public Health	66 980	61 598	55 854	46 900	34 300	34 300	34 300	41 487	51 200	51 200
Vote 3 - Human Settlements	201 395	180 459	205 227	258 326	258 326	258 326	258 326	183 457	203 475	228 008
Vote 4 - Economic Development, Tourism & Agriculture	97 310	13 722	8 134	-	35 760	35 760	35 760	52 222	33 751	35 776
Vote 5 - Corporate Services	34 918	47 180	23 006	6 070	38 270	38 270	38 270	28 950	17 085	24 085
Vote 6 - Infrastructure & Engineering Unit - Rate & General	282 611	229 317	240 299	434 450	440 012	440 012	440 012	448 954	488 361	491 088
Vote 7 - Metro Water Service	177 645	182 704	199 848	196 000	196 200	196 200	196 200	263 100	327 470	338 010
Vote 8 - Sanitation - Metro	263 307	232 984	240 785	281 964	226 214	226 214	226 214	278 854	354 500	358 500
Vote 9 - Electricity & Energy	203 273	215 917	293 231	275 486	263 722	263 722	263 722	236 443	330 285	279 708
Vote 10 - Executive & Council	2 376	3 422	9 648	6 411	6 411	6 411	6 411	10 743	16 050	16 097
Vote 11 - Safety & Security	10 020	6 442	6 825	13 700	8 650	8 650	8 650	4 865	25 150	11 500
Vote 12 - Mandela Bay Stadium	6 832	11 725	-	-	-	-	-	13 000	5 000	5 000
Vote 13 - Special Projects and Programmes	3 333	1 016	18 661	-	7 895	7 895	7 895	-	-	-
Vote 14 - Recreational & Cultural Services	25 020	66 717	49 716	38 500	42 387	42 387	42 387	38 000	49 000	42 000
Capital multi-year expenditure sub-total	1 406 047	1 289 333	1 380 787	1 563 881	1 578 771	1 578 771	1 578 771	1 609 318	1 921 446	1 883 971
Single-year expenditure to be appropriated										
Vote 1 - Budget & Treasury	3 527	1 953	230	19 500	2 950	2 950	2 950	2 700	750	900
Vote 2 - Public Health	6 960	13 269	11 149	200	20 988	20 988	20 988	9 800	12 566	12 566
Vote 3 - Human Settlements	-	-	-	-	-	-	-	45 000	-	-
Vote 4 - Economic Development, Tourism & Agriculture	-	-	-	-	1 000	1 000	1 000	1 500	-	-
Vote 5 - Corporate Services	818	-	-	7 490	14 950	14 950	14 950	13 200	-	-
Vote 6 - Infrastructure & Engineering Unit - Rate & General	4 426	8 030	14 129	1 600	15 000	15 000	15 000	16 100	18 500	18 500
Vote 7 - Metro Water Service	1 181	4 072	2 255	-	4 000	4 000	4 000	2 000	3 000	3 500
Vote 8 - Sanitation - Metro	-	5 921	3 116	-	5 550	5 550	5 550	2 000	3 000	3 000
Vote 9 - Electricity & Energy	25 765	26 413	8 345	1 500	18 650	18 650	18 650	7 730	10 150	10 300
Vote 10 - Executive & Council	-	-	-	-	-	-	-	-	-	-
Vote 11 - Safety & Security	2 717	3 308	9 670	-	8 050	8 050	8 050	20 231	3 950	17 944
Vote 12 - Mandela Bay Stadium	-	-	-	-	-	-	-	-	-	-
Vote 13 - Special Projects and Programmes	-	-	-	7 500	-	-	-	-	-	-
Vote 14 - Recreational & Cultural Services	-	-	1 232	220	-	-	-	10 500	1 500	1 000
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	45 394	62 966	50 126	38 010	91 138	91 138	91 138	130 761	53 416	67 710
Total Capital Expenditure - Vote	1 451 441	1 352 298	1 430 913	1 601 891	1 669 909	1 669 909	1 669 909	1 740 079	1 974 862	1 951 681
Capital Expenditure - Functional										
Governance and administration	79 499	100 408	62 437	58 535	105 395	105 395	105 395	93 774	89 311	83 495
Executive and council	9 208	15 147	9 648	-	-	-	-	-	-	-
Finance and administration	34 555	38 081	29 784	58 535	105 395	105 395	105 395	93 774	89 311	83 495
Internal audit	35 735	47 180	23 006	-	-	-	-	-	-	-
Community and public safety	240 205	258 903	275 228	333 296	133 961	133 961	133 961	156 801	117 800	110 700
Community and social services	3 755	13 459	20 794	57 000	51 095	51 095	51 095	36 117	50 500	50 200
Sport and recreation	21 265	53 315	30 154	34 720	43 667	43 667	43 667	59 070	45 500	42 500
Public safety	12 737	9 750	16 495	12 400	25 500	25 500	25 500	15 815	21 000	17 200
Housing	201 395	180 459	205 227	229 176	12 500	12 500	12 500	45 000	-	-
Health	1 052	1 919	2 558	-	1 200	1 200	1 200	800	800	800

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
<i>Economic and environmental services</i>	450 927	291 298	320 930	408 211	541 263	541 263	541 263	562 343	585 383	601 601
Planning and development	100 643	14 681	26 794	-	36 760	36 760	36 760	53 722	33 751	35 776
Road transport	287 037	237 347	254 428	405 011	503 003	503 003	503 003	506 621	549 633	563 826
Environmental protection	63 247	39 270	39 708	3 200	1 500	1 500	1 500	2 000	2 000	2 000
<i>Trading services</i>	680 811	701 689	772 317	801 850	889 289	889 289	889 289	927 161	1 182 369	1 155 885
Energy sources	229 039	242 331	301 576	282 486	287 608	287 608	287 608	236 673	330 995	274 508
Water management	178 826	186 776	202 103	193 000	232 355	232 355	232 355	290 515	359 818	376 602
Waste water management	263 307	238 904	243 900	314 364	346 488	346 488	346 488	386 973	478 555	491 775
Waste management	9 640	33 678	24 737	12 000	22 838	22 838	22 838	13 000	13 000	13 000
<i>Other</i>				-	-	-	-			
Total Capital Expenditure - Functional	1 451 441	1 352 298	1 430 913	1 601 891	1 669 909	1 669 909	1 669 909	1 740 079	1 974 862	1 951 681
Funded by:										
National Government	781 938	760 841	849 897	999 317	956 740	956 740	956 740	977 575	1 033 573	1 073 513
Provincial Government				-	-	-	-			
District Municipality				-	-	-	-			
Other transfers and grants	2 266	16 671	5 170	394 819	85 600	85 600	85 600	159 940	170 525	198 873
Transfers recognised - capital	784 204	777 512	855 067	1 394 136	1 042 340	1 042 340	1 042 340	1 137 515	1 204 098	1 272 386
Public contributions & donations	56 854	47 747	107 513	77 300	-	-	-			
Borrowing				-	-	-	-	148 290	286 370	235 943
Internally generated funds	610 383	527 039	468 333	130 455	627 569	627 569	627 569	454 274	484 395	443 353
Total Capital Funding	1 451 441	1 352 298	1 430 913	1 601 891	1 669 909	1 669 909	1 669 909	1 740 079	1 974 862	1 951 681

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

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote; 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.

TABLE 26 (TABLE A6 – CONSOLIDATED BUDGETED FINANCIAL POSITION)

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
ASSETS										
Current assets										
Cash	193 345	247 168	285 651	200 400	200 400	200 400	200 400	201 000	201 000	201 000
Call investment deposits	1 255 209	1 367 808	1 347 374	2 027 435	1 801 045	1 801 045	1 801 045	2 165 608	2 561 772	3 087 941
Consumer debtors	1 142 034	1 267 085	1 544 070	1 331 200	1 531 200	1 531 200	1 531 200	1 475 210	1 616 948	1 728 399
Other debtors	513 325	452 674	424 491	518 471	408 471	408 471	408 471	480 635	499 860	519 854
Current portion of long-term receivables	0	0	0	0	0	0	0	0	0	0
Inventory	139 995	145 374	198 396	200 000	200 000	200 000	200 000	205 782	214 013	222 574
Total current assets	3 243 908	3 480 108	3 799 983	4 277 506	4 141 116	4 141 116	4 141 116	4 528 235	5 093 594	5 759 768
Non current assets										
Long-term receivables	18 299	24 307	64 059	28 147	64 059	64 059	64 059	67 262	70 289	73 452
Investments					-	-	-			
Investment property	198 169	197 280	193 631	197 280	197 280	197 280	197 280	197 280	197 280	197 280
Investment in Associate										
Property, plant and equipment	13 686 348	14 540 793	15 326 949	15 931 954	15 989 771	15 989 771	15 989 771	16 828 351	17 963 957	19 062 225
Agricultural										
Biological										
Intangible	144 499	54 180	59 149	60 190	69 690	69 690	69 690	61 137	42 628	23 012
Other non-current assets										
Total non current assets	14 047 315	14 816 561	15 643 788	16 217 572	16 320 801	16 320 801	16 320 801	17 154 030	18 274 154	19 355 969
TOTAL ASSETS	17 291 222	18 296 669	19 443 771	20 495 078	20 461 917	20 461 917	20 461 917	21 682 265	23 367 748	25 115 738

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
LIABILITIES										
Current liabilities										
Bank overdraft										
Borrowing	106 793	95 439	87 089	79 760	79 760	79 760	79 760	93 170	111 469	131 691
Consumer deposits	111 852	123 959	131 340	128 872	131 340	131 340	131 340	139 221	147 574	156 428
Trade and other payables	1 795 603	1 914 570	1 859 218	2 051 117	2 043 668	2 043 668	2 043 668	2 157 729	2 274 641	2 419 085
Provisions	158 526	125 740	255 134	144 632	254 370	254 370	254 370	256 450	272 566	288 858
Total current liabilities	2 172 775	2 259 708	2 332 781	2 404 381	2 509 138	2 509 138	2 509 138	2 646 570	2 806 250	2 996 063
Non current liabilities										
Borrowing	2 841 817	1 377 585	1 290 457	1 151 863	1 151 863	1 151 863	1 151 863	1 203 438	1 371 492	1 470 103
Provisions	329 772	1 934 447	2 357 757	2 244 664	2 357 757	2 357 757	2 357 757	2 518 343	2 679 276	2 839 181
Total non current liabilities	3 171 589	3 312 032	3 648 214	3 396 527	3 509 619	3 509 619	3 509 619	3 721 780	4 050 768	4 309 285
TOTAL LIABILITIES	5 344 364	5 571 740	5 980 995	5 800 908	6 018 758	6 018 758	6 018 758	6 368 350	6 857 017	7 305 348
NET ASSETS	11 946 859	12 724 930	13 462 776	14 694 170	14 443 159	14 443 159	14 443 159	15 313 915	16 510 730	17 810 390
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	11 734 266	12 593 391	13 231 691	14 134 366	13 878 244	13 878 244	13 878 244	14 701 631	15 828 899	17 057 103
Reserves	212 592	131 538	231 085	559 804	564 915	564 915	564 915	612 284	681 831	753 287
TOTAL COMMUNITY WEALTH/EQUITY	11 946 859	12 724 930	13 462 776	14 694 170	14 443 159	14 443 159	14 443 159	15 313 915	16 510 730	17 810 390

Explanatory notes to Table A6 - Budgeted Financial Position

1. The table presents Assets less Liabilities as Community Wealth. The order of items within each group is also aligned to the convention of showing items in order of liquidity; i.e. assets readily converted to cash or liabilities immediately required to be met from cash appear first.
2. Any movement on the Budgeted Financial Performance or the Capital Budget will invariably impact on the Budgeted Financial Position. For example, the collection rate assumption will impact on the cash position of the municipality and consequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption informs the budget provision for debt impairment, which in turn impacts on the provision for bad debts. 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 directly informed by forecasting the statement of financial position.

TABLE 27 (TABLE A7 – CONSOLIDATED BUDGET CASH FLOW STATEMENT)

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates	1 209 351	1 306 402	1 599 357	1 769 406	1 824 302	1 824 302	1 824 302	2 069 035	2 226 313	2 383 467
Service charges	3 767 086	4 003 911	4 350 795	4 801 002	5 093 813	5 093 813	5 093 813	5 195 393	5 605 159	6 016 611
Other revenue	1 162 545	1 927 334	1 510 361	325 068	263 330	263 330	263 330	310 241	337 563	365 092
Government - operating	1 173 071	1 206 016	878 217	1 543 704	1 481 005	1 481 005	1 481 005	1 755 820	1 871 356	2 060 698
Government - capital	999 637	932 291	983 120	1 462 255	1 565 912	1 565 912	1 565 912	1 546 170	1 629 685	1 687 940
Interest	222 532	112 372	120 860	105 174	122 031	122 031	122 031	106 592	112 297	118 952
Dividends	291	77	341	-	-	-	-	-	-	-
Payments										
Suppliers and employees	(6 810 136)	(7 321 511)	(7 727 572)	(7 788 682)	(7 983 561)	(7 983 561)	(7 983 561)	(8 729 826)	(9 398 923)	(9 994 306)
Finance charges	(208 595)	(168 838)	(157 624)	(147 941)	(148 451)	(148 451)	(148 451)	(142 392)	(174 724)	(198 529)
Transfers and Grants	(115 142)	(105 376)	(62 817)	(112 165)	(91 023)	(91 023)	(91 023)	(87 446)	(80 551)	(82 111)
NET CASH FROM/(USED) OPERATING ACTIVITIES	1 400 638	1 892 677	1 495 039	1 957 820	2 127 358	2 127 358	2 127 358	2 023 586	2 128 174	2 357 814

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
R thousand										
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE				149 469				-	-	-
Decrease (Increase) in non-current debtors				(1 340)				-	-	-
Decrease (increase) other non-current receivables					(37 252)	(37 252)	(37 252)	(3 203)	(3 027)	(3 163)
Decrease (increase) in non-current investments								-	-	-
Payments										
Capital assets	(1 451 120)	(1 621 917)	(1 383 251)	(1 468 793)	(1 639 030)	(1 639 030)	(1 639 030)	(1 728 084)	(1 923 690)	(1 956 170)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(1 451 120)	(1 621 917)	(1 383 251)	(1 320 664)	(1 676 283)	(1 676 283)	(1 676 283)	(1 731 287)	(1 926 717)	(1 959 333)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-	-	-
Borrowing long term/refinancing								148 290	286 370	235 943
Increase (decrease) in consumer deposits				3 937	6 405	6 405	6 405	7 880	8 353	8 854
Payments										
Repayment of borrowing	(111 777)	(104 093)	(93 920)	(86 409)	(86 409)	(86 409)	(86 409)	(83 306)	(100 016)	(117 110)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(111 777)	(104 093)	(93 920)	(82 472)	(80 004)	(80 004)	(80 004)	72 864	194 707	127 687
NET INCREASE/ (DECREASE) IN CASH HELD	(162 259)	166 667	17 868	554 683	371 071	371 071	371 071	365 163	396 164	526 169
Cash/cash equivalents at the year begin:	1 608 097	1 445 839	1 612 605	1 673 151	1 630 374	1 630 374	1 630 374	2 001 445	2 366 608	2 762 772
Cash/cash equivalents at the year end:	1 445 839	1 612 505	1 630 474	2 227 835	2 001 445	2 001 445	2 001 445	2 366 608	2 762 772	3 288 941

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement represents the first measurement in determining whether the budget is funded.
2. It reflects the expected cash in-flows versus cash outflows that is likely to result from the implementation of the budget.

TABLE 28 (TABLE A8 - CASH BACKED RESERVES/ACCUMULATED SURPLUS RECONCILIATION)

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
R thousand										
Cash and investments available										
Cash/cash equivalents at the year end	1 445 839	1 612 505	1 630 474	2 227 835	2 001 445	2 001 445	2 001 445	2 366 608	2 762 772	3 288 941
Other current investments > 90 days	2 715	2 470	2 552	-	-	-	-	-	(0)	(0)
Non current assets - Investments	-	-	-	-	-	-	-	-	-	-
Cash and investments available:	1 448 553	1 614 975	1 633 025	2 227 835	2 001 445	2 001 445	2 001 445	2 366 608	2 762 772	3 288 941
Application of cash and investments										
Unspent conditional transfers	171 309	200 574	38 268	216 938	216 938	216 938	216 938	227 785	239 174	251 133
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements										
Other working capital requirements	59 761	23 404	(112 647)	155 750	34 912	34 912	34 912	114 760	64 764	77 198
Other provisions					671 921	671 921	671 921	660 510	701 470	744 097
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments					564 915	564 915	564 915	612 284	681 831	753 287
Total Application of cash and investments:	231 070	223 978	(74 379)	372 688	1 488 686	1 488 686	1 488 686	1 615 340	1 687 239	1 825 715
Surplus(shortfall)	1 217 483	1 390 997	1 707 404	1 855 147	512 759	512 759	512 759	751 269	1 075 533	1 463 226

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. The table assesses 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. As part of the budgeting and planning guidelines that informed the compilation of the 2018/19 MTREF, the end objective of the medium-term framework was to ensure the budget is funded as required in accordance with section 18 of the MFMA.
4. Provisions to be cash backed incorporate all current provisions as well as the provision for the rehabilitation of landfill sites.
5. Reserves to be cash backed incorporate the Housing Revolving Fund, COIDA, Self Insurance Fund (SIF) and the Capital Replacement Reserve. Amounts of R300 million, R350 million and R400 million has been provided for the 2018/19, 2019/20 and 2020/21 financial years respectively.

TABLE 29 (TABLE A9 - ASSET MANAGEMENT)

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
CAPITAL EXPENDITURE									
Total New Assets	677 129	691 157	659 697	652 453	671 912	671 912	742 143	642 628	800 402
<i>Roads Infrastructure</i>	146 622	148 883	99 720	239 848	259 211	259 211	226 525	247 113	265 185
<i>Storm water Infrastructure</i>	-	-	-	29 718	29 925	29 925	28 565	28 967	34 342
<i>Electrical Infrastructure</i>	57 916	106 585	78 531	77 816	56 216	56 216	45 303	51 326	49 276
<i>Water Supply Infrastructure</i>	61 476	91 871	89 657	118 469	75 661	75 661	81 765	86 518	89 602
<i>Sanitation Infrastructure</i>	205 303	193 077	237 753	97 403	45 161	45 161	70 208	61 938	66 283
<i>Solid Waste Infrastructure</i>	-	-	-	-	400	400	-	-	-
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	4 000	1 000	1 000	3 500	-	-
Infrastructure	471 317	540 416	505 660	567 253	467 573	467 573	455 865	475 863	504 688
Community Facilities	127 151	19 199	40 423	-	15 379	15 379	71 223	23 000	137 140
Sport and Recreation Facilities	-	573	6 194	-	19 380	19 380	16 586	-	-
Community Assets	127 151	19 772	46 617	-	34 760	34 760	87 809	23 000	137 140
Heritage Assets	-	-	-	-	-	-	-	-	8 223
Revenue Generating	-	-	-	-	-	-	-	5 000	5 000
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	5 000	5 000
Operational Buildings	2 838	32 187	3 554	-	32 083	32 083	6 900	1 000	6 000
Housing	-	-	-	7 500	-	-	48 000	5 000	2 000
Other Assets	2 838	32 187	3 554	7 500	32 083	32 083	54 900	6 000	8 000
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	29 563	39 136	28 715	22 000	14 500	14 500	6 650	300	318
Intangible Assets	29 563	39 136	28 715	22 000	14 500	14 500	6 650	300	318
Computer Equipment	5 728	14 105	21 566	5 100	20 778	20 778	18 761	4 063	5 070
Furniture and Office Equipment	2 893	4 126	743	100	3 100	3 100	3 050	53	1 556
Machinery and Equipment	30 410	12 311	13 278	32 400	65 359	65 359	89 307	96 549	93 776
Transport Assets	7 229	29 104	39 564	18 100	33 760	33 760	25 800	31 800	36 630
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	774 313	661 142	771 216	334 690	294 990	294 990	318 310	421 018	451 280
<i>Roads Infrastructure</i>	120 228	76 159	135 959	51 500	50 000	50 000	71 000	53 229	50 000
<i>Storm water Infrastructure</i>	-	-	-	4 000	4 000	4 000	5 500	9 000	9 000
<i>Electrical Infrastructure</i>	148 784	109 989	198 610	125 640	131 890	131 890	88 277	122 139	123 140
<i>Water Supply Infrastructure</i>	114 326	90 718	100 149	57 600	65 000	65 000	78 000	141 100	128 000
<i>Sanitation Infrastructure</i>	277 386	256 063	251 204	80 400	32 950	32 950	52 500	47 200	99 500
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>	-	-	-	-	-	-	11 149	15 000	5 000
<i>Coastal Infrastructure</i>	-	-	-	1 500	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
R thousand									
Infrastructure	660 724	532 929	685 922	320 640	283 840	283 840	306 426	387 668	414 640
Community Facilities	35 034	16 762	19 345	8 650	4 150	4 150	11 384	16 000	26 000
Sport and Recreation Facilities	15 242	58 608	12 954	400	7 000	7 000	-	-	-
Community Assets	50 277	75 370	32 298	9 050	11 150	11 150	11 384	16 000	26 000
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	48 464	38 118	37 855	-	-	-	500	6 740	6 940
Housing	-	-	-	-	-	-	-	-	-
Other Assets	48 464	38 118	37 855	-	-	-	500	6 740	6 940
Biological or Cultivated Assets	-	415	-	5 000	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	3 209	4 303	4 059	-	-	-	-	500	-
Intangible Assets	3 209	4 303	4 059	-	-	-	-	500	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	2 000	-
Machinery and Equipment	11 639	10 008	11 081	-	-	-	-	7 560	2 700
Transport Assets	-	-	-	-	-	-	-	550	1 000
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets	-	-	-	614 749	703 007	703 007	679 627	911 216	699 999
<i>Roads Infrastructure</i>	-	-	-	209 300	233 767	233 767	184 744	259 120	141 250
<i>Storm water Infrastructure</i>	-	-	-	27 400	48 455	48 455	29 450	30 000	32 000
<i>Electrical Infrastructure</i>	-	-	-	63 700	66 136	66 136	85 421	134 527	86 349
<i>Water Supply Infrastructure</i>	-	-	-	52 000	48 600	48 600	81 500	77 700	104 500
<i>Sanitation Infrastructure</i>	-	-	-	155 964	186 764	186 764	193 600	291 300	238 300
<i>Solid Waste Infrastructure</i>	-	-	-	7 000	5 000	5 000	7 500	7 500	7 500
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	1 000	2 500	2 500	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	516 364	591 222	591 222	582 215	800 147	609 899
Community Facilities	-	-	-	49 000	55 896	55 896	25 070	52 100	46 100
Sport and Recreation Facilities	-	-	-	18 820	14 876	14 876	27 500	14 500	17 000
Community Assets	-	-	-	67 820	70 772	70 772	52 570	66 600	63 100
Heritage Assets	-	-	-	-	7 823	7 823	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	13 985	12 940	12 940	24 643	39 120	22 000
Housing	-	-	-	-	150	150	-	-	-
Other Assets	-	-	-	13 985	13 090	13 090	24 643	39 120	22 000
Biological or Cultivated Assets	-	-	-	12 500	-	-	1 000	1 000	1 000
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	1 000	18 000	18 000	5 000	1 500	1 500
Intangible Assets	-	-	-	1 000	18 000	18 000	5 000	1 500	1 500
Computer Equipment	-	-	-	2 000	2 000	2 000	1 500	1 500	1 500
Furniture and Office Equipment	-	-	-	1 080	-	-	200	-	-
Machinery and Equipment	-	-	-	-	100	100	1 000	1 350	1 000
Transport Assets	-	-	-	-	-	-	-	-	0
Libraries	-	-	-	-	-	-	11 500	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	-	-	-	-	-	-	-	-	-
<i>Roads Infrastructure</i>	266 850	225 042	235 678	500 648	542 978	542 978	482 269	559 462	456 435
<i>Storm water Infrastructure</i>	-	-	-	61 118	82 380	82 380	63 515	67 967	75 342
<i>Electrical Infrastructure</i>	206 700	216 574	277 141	267 156	254 242	254 242	219 001	307 992	258 765
<i>Water Supply Infrastructure</i>	175 802	182 589	189 806	228 069	189 261	189 261	241 265	305 318	322 102
<i>Sanitation Infrastructure</i>	482 689	449 140	488 956	333 767	264 875	264 875	316 308	400 438	404 083
<i>Solid Waste Infrastructure</i>	-	-	-	7 000	5 400	5 400	7 500	7 500	7 500
<i>Rail Infrastructure</i>	-	-	-	-	-	-	11 149	15 000	5 000
<i>Coastal Infrastructure</i>	-	-	-	2 500	2 500	2 500	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	4 000	1 000	1 000	3 500	-	-
Infrastructure	1 132 041	1 073 345	1 191 582	1 404 257	1 342 635	1 342 635	1 344 506	1 663 678	1 529 227
Community Facilities	162 185	35 961	59 768	57 650	75 425	75 425	107 676	91 100	209 240
Sport and Recreation Facilities	15 242	59 182	19 147	19 220	41 256	41 256	44 086	14 500	17 000
Community Assets	177 428	95 142	78 915	76 870	116 681	116 681	151 763	105 600	226 240
Heritage Assets	-	-	-	-	7 823	7 823	-	-	8 223
Revenue Generating	-	-	-	-	-	-	-	5 000	5 000
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	5 000	5 000
Operational Buildings	51 302	70 305	41 409	13 985	45 023	45 023	32 043	46 860	34 940
Housing	-	-	-	7 500	150	150	48 000	5 000	2 000

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
R thousand									
Other Assets	51 302	70 305	41 409	21 485	45 173	45 173	80 043	51 860	36 940
Biological or Cultivated Assets	-	415	-	17 500	-	-	1 000	1 000	1 000
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	32 772	43 439	32 774	23 000	32 500	32 500	11 650	2 300	1 818
Intangible Assets	32 772	43 439	32 774	23 000	32 500	32 500	11 650	2 300	1 818
Computer Equipment	5 728	14 105	21 566	7 100	22 778	22 778	20 261	5 563	6 570
Furniture and Office Equipment	2 893	4 126	743	1 180	3 100	3 100	3 250	2 053	1 556
Machinery and Equipment	42 048	22 318	24 358	32 400	65 459	65 459	90 307	105 459	97 476
Transport Assets	7 229	29 104	39 564	18 100	33 760	33 760	25 800	32 350	37 630
Libraries	-	-	-	-	-	-	11 500	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	1 451 441	1 352 298	1 430 913	1 601 891	1 669 909	1 669 909	1 740 079	1 974 862	1 951 681
ASSET REGISTER SUMMARY - PPE (WDV)									
Roads Infrastructure	3 594 304	3 691 239	3 841 259	3 522 179	3 564 570	3 564 570	3 811 786	4 151 880	4 382 367
Storm water Infrastructure				658 863	680 124	680 124	724 429	772 609	827 571
Electrical Infrastructure	1 659 436	1 751 944	1 927 381	1 997 231	1 984 317	1 984 317	2 081 706	2 264 438	2 394 186
Water Supply Infrastructure	2 059 110	2 338 751	2 591 140	2 510 106	2 471 298	2 471 298	2 591 542	2 772 208	2 965 919
Sanitation Infrastructure	1 300 786	1 465 394	1 661 315	1 945 977	1 877 085	1 877 085	2 092 719	2 389 463	2 686 740
Solid Waste Infrastructure	86 721	133 871	158 264	382 379	380 779	380 779	349 632	317 736	284 660
Rail Infrastructure					-	-	-	-	-
Coastal Infrastructure				2 500	2 500	2 500	2 500	2 500	2 500
Information and Communication Infrastructure				4 000	1 000	1 000	4 500	4 500	4 500
Infrastructure	8 700 357	9 381 199	10 179 358	11 023 235	10 961 673	10 961 673	11 658 813	12 675 336	13 548 443
Community Facilities				415 656	433 431	433 431	489 364	554 342	736 675
Sport and Recreation Facilities	2 605 948	2 574 171	2 559 670	2 165 769	2 187 805	2 187 805	2 126 819	2 046 349	1 965 531
Community Assets	2 605 948	2 574 171	2 559 670	2 581 424	2 621 236	2 621 236	2 616 183	2 600 691	2 702 206
Heritage Assets	205 531	206 087	224 223	205 837	213 660	213 660	205 837	205 837	214 060
Revenue Generating					-	-	-	-	-
Non-revenue Generating	198 169	197 280	193 631	197 280	197 280	197 280	197 280	202 280	207 280
Investment properties	198 169	197 280	193 631	197 280	197 280	197 280	197 280	202 280	207 280
Operational Buildings	2 174 512	2 379 337	2 363 698	1 744 652	1 775 690	1 775 690	1 784 007	1 806 428	1 816 197
Housing	-	-	-	31 213	23 863	23 863	66 829	66 644	63 304
Other Assets	2 174 512	2 379 337	2 363 698	1 775 865	1 799 553	1 799 553	1 850 835	1 873 072	1 879 500
Biological or Cultivated Assets				17 500					
Servitudes									
Licences and Rights	144 499	54 180	59 149	60 190	69 690	69 690	61 137	42 628	23 012
Intangible Assets	144 499	54 180	59 149	60 190	69 690	69 690	61 137	42 628	23 012
Computer Equipment	-	-	-	79 229	94 146	94 146	114 947	120 676	127 422
Furniture and Office Equipment				65 164	68 164	68 164	60 363	51 039	40 883
Machinery and Equipment				46 793	78 771	78 771	142 891	221 354	290 999
Transport Assets				136 908	152 567	152 567	178 482	210 953	248 712
Libraries									
Zoo's, Marine and Non-biological Animals									
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	14 029 016	14 792 254	15 579 729	16 189 425	16 256 742	16 256 742	17 086 768	18 203 865	19 282 517
EXPENDITURE OTHER ITEMS									
Depreciation	901 879	1 095 302	778 250	808 877	809 578	809 578	817 712	842 267	867 561
Repairs and Maintenance by Asset Class	559 523	409 289	342 298	315 781	380 665	380 665	463 178	504 587	535 812
Roads Infrastructure	85 144	42 851	29 880	45 360	36 086	36 086	43 587	46 117	48 800
Storm water Infrastructure	38 828	31 640	16 185	32 368	11 541	11 541	15 748	16 693	17 695
Electrical Infrastructure	45 905	45 131	45 561	27 182	22 464	22 464	33 391	35 309	36 453
Water Supply Infrastructure	150 100	79 119	96 398	44 031	51 391	51 391	147 795	162 382	171 721
Sanitation Infrastructure	126 410	108 147	54 417	62 355	70 445	70 445	70 600	83 977	94 113
Solid Waste Infrastructure	8 179	6 535	7 304	-	-	-	-	-	-
Rail Infrastructure	-	-	-	2 602	1 315	1 315	3 983	4 223	4 476
Coastal Infrastructure	-	-	-	112	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	454 565	313 422	249 745	214 010	193 242	193 242	315 104	348 702	373 257
Community Facilities	24 728	24 319	31 042	11 821	13 741	13 741	11 760	12 471	13 225
Sport and Recreation Facilities	15 020	13 059	14 252	15 006	8 388	8 388	7 466	7 878	8 357
Community Assets	39 747	37 378	45 294	26 827	22 128	22 128	19 226	20 348	21 582
Heritage Assets	-	-	-	1 094	738	738	638	676	717
Revenue Generating	-	-	-	245	250	250	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	245	250	250	-	-	-
Operational Buildings	59 321	48 746	45 221	12 473	20 351	20 351	25 268	26 786	28 396
Housing	174	738	842	4 529	8 721	8 721	9 058	9 125	9 196
Other Assets	59 494	49 484	46 063	17 002	29 072	29 072	34 326	35 911	37 592
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	3 724	3 868	3 868	5 070	5 386	5 756

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
Intangible Assets	-	-	-	3 724	3 868	3 868	5 070	5 386	5 756
Computer Equipment	5 716	9 005	1 196	6 217	8 111	8 111	13 974	14 739	15 554
Furniture and Office Equipment	-	-	-	1 908	2 186	2 186	1 474	1 574	1 676
Machinery and Equipment	-	-	-	11 838	101 238	101 238	38 790	40 618	40 801
Transport Assets	-	-	-	32 780	19 827	19 827	34 576	36 633	38 878
Libraries	-	-	-	136	3	3	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS	1 461 402	1 504 591	1 120 548	1 124 658	1 190 243	1 190 243	1 280 890	1 346 855	1 403 373
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	53,3%	48,9%	53,9%	59,3%	59,8%	59,8%	57,4%	67,5%	59,0%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	85,9%	60,4%	99,1%	117,4%	123,3%	123,3%	122,0%	158,2%	132,7%
<i>R&M as a % of PPE</i>	4,1%	2,8%	2,2%	2,0%	2,4%	2,4%	2,8%	2,8%	2,8%
<i>Renewal and upgrading and R&M as a % of PPE</i>	10,0%	7,0%	7,0%	8,0%	8,0%	8,0%	9,0%	10,0%	9,0%

Explanatory notes to Table A9 - Asset Management

- The table provides a summarised version of the capital programme divided into new assets and renewal of existing assets; and also reflects the relevant asset categories. The associated repairs and maintenance and depreciation is also reflected.

It also provides an indication of the resources deployed for maintaining and renewing existing assets, as well as the extent of asset expansion.

- National Treasury has suggested that municipalities should allocate at least 40% of their capital budget to the renewal/rehabilitation of existing assets, and allocations to repairs and maintenance should be 8% of PPE.

TABLE 30 (TABLE A10 – CONSOLIDATED BASIC SERVICE DELIVERY MEASUREMENT)

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Household service targets									
Water:									
Piped water inside dwelling	294 090	323 499	323 499	342 909	342 909	342 909	359 306	380 864	403 716
Piped water inside yard (but not in dwelling)	-	-	-	-	-	-	-	-	-
Using public tap (at least min. service level)	30 202	33 222	33 222	35 215	35 215	35 215	35 215	37 328	39 568
Other water supply (at least min. service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	324 292	356 721	356 721	378 124	378 124	378 124	394 521	418 192	443 284
Using public tap (< min. service level)	-	-	-	-	-	-	-	-	-
Other water supply (< min. service level)	-	-	-	-	-	-	-	-	-
No water supply	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	324 292	356 721	356 721	378 124	378 124	378 124	394 521	418 192	443 284
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	290 710	290 710	319 781	338 968	338 968	338 968	359 306	380 864	403 716
Flush toilet (with septic tank)	3 060	3 060	3 366	3 568	3 568	3 568	3 782	4 009	4 249
Chemical toilet	-	-	204	216	216	216	700	742	787
Pit toilet (ventilated)	-	-	149	158	158	158	167	177	188
Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	293 770	293 770	323 499	342 910	342 910	342 910	363 955	385 792	408 940
Bucket toilet	30 202	30 202	22 413	23 758	23 758	23 758	8 562	-	-
Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-	-
No toilet provisions	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	30 202	30 202	22 413	23 758	23 758	23 758	8 562	-	-
Total number of households	323 972	323 972	345 912	366 668	366 668	366 668	372 517	385 792	408 940

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Energy:									
Electricity (at least min.service level)	27 926	26 748	24 913	22 062	22 062	22 062	23 795	23 557	23 321
Electricity - prepaid (min.service level)	235 303	248 905	263 510	240 309	240 309	240 309	274 953	277 703	280 480
<i>Minimum Service Level and Above sub-total</i>	263 229	275 653	288 423	262 371	262 371	262 371	298 748	301 260	303 801
Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
Other energy sources	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	263 229	275 653	288 423	262 371	262 371	262 371	298 748	301 260	303 801
Refuse:									
Removed at least once a week	168 430	168 430	263 478	302 410	302 410	302 410	247 046	247 046	247 046
<i>Minimum Service Level and Above sub-total</i>	168 430	168 430	263 478	302 410	302 410	302 410	247 046	247 046	247 046
Removed less frequently than once a week	133 308	133 308	38 932	302 410	302 410	302 410	-	-	-
Using communal refuse dump	15 559	15 559	15 765	41 268	41 268	41 268	11 695	11 695	11 695
Using own refuse dump	-	-	-	15 765	15 765	15 765	6 852	6 852	6 852
Other rubbish disposal	6 852	6 852	6 852	6 852	6 852	6 852	1 823	1 823	1 823
No rubbish disposal	143	143	853	853	853	853	-	-	-
<i>Below Minimum Service Level sub-total</i>	155 862	155 862	62 402	367 148	367 148	367 148	20 370	20 370	20 370
Total number of households	324 292	324 292	325 880	669 558	669 558	669 558	267 416	267 416	267 416
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	76 272	75 071	78 200	99 597	99 597	99 597	100 674	103 694	106 805
Sanitation (free minimum level service)	76 272	75 309	78 200	100 753	100 753	100 753	101 650	104 699	107 840
Electricity/other energy (50kwh per household per month)	67 214	64 747	65 031	78 643	78 643	78 643	73 500	74 000	74 500
Refuse (removed at least once a week)	67 214	66 898	69 110	94 903	94 903	94 903	94 669	97 509	100 435
Cost of Free Basic Services provided - Formal Settlements (R'000)									
Water (6 kilolitres per indigent household per month)	64 530	44 072	105 894	92 657	92 657	92 657	121 036	132 535	145 126
Sanitation (free sanitation service to indigent households)	93 064	115 302	200 354	175 310	175 310	175 310	206 547	226 169	247 655
Electricity/other energy (50kwh per indigent household per month)	26 926	20 623	35 338	38 755	38 755	38 755	40 292	42 645	45 136
Refuse (removed once a week for indigent households)	70 741	78 453	119 106	104 218	104 218	104 218	111 513	122 107	133 096
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)									
Total cost of FBS provided	255 261	258 450	460 691	410 940	410 940	410 940	479 388	523 455	571 012
Highest level of free service provided per household									
Property rates (R value threshold)	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000
Water (kilolitres per household per month)	8	8	8	8	8	8	8	8	8
Sanitation (kilolitres per household per month)	11	11	11	11	11	11	11	11	11
Sanitation (Rand per household per month)	74	83	93	108	108	108	108	108	108
Electricity (kwh per household per month)	75	75	75	75	75	75	75	75	75
Refuse (average litres per week)	240	240	240	240	240	240	240	240	240
Revenue cost of subsidised services provided (R'000)									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		31 937	35 131	35 206	35 206	35 206			
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA	142 171	89 884	119 832	117 653	117 653	117 653	120 707	129 086	138 052
Water (in excess of 6 kilolitres per indigent household per month)	21 510	14 691	35 298	30 886	30 886	30 886	40 345	44 178	48 375
Sanitation (in excess of free sanitation service to indigent households)	-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)	13 463	10 312	17 669	20 578	20 578	20 578	20 146	21 323	22 568
Refuse (in excess of one removal a week for indigent households)	-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates									
Housing - top structure subsidies									
Other									
Total revenue cost of subsidised services provided	177 144	146 823	207 930	204 322	204 322	204 322	181 198	194 587	208 995

Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

1.9 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY

The ten main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section. These tables set out the Municipality's and the Entity's 2017/18 budget and MTREF to be approved by Council.

TABLE 31 (TABLE A1 – BUDGET SUMMARY)

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Financial Performance										
Property rates	1 332 135	1 502 463	1 639 399	1 882 347	1 940 747	1 940 747	-	2 177 931	2 331 217	2 495 777
Service charges	4 059 653	4 649 308	4 882 264	5 107 449	5 418 950	5 418 950	-	5 468 835	5 869 276	6 300 116
Investment revenue	79 961	109 358	118 647	103 374	120 231	120 231	-	104 592	110 797	117 452
Transfers recognised - operational	1 486 060	1 148 940	954 122	1 539 804	1 476 841	1 476 841	-	1 802 638	1 917 867	2 084 853
Other own revenue	1 165 389	1 314 489	1 320 121	724 662	670 875	670 875	-	794 553	865 049	937 008
Total Revenue (excluding capital transfers and contributions)	8 123 198	8 724 558	8 914 553	9 357 636	9 627 644	9 627 644	-	10 348 550	11 094 207	11 935 206
Employee costs	2 152 035	2 329 844	3 044 676	2 820 756	2 885 965	2 885 965	-	3 241 610	3 541 248	3 879 677
Remuneration of councillors	58 161	62 196	64 284	70 438	70 438	70 438	-	73 451	79 013	86 439
Depreciation & asset impairment	901 683	1 094 887	777 551	808 877	808 817	808 817	-	816 905	841 412	866 655
Finance charges	206 596	166 488	155 281	147 941	148 451	148 451	-	142 392	174 724	198 529
Materials and bulk purchases	3 014 510	3 224 442	3 352 795	3 282 340	3 296 979	3 296 979	-	3 373 751	3 622 891	3 741 622
Transfers and grants	56 964	69 016	109 052	112 165	171 558	171 558	-	187 479	177 712	187 240
Other expenditure	1 813 150	1 813 365	1 636 050	2 277 039	2 312 627	2 312 627	-	2 557 890	2 674 749	2 843 739
Total Expenditure	8 203 100	8 760 238	9 139 690	9 519 556	9 694 835	9 694 835	-	10 393 478	11 111 750	11 803 900
Surplus/(Deficit)	(79 902)	(35 680)	(225 136)	(161 920)	(67 191)	(67 191)	-	(44 928)	(17 543)	131 306
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	784 204	777 512	905 519	1 321 667	1 042 340	1 042 340	-	977 575	1 033 573	1 073 513
Contributions recognised - capital & contributed assets	56 854	43 972	57 061	149 769	-	-	-	139 982	170 525	198 873
Surplus/(Deficit) after capital transfers & contributions	761 156	785 804	737 444	1 309 515	975 148	975 148	-	1 072 629	1 186 555	1 403 691
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	761 156	785 804	737 444	1 309 515	975 148	975 148	-	1 072 629	1 186 555	1 403 691
Capital expenditure & funds sources										
Capital expenditure	1 450 618	1 345 494	1 430 286	1 565 241	1 597 499	1 597 499	-	1 687 857	1 941 112	1 915 906
Transfers recognised - capital	784 204	777 512	855 067	1 394 136	1 042 340	1 042 340	-	1 117 557	1 204 098	1 272 386
Public contributions & donations	56 854	47 747	107 513	77 300	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	148 290	286 370	235 943
Internally generated funds	609 560	520 235	467 706	93 806	555 159	555 159	-	422 011	450 644	407 577
Total sources of capital funds	1 450 618	1 345 494	1 430 286	1 565 241	1 597 499	1 597 499	-	1 687 857	1 941 112	1 915 906
Financial position										
Total current assets	3 231 253	3 465 948	3 778 235	4 266 067	4 095 139	4 095 139	-	4 492 240	5 057 594	5 723 776
Total non current assets	14 045 818	14 808 724	15 636 155	16 180 922	16 249 152	16 249 152	-	17 110 807	18 212 533	19 263 947
Total current liabilities	2 160 625	2 246 413	2 312 975	2 383 487	2 495 543	2 495 543	-	2 611 343	2 779 783	2 958 251
Total non current liabilities	3 171 084	3 311 166	3 646 878	3 396 527	3 509 619	3 509 619	-	3 721 780	4 050 768	4 309 285
Community wealth/Equity	11 945 362	12 717 093	13 454 537	14 666 975	14 339 128	14 339 128	-	15 269 923	16 439 576	17 720 188
Cash flows										
Net cash from (used) operating	1 405 421	1 906 501	1 469 636	1 907 814	2 090 715	2 090 715	-	1 972 261	2 094 940	2 322 599
Net cash from (used) investing	(1 450 307)	(1 616 185)	(1 382 624)	(1 279 855)	(1 616 740)	(1 616 740)	-	(1 679 980)	(1 893 488)	(1 924 110)
Net cash from (used) financing	(112 968)	(104 093)	(93 920)	(82 472)	(80 004)	(80 004)	-	72 864	194 707	127 687
Cash/cash equivalents at the year end	1 392 182	1 578 405	1 571 497	2 216 396	1 965 468	1 965 468	-	2 330 613	2 726 772	3 252 949
Cash backing/surplus reconciliation										
Cash and investments available	1 394 896	1 580 875	1 574 148	2 216 396	1 965 468	1 965 468	-	2 334 158	2 741 185	3 285 328
Application of cash and investments	182 783	197 496	(123 322)	1 590 818	1 481 857	1 481 857	-	1 589 897	1 670 665	1 797 795
Balance - surplus (shortfall)	1 212 113	1 383 379	1 697 471	625 578	483 611	483 611	-	744 261	1 070 520	1 487 533

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands										
Asset management										
Asset register summary (WDV)	14 029 016	14 792 197	15 579 729	16 152 775	16 185 093	16 185 093		17 043 545	18 142 244	19 190 495
Depreciation	901 683	1 094 887	777 551	808 877	808 817	808 817		816 905	841 412	866 655
Renewal of Existing Assets	782 007	685 260	783 100	323 690	294 990	294 990		293 391	397 789	431 280
Repairs and Maintenance	559 424	408 710	342 195	315 781	380 665	380 665		463 178	504 587	535 812
Free services										
Cost of Free Basic Services provided	255 261	258 450	460 691	410 940	410 940	410 940	479 388	479 388	523 455	571 012
Revenue cost of free services provided	177 144	146 823	207 930	204 322	204 322	204 322	181 198	181 198	194 587	208 995
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	30	30	22	24	24	24	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	156	156	62	367	367	367	20	20	20	20

TABLE 32 (TABLE A2 – BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE BY FUNCTIONAL CLASSIFICATION))

Functional Classification Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Revenue - Functional									
Governance and administration	2 547 839	2 707 968	2 724 880	2 559 903	2 635 472	2 635 472	2 830 550	3 053 975	3 315 214
Executive and council	650	116	9 705	35	33	33	26	29	31
Finance and administration	2 547 189	2 707 852	2 715 175	2 559 866	2 635 438	2 635 438	2 830 522	3 053 944	3 315 181
Internal audit	-	-	-	2	2	2	2	2	2
Community and public safety	798 200	734 164	539 992	629 246	386 485	386 485	813 650	811 799	864 916
Community and social services	27 477	26 650	27 984	63 885	49 732	49 732	57 548	61 483	65 797
Sport and recreation	22 912	19 651	31 124	51 938	4 784	4 784	4 761	5 089	5 408
Public safety	40 503	229 141	204 830	5 800	191 906	191 906	-	-	-
Housing	701 604	455 307	271 140	505 678	138 409	138 409	749 529	743 408	791 876
Health	5 703	3 415	4 915	1 944	1 654	1 654	1 811	1 820	1 834
Economic and environmental services	523 062	340 205	382 743	1 025 452	785 681	785 681	1 024 113	1 104 749	1 181 118
Planning and development	200 556	172 128	190 829	305 635	133 844	133 844	145 829	153 107	162 469
Road transport	305 815	160 778	187 346	715 157	650 377	650 377	876 783	950 044	1 016 945
Environmental protection	16 692	7 299	4 568	4 660	1 460	1 460	1 501	1 598	1 705
Trading services	5 079 058	5 746 204	6 212 012	6 594 204	6 841 909	6 841 909	6 749 916	7 276 507	7 793 050
Energy sources	3 289 064	3 708 357	3 789 505	4 054 525	3 953 963	3 953 963	4 168 510	4 454 611	4 737 303
Water management	805 052	996 553	1 163 571	1 099 105	1 411 415	1 411 415	1 159 095	1 254 529	1 354 333
Waste water management	729 022	759 019	954 100	1 083 260	1 088 555	1 088 555	978 525	1 081 252	1 170 511
Waste management	255 920	282 275	304 836	357 313	387 976	387 976	443 785	486 115	530 903
Other	16 098	17 501	17 507	20 267	20 437	20 437	47 879	51 274	53 293
Total Revenue - Functional	8 964 257	9 546 042	9 877 134	10 829 072	10 669 984	10 669 984	11 466 107	12 298 305	13 207 591
Expenditure - Functional									
Governance and administration	1 095 178	1 234 578	1 730 177	1 655 089	1 753 010	1 753 010	1 888 563	2 028 920	2 189 432
Executive and council	182 709	187 685	176 357	262 512	249 252	249 252	308 256	328 006	350 450
Finance and administration	912 470	1 046 893	1 553 820	1 350 942	1 447 251	1 447 251	1 518 222	1 634 637	1 767 994
Internal audit	-	-	-	41 635	56 508	56 508	62 085	66 277	70 988
Community and public safety	1 544 467	1 596 436	1 408 590	1 273 137	1 161 389	1 161 389	1 518 060	1 601 140	1 733 952
Community and social services	180 960	187 463	198 807	237 565	254 485	254 485	320 117	346 111	391 663
Sport and recreation	189 075	211 365	207 842	397 184	368 967	368 967	382 055	394 550	424 110
Public safety	455 489	749 762	648 812	179 462	191 906	191 906	206 274	224 313	244 454
Housing	520 186	316 392	144 279	395 707	270 411	270 411	521 858	541 077	570 712
Health	198 758	131 452	208 850	63 219	75 620	75 620	87 755	95 090	103 012
Economic and environmental services	1 232 901	967 802	944 390	1 175 788	1 047 434	1 047 434	1 330 651	1 400 436	1 488 731
Planning and development	515 655	512 972	385 962	319 158	214 310	214 310	345 387	353 244	374 737
Road transport	584 010	304 283	412 250	809 650	788 247	788 247	935 241	993 043	1 054 894
Environmental protection	133 236	150 547	146 178	46 980	44 878	44 878	50 023	54 148	59 100
Trading services	4 311 687	4 945 911	5 036 427	5 374 654	5 690 858	5 690 858	5 609 374	6 030 677	6 337 093
Energy sources	3 040 348	3 487 071	3 597 784	3 712 787	3 620 633	3 620 633	3 850 352	4 128 324	4 285 806
Water management	626 581	702 836	727 200	772 686	895 629	895 629	821 475	892 585	963 424
Waste water management	444 905	486 967	493 232	511 934	705 077	705 077	559 395	606 784	654 581
Waste management	199 853	269 037	218 210	377 247	469 519	469 519	378 151	402 984	433 282

Functional Classification Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<i>Other</i>	18 867	15 511	20 106	40 888	42 144	42 144	46 830	50 577	54 692
Total Expenditure - Functional	8 203 100	8 760 238	9 139 690	9 519 556	9 694 835	9 694 835	10 393 478	11 111 750	11 803 900
Surplus/(Deficit) for the year	761 156	785 804	737 444	1 309 515	975 148	975 148	1 072 629	1 186 555	1 403 691

TABLE 33 (TABLE A3 BUDGET FINANCIAL PERFORMANCE BY VOTE)

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote									
Vote 1 - Budget & Treasury	2 520 975	2 662 693	2 688 505	2 480 469	2 525 934	2 525 934	2 778 076	2 989 514	3 244 329
Vote 2 - Public Health	287 386	299 709	318 420	411 983	387 979	387 979	487 223	541 582	592 901
Vote 3 - Human Settlements	729 690	479 704	312 673	520 525	402 329	402 329	777 167	773 746	825 175
Vote 4 - Economic Development, Tourism & Agriculture	115 713	96 493	134 435	112 139	115 317	115 317	117 893	142 885	136 172
Vote 5 - Corporate Services	19 828	34 141	15 587	25 043	19 574	19 574	20 733	21 831	23 009
Vote 6 - Infrastructure & Engineering Unit - Rate & General	297 661	147 733	178 572	658 178	445 274	445 274	375 950	384 896	406 128
Vote 7 - Metro Water Service	805 052	996 553	1 163 571	1 099 105	1 411 415	1 411 415	1 159 095	1 254 529	1 354 333
Vote 8 - Sanitation - Metro	721 528	759 019	947 460	1 098 220	1 088 555	1 088 555	978 525	1 081 252	1 170 511
Vote 9 - Electricity & Energy	3 289 064	3 708 357	3 789 505	4 054 525	3 953 963	3 953 963	4 168 510	4 454 611	4 737 303
Vote 10 - Executive & Council	2 639	6 360	25 186	20 589	21 470	21 470	22 350	21 459	22 071
Vote 11 - Safety & Security	60 570	248 628	226 367	256 625	242 925	242 925	530 206	578 893	639 619
Vote 12 - Mandela Bay Stadium	42 112	50 932	14 193	10 800	10 800	10 800	15 000	16 200	17 496
Vote 13 - Special Projects and Programmes	37 689	22 426	17 052	20 784	23 044	23 044	14 416	15 554	16 805
Vote 14 - Recreational & Cultural Services	34 350	33 296	45 608	60 087	21 404	21 404	20 961	21 353	21 741
Total Revenue by Vote	8 964 257	9 546 042	9 877 134	10 829 072	10 669 984	10 669 984	11 466 107	12 298 305	13 207 591
Expenditure by Vote to be appropriated									
Vote 1 - Budget & Treasury	584 219	723 426	1 181 075	696 245	699 245	699 245	775 101	839 028	917 603
Vote 2 - Public Health	531 312	652 893	563 068	654 078	647 254	647 254	683 690	732 461	789 859
Vote 3 - Human Settlements	683 113	564 998	260 919	478 511	362 177	362 177	607 383	633 555	669 424
Vote 4 - Economic Development, Tourism & Agriculture	106 490	105 446	110 057	174 212	175 028	175 028	190 572	196 085	206 381
Vote 5 - Corporate Services	362 049	296 648	333 340	413 513	418 568	418 568	447 520	479 397	514 099
Vote 6 - Infrastructure & Engineering Unit - Rate & General	708 090	407 538	562 264	644 967	700 549	700 549	781 272	823 073	870 797
Vote 7 - Metro Water Service	626 582	702 977	727 200	790 601	858 239	858 239	838 614	910 907	983 026
Vote 8 - Sanitation - Metro	386 167	430 121	458 024	465 894	518 069	518 069	504 307	548 498	592 846
Vote 9 - Electricity & Energy	3 040 348	3 500 746	3 597 784	3 708 839	3 724 312	3 724 312	3 846 612	4 124 252	4 281 367
Vote 10 - Executive & Council	221 930	235 069	238 469	343 968	292 304	292 304	374 993	389 943	416 773
Vote 11 - Safety & Security	467 520	621 408	661 276	727 756	805 781	805 781	893 624	966 739	1 040 860
Vote 12 - Mandela Bay Stadium	182 259	192 150	128 697	50 434	114 901	114 901	51 584	55 181	59 030
Vote 13 - Special Projects and Programmes	33 937	22 748	13 134	13 011	13 755	13 755	12 731	13 704	14 772
Vote 14 - Recreational & Cultural Services	269 085	304 071	304 382	357 527	364 652	364 652	385 474	398 926	447 063
Total Expenditure by Vote	8 203 100	8 760 238	9 139 690	9 519 556	9 694 835	9 694 835	10 393 478	11 111 750	11 803 900
Surplus/(Deficit) for the year	761 156	785 804	737 444	1 309 515	975 148	975 148	1 072 629	1 186 555	1 403 691

TABLE 34 (TABLE A4 – BUDGET FINANCIAL PERFORMANCE REVENUE AND EXPENDITURE)

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source										
Property rates	1 332 135	1 502 463	1 639 399	1 882 347	1 940 747	1 940 747	-	2 177 931	2 331 217	2 495 777
Service charges - electricity revenue	3 085 502	3 467 072	3 569 229	3 748 825	3 723 756	3 723 756	-	3 964 692	4 222 300	4 496 744
Service charges - water revenue	519 528	660 223	761 650	714 594	1 003 890	1 003 890	-	749 547	820 754	898 725
Service charges - sanitation revenue	323 716	377 421	424 335	469 359	504 406	504 406	-	459 930	503 624	551 468
Service charges - refuse revenue	130 907	144 592	127 050	174 671	186 898	186 898	-	294 667	322 599	353 180
Service charges - other										
Rental of facilities and equipment	18 378	21 042	22 813	18 686	30 052	30 052		36 318	39 266	42 362
Interest earned - external investments	79 961	109 358	118 647	103 374	120 231	120 231		104 592	110 797	117 452
Interest earned - outstanding debtors	151 070	160 682	178 768	178 343	178 362	178 362		221 488	239 542	259 014

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Dividends received	291	77	341	-	-	-	-	-	-	-
Fines, penalties and forfeits	40 885	224 461	202 307	265 711	256 306	256 306	-	303 735	333 884	363 757
Licences and permits	9 695	9 332	10 473	26 671	26 442	26 442	-	28 034	29 723	31 662
Agency services	2 246	2 345	2 503	-	2 728	2 728	-	2 892	3 066	3 250
Transfers and subsidies	1 486 060	1 148 940	954 122	1 539 804	1 476 841	1 476 841	-	1 802 638	1 917 867	2 084 853
Other revenue	941 994	896 522	902 310	235 219	176 984	176 984	-	202 086	219 568	236 963
Gains on disposal of PPE	830	28	606	32	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	8 123 198	8 724 558	8 914 553	9 357 636	9 627 644	9 627 644	-	10 348 550	11 094 207	11 935 206
Expenditure By Type										
Employee related costs	2 152 035	2 329 844	3 044 676	2 820 756	2 885 965	2 885 965	-	3 241 610	3 541 248	3 879 677
Remuneration of councillors	58 161	62 196	64 284	70 438	70 438	70 438	-	73 451	79 013	86 439
Debt impairment	407 361	625 533	437 820	619 213	637 694	637 694	-	541 544	540 954	579 665
Depreciation & asset impairment	901 683	1 094 887	777 551	808 877	808 817	808 817	-	816 905	841 412	866 655
Finance charges	206 596	166 488	155 281	147 941	148 451	148 451	-	142 392	174 724	198 529
Bulk purchases	2 455 086	2 815 732	3 010 600	3 005 447	3 029 503	3 029 503	-	3 181 932	3 419 421	3 526 287
Other materials	559 424	408 710	342 195	276 892	267 476	267 476	-	191 819	203 470	215 335
Contracted services	349 465	481 775	650 011	1 161 193	1 003 797	1 003 797	-	1 359 867	1 448 143	1 540 388
Transfers and subsidies	56 964	69 016	109 052	112 165	171 558	171 558	-	187 479	177 712	187 240
Other expenditure	1 055 811	706 057	547 055	496 633	671 135	671 135	-	656 478	685 652	723 686
Loss on disposal of PPE	513	-	1 165	-	-	-	-	-	-	-
Total Expenditure	8 203 100	8 760 238	9 139 690	9 519 556	9 694 835	9 694 835	-	10 393 478	11 111 750	11 803 900
Surplus/(Deficit)	(79 902)	(35 680)	(225 136)	(161 920)	(67 191)	(67 191)	-	(44 928)	(17 543)	131 306
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	784 204	777 512	905 519	1 321 667	1 042 340	1 042 340	-	977 575	1 033 573	1 073 513
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	56 854	43 972	57 061	149 769	-	-	-	139 982	170 525	198 873
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	761 156	785 804	737 444	1 309 515	975 148	975 148	-	1 072 629	1 186 555	1 403 691
Taxation	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	761 156	785 804	737 444	1 309 515	975 148	975 148	-	1 072 629	1 186 555	1 403 691
Attributable to minorities	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	761 156	785 804	737 444	1 309 515	975 148	975 148	-	1 072 629	1 186 555	1 403 691
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	761 156	785 804	737 444	1 309 515	975 148	975 148	-	1 072 629	1 186 555	1 403 691

TABLE 35 (TABLE A5 – BUDGET CAPITAL EXPENDITURE – STANDARD CLASSIFICATION)

Vote Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 1 - Budget & Treasury	31 028	36 129	29 553	6 075	20 625	20 625	-	9 243	20 120	3 000
Vote 2 - Public Health	66 980	61 598	55 854	46 900	34 300	34 300	-	41 487	51 200	51 200
Vote 3 - Human Settlements	201 395	180 459	205 227	221 676	221 676	221 676	-	183 457	203 475	228 008
Vote 4 - Economic Development, Tourism & Agriculture	96 486	6 861	7 507	-	-	-	-	-	-	-
Vote 5 - Corporate Services	34 918	47 180	23 006	6 070	38 270	38 270	-	28 950	17 085	24 085
Vote 6 - Infrastructure & Engineering Unit - Rate & General	282 611	229 317	240 299	434 450	440 012	440 012	-	448 954	488 361	491 088
Vote 7 - Metro Water Service	177 645	182 704	199 848	196 000	196 200	196 200	-	263 100	327 470	338 010
Vote 8 - Sanitation - Metro	263 307	232 984	240 785	281 964	226 214	226 214	-	278 854	354 500	358 500
Vote 9 - Electricity & Energy	203 273	215 917	293 231	275 486	263 722	263 722	-	236 443	330 285	279 708
Vote 10 - Executive & Council	2 376	3 422	9 648	6 411	6 411	6 411	-	10 743	16 050	16 097

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Vote 11 - Safety & Security	10 020	6 442	6 825	13 700	8 650	8 650	-	4 865	25 150	11 500
Vote 12 - Mandela Bay Stadium	6 832	11 725	-	-	-	-	-	13 000	5 000	5 000
Vote 13 - Special Projects and Programmes	3 333	1 016	18 661	-	7 895	7 895	-	-	-	-
Vote 14 - Recreational & Cultural Services	25 020	66 774	49 716	38 500	42 387	42 387	-	38 000	49 000	42 000
Capital multi-year expenditure sub-total	1 405 224	1 282 529	1 380 160	1 527 231	1 506 361	1 506 361	-	1 557 096	1 887 696	1 848 196
Single-year expenditure to be appropriated										
Vote 1 - Budget & Treasury	3 527	1 953	230	19 500	2 950	2 950	-	2 700	750	900
Vote 2 - Public Health	6 960	13 269	11 149	200	20 988	20 988	-	9 800	12 566	12 566
Vote 3 - Human Settlements	-	-	-	-	-	-	-	45 000	-	-
Vote 4 - Economic Development, Tourism & Agriculture	-	-	-	-	1 000	1 000	-	1 500	-	-
Vote 5 - Corporate Services	818	-	-	7 490	14 950	14 950	-	13 200	-	-
Vote 6 - Infrastructure & Engineering Unit - Rate & General	4 426	8 030	14 129	1 600	15 000	15 000	-	16 100	18 500	18 500
Vote 7 - Metro Water Service	1 181	4 072	2 255	-	4 000	4 000	-	2 000	3 000	3 500
Vote 8 - Sanitation - Metro	-	5 921	3 116	-	5 550	5 550	-	2 000	3 000	3 000
Vote 9 - Electricity & Energy	25 765	26 413	8 345	1 500	18 650	18 650	-	7 730	10 150	10 300
Vote 10 - Executive & Council	-	-	-	-	-	-	-	-	-	-
Vote 11 - Safety & Security	2 717	3 308	9 670	-	8 050	8 050	-	20 231	3 950	17 944
Vote 12 - Mandela Bay Stadium	-	-	-	-	-	-	-	-	-	-
Vote 13 - Special Projects and Programmes	-	-	-	7 500	-	-	-	-	-	-
Vote 14 - Recreational & Cultural Services	-	-	1 232	220	-	-	-	10 500	1 500	1 000
Capital single-year expenditure sub-total	45 394	62 966	50 126	38 010	91 138	91 138	-	130 761	53 416	67 710
Total Capital Expenditure - Vote	1 450 618	1 345 494	1 430 286	1 565 241	1 597 499	1 597 499	-	1 687 857	1 941 112	1 915 906
Capital Expenditure - Functional										
Governance and administration	79 499	100 408	62 437	58 335	105 195	105 195	-	93 774	89 311	83 495
Executive and council	9 208	15 147	9 648	-	-	-	-	-	-	-
Finance and administration	34 555	38 081	29 784	58 335	105 195	105 195	-	93 774	89 311	83 495
Internal audit	35 735	47 180	23 006	-	-	-	-	-	-	-
Community and public safety	240 205	258 903	275 228	302 296	97 961	97 961	-	156 801	117 800	110 700
Community and social services	3 755	13 459	20 794	33 500	27 595	27 595	-	36 117	50 500	50 200
Sport and recreation	21 265	53 315	30 154	34 720	43 667	43 667	-	59 070	45 500	42 500
Public safety	12 737	9 750	16 495	12 400	25 500	25 500	-	15 815	21 000	17 200
Housing	201 395	180 459	205 227	221 676	-	-	-	45 000	-	-
Health	1 052	1 919	2 558	-	1 200	1 200	-	800	800	800
Economic and environmental services	450 104	284 495	320 303	402 761	502 053	502 053	-	510 121	551 633	565 826
Planning and development	99 819	7 877	26 167	-	1 000	1 000	-	1 500	-	-
Road transport	287 037	237 347	254 428	399 561	499 553	499 553	-	506 621	549 633	563 826
Environmental protection	63 247	39 270	39 708	3 200	1 500	1 500	-	2 000	2 000	2 000
Trading services	680 811	701 689	772 317	801 850	892 289	892 289	-	927 161	1 182 369	1 155 885
Energy sources	229 039	242 331	301 576	282 486	287 608	287 608	-	236 673	330 995	274 508
Water management	178 826	186 776	202 103	193 000	233 355	233 355	-	290 515	359 818	376 602
Waste water management	263 307	238 904	243 900	314 364	348 488	348 488	-	386 973	478 555	491 775
Waste management	9 640	33 678	24 737	12 000	22 838	22 838	-	13 000	13 000	13 000
Other										
Total Capital Expenditure - Functional	1 450 618	1 345 494	1 430 286	1 565 241	1 597 499	1 597 499	-	1 687 857	1 941 112	1 915 906
Funded by:										
National Government	781 938	760 841	849 897	999 317	956 740	956 740	-	977 575	1 033 573	1 073 513
Provincial Government	-	-	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	2 266	16 671	5 170	394 819	85 600	85 600	-	139 982	170 525	198 873
Transfers recognised - capital	784 204	777 512	855 067	1 394 136	1 042 340	1 042 340	-	1 117 557	1 204 098	1 272 386
Public contributions & donations	56 854	47 747	107 513	77 300	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	148 290	286 370	235 943
Internally generated funds	609 560	520 235	467 706	93 806	555 159	555 159	-	422 011	450 644	407 577
Total Capital Funding	1 450 618	1 345 494	1 430 286	1 565 241	1 597 499	1 597 499	-	1 687 857	1 941 112	1 915 906

TABLE 36 (TABLE A6 – BUDGET FINANCIAL POSITION)

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
ASSETS										
Current assets										
Cash	139 688	213 067	226 774	200 000	200 000	200 000		200 000	200 000	200 000
Call investment deposits	1 255 209	1 367 808	1 347 374	2 016 396	1 765 468	1 765 468	-	2 134 158	2 541 185	3 085 328
Consumer debtors	1 142 034	1 267 085	1 544 070	1 331 200	1 531 200	1 531 200	-	1 475 210	1 616 948	1 728 399
Other debtors	554 327	472 614	462 149	518 471	398 471	398 471		480 635	499 860	519 854
Current portion of long-term receivables	0	0	0	0	0	0		0	0	0
Inventory	139 995	145 374	197 867	200 000	200 000	200 000		205 782	214 013	222 574
Total current assets	3 231 253	3 465 948	3 778 235	4 266 067	4 095 139	4 095 139	-	4 495 785	5 072 006	5 756 156
Non-current assets										
Long-term receivables	18 299	24 307	64 059	28 147	64 059	64 059		67 262	70 289	73 452
Investments					-	-				
Investment property	198 169	197 280	193 631	197 280	197 280	197 280		197 280	197 280	197 280
Investment in Associate										
Property, plant and equipment	13 684 996	14 533 045	15 319 352	15 895 305	15 918 622	15 918 622	-	16 786 278	17 903 786	18 971 971
Agricultural										
Biological										
Intangible	144 355	54 092	59 113	60 190	69 190	69 190		59 987	41 178	21 244
Other non-current assets										
Total non-current assets	14 045 818	14 808 724	15 636 155	16 180 922	16 249 152	16 249 152	-	17 110 807	18 212 533	19 263 947
TOTAL ASSETS	17 277 071	18 274 672	19 414 390	20 446 989	20 344 291	20 344 291	-	21 606 592	23 284 540	25 020 103
LIABILITIES										
Current liabilities										
Bank overdraft										
Borrowing	104 093	93 920	86 409	79 760	79 760	79 760	-	93 170	111 469	131 691
Consumer deposits	111 852	123 959	131 340	128 872	131 340	131 340		139 221	147 574	156 428
Trade and other payables	1 786 784	1 903 507	1 841 156	2 030 373	2 030 373	2 030 373	-	2 132 502	2 258 174	2 391 273
Provisions	157 896	125 027	254 070	144 482	254 070	254 070		246 450	262 566	278 858
Total current liabilities	2 160 625	2 246 413	2 312 975	2 383 487	2 495 543	2 495 543	-	2 611 343	2 779 783	2 958 251
Non-current liabilities										
Borrowing	1 471 966	1 376 719	1 289 121	1 151 863	1 151 863	1 151 863	-	1 203 438	1 371 492	1 470 103
Provisions	1 699 118	1 934 447	2 357 757	2 244 664	2 357 757	2 357 757	-	2 518 343	2 679 276	2 839 181
Total non current liabilities	3 171 084	3 311 166	3 646 878	3 396 527	3 509 619	3 509 619	-	3 721 780	4 050 768	4 309 285
TOTAL LIABILITIES	5 331 709	5 557 579	5 959 853	5 780 014	6 005 163	6 005 163	-	6 333 123	6 830 551	7 267 536
NET ASSETS	11 945 362	12 717 093	13 454 537	14 666 975	14 339 128	14 339 128	-	15 273 469	16 453 988	17 752 567
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	11 623 038	12 585 555	13 223 452	14 107 171	13 774 213	13 774 213		14 661 185	15 772 157	16 999 280
Reserves	322 324	131 538	231 085	559 804	564 915	564 915	-	612 284	681 831	753 287
TOTAL COMMUNITY WEALTH/EQUITY	11 945 362	12 717 093	13 454 537	14 666 975	14 339 128	14 339 128	-	15 273 469	16 453 988	17 752 567

TABLE 37 (TABLE A7 – BUDGETED CASH FLOWS)

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates	1 209 351	1 519 447	1 599 357	1 769 406	1 824 302	1 824 302		2 069 035	2 226 313	2 383 467
Service charges	3 767 086	4 649 308	4 350 795	4 801 002	5 093 813	5 093 813		5 195 393	5 605 159	6 016 611
Other revenue	1 156 511	1 051 938	1 489 983	324 903	273 125	273 125		310 241	337 563	365 092
Government - operating	1 173 071	1 206 016	878 217	1 539 804	1 458 805	1 458 805		1 743 984	1 871 356	2 060 698
Government - capital	999 637	932 291	983 120	1 462 255	1 565 912	1 565 912		1 526 211	1 629 685	1 687 940
Interest	219 199	109 603	118 466	103 374	120 231	120 231		104 592	110 797	117 452
Dividends	291	77	341	-				-	-	-
Payments										
Suppliers and employees	(6 795 986)	(7 287 963)	(7 636 056)	(7 832 824)	(7 916 168)	(7 916 168)		(8 648 915)	(9 332 519)	(9 923 845)
Finance charges	(208 595)	(168 838)	(157 624)	(147 941)	(148 451)	(148 451)		(142 392)	(174 724)	(198 529)
Transfers and Grants	(115 142)	(105 376)	(156 962)	(112 165)	(180 855)	(180 855)		(185 887)	(178 689)	(186 287)
NET CASH FROM/(USED) OPERATING ACTIVITIES	1 405 421	1 906 501	1 469 636	1 907 814	2 090 715	2 090 715	-	1 972 261	2 094 940	2 322 599

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE				149 469				-	-	-
Decrease (Increase) in non-current debtors				(1 340)				-	-	-
Decrease (increase) other non-current receivables				-	(37 252)	(37 252)		(3 203)	(3 027)	(3 163)
Decrease (increase) in non-current investments				-				-	-	-
Payments										
Capital assets	(1 450 307)	(1 616 185)	(1 382 624)	(1 427 984)	(1 579 487)	(1 579 487)		(1 676 777)	(1 890 461)	(1 920 947)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(1 450 307)	(1 616 185)	(1 382 624)	(1 279 855)	(1 616 740)	(1 616 740)	-	(1 679 980)	(1 893 488)	(1 924 110)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-	-	-
Borrowing long term/refinancing								148 290	286 370	235 943
Increase (decrease) in consumer deposits				3 937	6 405	6 405		7 880	8 353	8 854
Payments										
Repayment of borrowing	(112 968)	(104 093)	(93 920)	(86 409)	(86 409)	(86 409)		(83 306)	(100 016)	(117 110)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(112 968)	(104 093)	(93 920)	(82 472)	(80 004)	(80 004)	-	72 864	194 707	127 687
NET INCREASE/ (DECREASE) IN CASH HELD	(157 854)	186 223	(6 908)	545 486	393 971	393 971	-	365 145	396 159	526 176
Cash/cash equivalents at the year begin:	1 550 035	1 392 182	1 578 405	1 670 910	1 571 497	1 571 497		1 965 468	2 330 613	2 726 772
Cash/cash equivalents at the year-end:	1 392 182	1 578 405	1 571 497	2 216 396	1 965 468	1 965 468	-	2 330 613	2 726 772	3 252 949

TABLE 38 (TABLE A8 – CASH BACKED RESERVES)

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available										
Cash/cash equivalents at the year end	1 392 182	1 578 405	1 571 497	2 216 396	1 965 468	1 965 468	-	2 330 613	2 726 772	3 252 949
Other current investments > 90 days	2 715	2 470	2 652	-	0	0	-	-	(0)	(0)
Non-current assets - Investments	-	-	-	-	-	-	-	-	-	-
Cash and investments available:	1 394 896	1 580 875	1 574 148	2 216 396	1 965 468	1 965 468	-	2 330 613	2 726 772	3 252 949
Application of cash and investments										
Unspent conditional transfers	171 309	196 617	44 252	216 938	216 938	216 938	-	227 785	239 174	251 133
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements										
Other working capital requirements	11 475	880	(167 575)	135 003	28 083	28 083	-	89 318	48 189	49 278
Other provisions				679 073	671 921	671 921		660 510	701 470	744 097
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments				559 804	564 915	564 915		612 284	681 831	753 287
Total Application of cash and investments:	182 783	197 496	(123 322)	1 590 818	1 481 857	1 481 857	-	1 589 897	1 670 665	1 797 795
Surplus(shortfall)	1 212 113	1 383 379	1 697 471	625 578	483 611	483 611	-	740 716	1 056 108	1 455 154

TABLE 39 (TABLE A9 – ASSET MANAGEMENT)

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CAPITAL EXPENDITURE									
Total New Assets	668 611	660 235	647 186	643 103	644 586	644 586	714 839	632 106	784 627
<i>Roads Infrastructure</i>	146 622	148 883	99 720	238 198	257 561	257 561	214 325	247 113	265 185
<i>Storm water Infrastructure</i>	-	-	-	29 718	29 925	29 925	28 565	28 967	34 342
<i>Electrical Infrastructure</i>	57 916	106 585	78 531	77 816	56 216	56 216	45 303	51 326	49 276
<i>Water Supply Infrastructure</i>	61 476	91 871	89 657	118 469	75 661	75 661	81 765	86 518	89 602
<i>Sanitation Infrastructure</i>	205 303	193 077	237 753	97 403	45 161	45 161	70 208	61 938	66 283
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	4 000	1 000	1 000	3 500	-	-
Infrastructure	471 317	540 416	505 660	565 603	465 523	465 523	443 665	475 863	504 688
Community Facilities	127 151	19 199	40 423	-	3 000	3 000	69 020	23 000	137 140
Sport and Recreation Facilities	-	573	6 194	-	9 346	9 346	9 000	-	-
Community Assets	127 151	19 772	46 617	-	12 346	12 346	78 020	23 000	137 140
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	2 838	32 187	3 554	-	32 083	32 083	5 500	1 000	6 000
Housing	-	-	-	-	-	-	45 000	-	-
Other Assets	2 838	32 187	3 554	-	32 083	32 083	50 500	1 000	6 000
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	21 046	8 214	16 204	22 000	14 000	14 000	6 000	-	-
Intangible Assets	21 046	8 214	16 204	22 000	14 000	14 000	6 000	-	-
Computer Equipment	5 728	14 105	21 566	5 000	20 400	20 400	18 600	3 951	4 951
Furniture and Office Equipment	2 893	4 126	743	-	2 950	2 950	3 000	-	1 500
Machinery and Equipment	30 410	12 311	13 278	32 400	64 309	64 309	89 254	96 493	93 717
Transport Assets	7 229	29 104	39 564	18 100	32 976	32 976	25 800	31 800	36 630
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	782 007	685 260	783 100	323 690	294 990	294 990	293 391	397 789	431 280
<i>Roads Infrastructure</i>	120 228	76 159	135 959	51 500	50 000	50 000	66 000	50 000	50 000
<i>Storm water Infrastructure</i>	-	-	-	4 000	4 000	4 000	5 500	9 000	9 000
<i>Electrical Infrastructure</i>	148 784	109 989	198 610	125 640	131 890	131 890	88 277	122 139	123 140
<i>Water Supply Infrastructure</i>	128 523	123 560	120 672	57 600	65 000	65 000	78 000	141 100	128 000
<i>Sanitation Infrastructure</i>	277 386	256 063	251 204	80 400	32 950	32 950	52 500	47 200	99 500
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	1 500	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
Infrastructure	674 921	565 771	706 445	320 640	283 840	283 840	290 277	369 439	409 640
Community Facilities	31 740	12 756	14 765	2 650	4 150	4 150	2 615	11 000	11 000
Sport and Recreation Facilities	15 242	58 608	12 954	400	7 000	7 000	-	-	-
Community Assets	46 983	71 364	27 719	3 050	11 150	11 150	2 615	11 000	11 000
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	48 464	38 118	37 855	-	-	-	500	6 740	6 940
Housing	-	-	-	-	-	-	-	-	-
Other Assets	48 464	38 118	37 855	-	-	-	500	6 740	6 940
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	500	-
Intangible Assets	-	-	-	-	-	-	-	500	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	2 000	-
Machinery and Equipment	11 639	10 008	11 081	-	-	-	-	7 560	2 700
Transport Assets	-	-	-	-	-	-	-	550	1 000
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Total Upgrading of Existing Assets	-	-	-	598 449	657 923	657 923	679 627	911 216	699 999
<i>Roads Infrastructure</i>	-	-	-	205 500	213 342	213 342	184 744	259 120	141 250
<i>Storm water Infrastructure</i>	-	-	-	27 400	48 455	48 455	29 450	30 000	32 000
<i>Electrical Infrastructure</i>	-	-	-	63 700	66 136	66 136	85 421	134 527	86 349
<i>Water Supply Infrastructure</i>	-	-	-	52 000	48 600	48 600	81 500	77 700	104 500
<i>Sanitation Infrastructure</i>	-	-	-	155 964	186 764	186 764	193 600	291 300	238 300
<i>Solid Waste Infrastructure</i>	-	-	-	7 000	5 000	5 000	7 500	7 500	7 500
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	1 000	2 500	2 500	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	512 564	570 797	570 797	582 215	800 147	609 899
Community Facilities	-	-	-	49 000	41 895	41 895	25 070	52 100	46 100
Sport and Recreation Facilities	-	-	-	18 820	12 041	12 041	27 500	14 500	17 000
Community Assets	-	-	-	67 820	53 936	53 936	52 570	66 600	63 100
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	13 985	12 940	12 940	24 643	39 120	22 000
Housing	-	-	-	-	150	150	-	-	-
Other Assets	-	-	-	13 985	13 090	13 090	24 643	39 120	22 000
Biological or Cultivated Assets	-	-	-	-	-	-	1 000	1 000	1 000
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	1 000	18 000	18 000	5 000	1 500	1 500
Intangible Assets	-	-	-	1 000	18 000	18 000	5 000	1 500	1 500
Computer Equipment	-	-	-	2 000	2 000	2 000	1 500	1 500	1 500
Furniture and Office Equipment	-	-	-	-	-	-	200	-	-
Machinery and Equipment	-	-	-	1 080	100	100	1 000	1 350	1 000
Transport Assets	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	11 500	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Capital Expenditure									
<i>Roads Infrastructure</i>	266 850	225 042	235 678	495 198	520 903	520 903	465 069	556 233	456 435
<i>Storm water Infrastructure</i>	-	-	-	61 118	82 380	82 380	63 515	67 967	75 342
<i>Electrical Infrastructure</i>	206 700	216 574	277 141	267 156	254 242	254 242	219 001	307 992	258 765
<i>Water Supply Infrastructure</i>	189 999	215 431	210 329	228 069	189 261	189 261	241 265	305 318	322 102
<i>Sanitation Infrastructure</i>	482 689	449 140	488 956	333 767	264 875	264 875	316 308	400 438	404 083
<i>Solid Waste Infrastructure</i>	-	-	-	7 000	5 000	5 000	7 500	7 500	7 500
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	2 500	2 500	2 500	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	4 000	1 000	1 000	3 500	-	-
Infrastructure	1 146 238	1 106 187	1 212 105	1 398 807	1 320 160	1 320 160	1 316 157	1 645 449	1 524 227
Community Facilities	158 891	31 954	55 188	51 650	49 045	49 045	96 704	86 100	194 240
Sport and Recreation Facilities	15 242	59 182	19 147	19 220	28 387	28 387	36 500	14 500	17 000
Community Assets	174 134	91 136	74 335	70 870	77 431	77 431	133 204	100 600	211 240
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	51 302	70 305	41 409	13 985	45 023	45 023	30 643	46 860	34 940
Housing	-	-	-	-	150	150	45 000	-	-
Other Assets	51 302	70 305	41 409	13 985	45 173	45 173	75 643	46 860	34 940
Biological or Cultivated Assets	-	-	-	-	-	-	1 000	1 000	1 000
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	21 046	8 214	16 204	23 000	32 000	32 000	11 000	2 000	1 500
Intangible Assets	21 046	8 214	16 204	23 000	32 000	32 000	11 000	2 000	1 500
Computer Equipment	5 728	14 105	21 566	7 000	22 400	22 400	20 100	5 451	6 451
Furniture and Office Equipment	2 893	4 126	743	-	2 950	2 950	3 200	2 000	1 500
Machinery and Equipment	42 048	22 318	24 358	33 480	64 409	64 409	90 254	105 403	97 417
Transport Assets	7 229	29 104	39 564	18 100	32 976	32 976	25 800	32 350	37 630
Libraries	-	-	-	-	-	-	11 500	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	1 450 618	1 345 494	1 430 286	1 565 241	1 597 499	1 597 499	1 687 857	1 941 112	1 915 906

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
ASSET REGISTER SUMMARY - PPE (WDV)									
<i>Roads Infrastructure</i>	3 594 304	3 691 239	3 841 259	3 516 730	3 542 495	3 542 495	3 794 586	4 131 451	4 361 938
<i>Storm water Infrastructure</i>				658 863	680 124	680 124	724 429	772 609	827 571
<i>Electrical Infrastructure</i>	1 659 436	1 751 944	1 927 381	1 997 231	1 984 317	1 984 317	2 081 706	2 264 438	2 394 185
<i>Water Supply Infrastructure</i>	2 059 110	2 338 751	2 591 140	2 510 106	2 471 298	2 471 298	2 591 542	2 772 208	2 965 919
<i>Sanitation Infrastructure</i>	1 300 786	1 465 394	1 661 315	1 945 977	1 877 085	1 877 085	2 092 719	2 389 463	2 686 740
<i>Solid Waste Infrastructure</i>	86 721	133 871	158 264	382 379	380 379	380 379	349 632	317 736	284 660
<i>Rail Infrastructure</i>					-	-			
<i>Coastal Infrastructure</i>				2 500	2 500	2 500	2 500	2 500	2 500
<i>Information and Communication Infrastructure</i>				4 000	1 000	1 000	4 500	4 500	4 500
Infrastructure	8 700 357	9 381 199	10 179 358	11 017 785	10 939 199	10 939 199	11 641 613	12 654 907	13 528 014
Community Facilities				409 656	407 050	407 050	478 392	538 369	705 703
Sport and Recreation Facilities	2 605 948	2 574 171	2 559 670	2 165 769	2 174 935	2 174 935	2 119 232	2 038 763	1 957 944
Community Assets	2 605 948	2 574 171	2 559 670	2 575 424	2 581 986	2 581 986	2 597 624	2 577 132	2 663 648
Heritage Assets	205 531	206 087	224 223	205 837	205 837	205 837	205 837	205 837	205 837
Revenue Generating					-	-			
Non-revenue Generating	198 169	197 280	193 631	197 280	197 280	197 280	197 280	197 280	197 280
Investment properties	198 169	197 280	193 631	197 280	197 280	197 280	197 280	197 280	197 280
Operational Buildings	2 173 159	2 371 589	2 356 101	1 744 652	1 775 690	1 775 690	1 783	1 805 028	1 814 797
Housing				23 713	23 863	23 863	63 829	58 644,80	53 304
Other Assets	2 173 159	2 371 589	2 356 101	1 768 365	1 799 553	1 799 553	1 846 435	1 863 672	1 868 100
Biological or Cultivated Assets									
Servitudes									
Licences and Rights	144 355	54 092	59 113	60 190	69 190	69 190	59 987	41 178	21 244
Intangible Assets	144 355	54 092	59 113	60 190	69 190	69 190	59 987	41 178	21 244
Computer Equipment	0	0	0	79 129	94 529	94 529	114 629	120 080	126 531
Furniture and Office Equipment				65 064	68 014	68 014	59 960	50 368	39 929
Machinery and Equipment				46 793	77 721	77 721	142 595	221 857	292 348
Transport Assets				136 908	151 783	151 783	177 583	209 933	247 563
Libraries									
Zoo's, Marine and Non-biological Animals									
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	14 027 519	14 784 418	15 572 096	16 152 775	16 185 093	16 185 093	17 043 545	18 142 244	19 190 495
EXPENDITURE OTHER ITEMS									
Depreciation	901 683	1 094 887	777 551	808 877	808 817	808 817	816 905	841 412	866 655
Repairs and Maintenance by Asset Class	559 424	408 710	342 195	315 781	380 665	380 665	463 178	504 587	535 812
<i>Roads Infrastructure</i>	85 144	42 851	29 880	45 360	36 086	36 086	43 587	46 117	48 800
<i>Storm water Infrastructure</i>	38 828	31 640	16 185	32 368	11 541	11 541	15 748	16 693	17 695
<i>Electrical Infrastructure</i>	45 905	45 131	45 561	27 182	22 464	22 464	33 391	35 309	36 453
<i>Water Supply Infrastructure</i>	150 100	79 119	96 398	44 031	51 391	51 391	147 795	162 382	171 721
<i>Sanitation Infrastructure</i>	126 410	108 147	54 417	62 355	70 445	70 445	70 600	83 977	94 113
<i>Solid Waste Infrastructure</i>	8 179	6 535	7 304	-	-	-	-	-	-
<i>Rail Infrastructure</i>	-	-	-	2 602	1 315	1 315	3 983	4 223	4 476
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	112	-	-	-	-	-
Infrastructure	454 565	313 422	249 745	214 010	193 242	193 242	315 104	348 702	373 257
Community Facilities	24 629	23 740	30 939	11 821	13 741	13 741	11 760	12 471	13 225
Sport and Recreation Facilities	15 020	13 059	14 252	15 006	8 388	8 388	7 466	7 878	8 357
Community Assets	39 649	36 799	45 191	26 827	22 128	22 128	19 226	20 348	21 582
Heritage Assets	-	-	-	1 094	738	738	638	676	717
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	245	250	250	-	-	-
Investment properties	-	-	-	245	250	250	-	-	-
Operational Buildings	59 321	48 746	45 221	12 473	20 351	20 351	25 268	26 786	28 396
Housing	174	738	842	4 529	8 721	8 721	9 058	9 125	9 196
Other Assets	59 494	49 484	46 063	17 002	29 072	29 072	34 326	35 911	37 592
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	3 724	3 868	3 868	5 070	5 386	5 756
Intangible Assets	-	-	-	3 724	3 868	3 868	5 070	5 386	5 756
Computer Equipment	5 716	9 005	1 196	6 217	8 111	8 111	13 974	14 739	15 554
Furniture and Office Equipment	-	-	-	1 908	2 186	2 186	1 474	1 574	1 676
Machinery and Equipment	-	-	-	11 838	101 238	101 238	38 790	40 618	40 801
Transport Assets	-	-	-	32 780	19 827	19 827	34 576	36 633	38 878
Libraries	-	-	-	136	3	3	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS	1 461 108	1 503 597	1 119 746	1 124 658	1 189 481	1 189 481	1 280 083	1 346 000	1 402 466

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<i>R thousand</i>									
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	53,9%	50,9%	54,8%	58,9%	59,7%	59,7%	57,6%	67,4%	59,0%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	86,7%	62,6%	100,7%	114,0%	117,8%	117,8%	119,1%	155,6%	130,5%
<i>R&M as a % of PPE</i>	4,1%	2,8%	2,2%	2,0%	2,4%	2,4%	2,8%	2,8%	2,8%
<i>Renewal and upgrading and R&M as a % of PPE</i>	10,0%	7,0%	7,0%	8,0%	8,0%	8,0%	8,0%	10,0%	9,0%

TABLE 40 (TABLE A10 – BASIC SERVICE DELIVERY MEASUREMENT)

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Household service targets									
<i>Water:</i>									
Piped water inside dwelling	294 090	323 499	323 499	342 909	342 909	342 909	359 306	380 864	403 716
Piped water inside yard (but not in dwelling)	–	–	–	–	–	–	–	–	–
Using public tap (at least min.service level)	30 202	33 222	33 222	35 215	35 215	35 215	35 215	37 328	39 568
Other water supply (at least min.service level)	–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	324 292	356 721	356 721	378 124	378 124	378 124	394 521	418 192	443 284
Using public tap (< min.service level)	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	–	–	–	–	–	–	–	–	–
No water supply	–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	–	–	–	–	–	–	–	–	–
Total number of households	324 292	356 721	356 721	378 124	378 124	378 124	394 521	418 192	443 284
<i>Sanitation/sewerage:</i>									
Flush toilet (connected to sewerage)	290 710	290 710	319 781	338 968	338 968	338 968	359 306	380 864	403 716
Flush toilet (with septic tank)	3 060	3 060	3 366	3 568	3 568	3 568	3 782	4 009	4 249
Chemical toilet	–	–	204	216	216	216	700	742	787
Pit toilet (ventilated)	–	–	149	158	158	158	167	177	188
Other toilet provisions (> min.service level)	–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	293 770	293 770	323 499	342 910	342 910	342 910	363 955	385 792	408 940
Bucket toilet	30 202	30 202	22 413	23 758	23 758	23 758	8 562	–	–
Other toilet provisions (< min.service level)	–	–	–	–	–	–	–	–	–
No toilet provisions	–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	30 202	30 202	22 413	23 758	23 758	23 758	8 562	–	–
Total number of households	323 972	323 972	345 912	366 668	366 668	366 668	372 517	385 792	408 940
<i>Energy:</i>									
Electricity (at least min.service level)	27 926	26 748	24 913	22 062	22 062	22 062	23 795	23 557	23 321
Electricity - prepaid (min.service level)	235 303	248 905	263 510	240 309	240 309	240 309	274 953	277 703	280 480
<i>Minimum Service Level and Above sub-total</i>	263 229	275 653	288 423	262 371	262 371	262 371	298 748	301 260	303 801
Electricity (< min.service level)	–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)	–	–	–	–	–	–	–	–	–
Other energy sources	–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	–	–	–	–	–	–	–	–	–
Total number of households	263 229	275 653	288 423	262 371	262 371	262 371	298 748	301 260	303 801
<i>Refuse:</i>									
Removed at least once a week	168 430	168 430	263 478	302 410	302 410	302 410	247 046	247 046	247 046
<i>Minimum Service Level and Above sub-total</i>	168 430	168 430	263 478	302 410	302 410	302 410	247 046	247 046	247 046
Removed less frequently than once a week	133 308	133 308	38 932	302 410	302 410	302 410	–	–	–
Using communal refuse dump	15 559	15 559	15 765	41 268	41 268	41 268	11 695	11 695	11 695
Using own refuse dump	–	–	–	15 765	15 765	15 765	6 852	6 852	6 852
Other rubbish disposal	6 852	6 852	6 852	6 852	6 852	6 852	1 823	1 823	1 823
No rubbish disposal	143	143	853	853	853	853	–	–	–
<i>Below Minimum Service Level sub-total</i>	155 862	155 862	62 402	367 148	367 148	367 148	20 370	20 370	20 370
Total number of households	324 292	324 292	325 880	669 558	669 558	669 558	267 416	267 416	267 416
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	76 272	75 071	78 200	99 597	99 597	99 597	100 674	103 694	106 805
Sanitation (free minimum level service)	76 272	75 309	78 200	100 753	100 753	100 753	101 650	104 699	107 840
Electricity/other energy (50kwh per household per month)	67 214	64 747	65 031	78 643	78 643	78 643	73 500	74 000	74 500
Refuse (removed at least once a week)	67 214	66 898	69 110	94 903	94 903	94 903	94 669	97 509	100 435

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cost of Free Basic Services provided - Formal Settlements (R'000)									
Water (6 kilolitres per indigent household per month)	64 530	44 072	105 894	92 657	92 657	92 657	121 036	132 535	145 126
Sanitation (free sanitation service to indigent households)	93 064	115 302	200 354	175 310	175 310	175 310	206 547	226 169	247 655
Electricity/other energy (50kwh per indigent household per month)	26 926	20 623	35 338	38 755	38 755	38 755	40 292	42 645	45 136
Refuse (removed once a week for indigent households)	70 741	78 453	119 106	104 218	104 218	104 218	111 513	122 107	133 096
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)	-	-	-	-	-	-	-	-	-
Total cost of FBS provided	255 261	258 450	460 691	410 940	410 940	410 940	479 388	523 455	571 012
Highest level of free service provided per household									
Property rates (R value threshold)	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000
Water (kilolitres per household per month)	8	8	8	8	8	8	8	8	8
Sanitation (kilolitres per household per month)	11	11	11	11	11	11	11	11	11
Sanitation (Rand per household per month)	74	83	93	108	108	108	108	108	108
Electricity (kwh per household per month)	75	75	75	75	75	75	75	75	75
Refuse (average litres per week)	240	240	240	240	240	240	240	240	240
Revenue cost of subsidised services provided (R'000)									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		31 937	35 131	35 206	35 206	35 206			
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA	142 171	89 884	119 832	117 653	117 653	117 653	120 707	129 086	138 052
Water (in excess of 6 kilolitres per indigent household per month)	21 510	14 691	35 298	30 886	30 886	30 886	40 345	44 178	48 375
Sanitation (in excess of free sanitation service to indigent households)	-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)	13 463	10 312	17 669	20 578	20 578	20 578	20 146	21 323	22 568
Refuse (in excess of one removal a week for indigent households)	-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates									
Housing - top structure subsidies									
Other									
Total revenue cost of subsidised services provided	177 144	146 823	207 930	204 322	204 322	204 322	181 198	194 587	208 995

1.10 CONSOLIDATED BUDGET SUPPORTING TABLES

The relevant supporting Tables attached elsewhere in this budget report.

PART 2 – SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

The Budget process started in September 2017 after the approval of a timetable and strategy to guide the preparation of the 2018/19 to 2020/21 Operating and Capital Budgets on or before end August 2017.

The timetable provides broad timeframes for the IDP and Budget preparation process. It allows for consultation with stakeholders, such as the elected public representatives, employees of the Municipality, Civil Society, State departments (e.g. National / Provincial Treasuries), business and labour, during the period April to May 2018. The main aims of the timetable are to ensure that a revised IDP and a balanced Budget are tabled on or before end March 2018 for noting and on or before end May 2018 for approval. The draft Budget will be tabled by the Executive Mayor at a Council meeting to be held on the 30 May 2018 for consideration and approval.

After the meeting, the draft budget will be submitted to National Treasury in compliance with Chapter 4 of the Municipal Finance Management Act (56 of 2003).

2.1.1 IDP & Budget Timetable 2018/19 to 2020/21

The preparation of the 2018/19 to 2020/21 IDP and Budget was guided by the following schedule of key deadlines as approved by Council in late August 2017.

2.2 ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN

The Integrated Development Plan (IDP) determines and prioritises the needs of the community.

The review of the IDP, in accordance with the Municipal Systems Act, was guided and informed by the following principles:

- Achievement of the five strategic priorities of the NMBM.
- Aligning the Six Pillars as identified by Political Leadership to the IDP and Budget.
- Focusing on service delivery backlogs and the maintenance of infrastructure.
- Addressing community priorities (needs) as identified in the IDP.

The review of the IDP focused on establishing measurable performance indicators and targets. These targets informed the preparation of the multi-year budget, as well as the Service Delivery and Budget Implementation Plan (SDBIP).

The 2018/19 to 2020/21 Operating and Capital Budgets were prepared in accordance with the IDP. The key strategic focus areas of the IDP are as follows:

- Municipal transformation and development
- Service delivery and infrastructure development
- Local economic development
- Financial sustainability and viability
- Good governance and public participation

The abovementioned strategic focus areas including the six pillar as determined by the new leadership informed the preparation of the Budget.

After the tabling of the Budget to Council on 30 March 2018, a series of meetings were held throughout the municipal area to consult with the elected public representatives, employees of the Municipality, Civil Society, business, labour, National and Provincial Governments on how the budget addresses the IDP priorities and objectives. The feedback flowing from these meetings were referred to the relevant Directorates for their attention. The feedback received from National Treasury after the budget benchmark exercise is incorporated elsewhere in the agenda and the response thereof from the institution.

Below is a table, which illustrates the link between the Budget and the IDP.

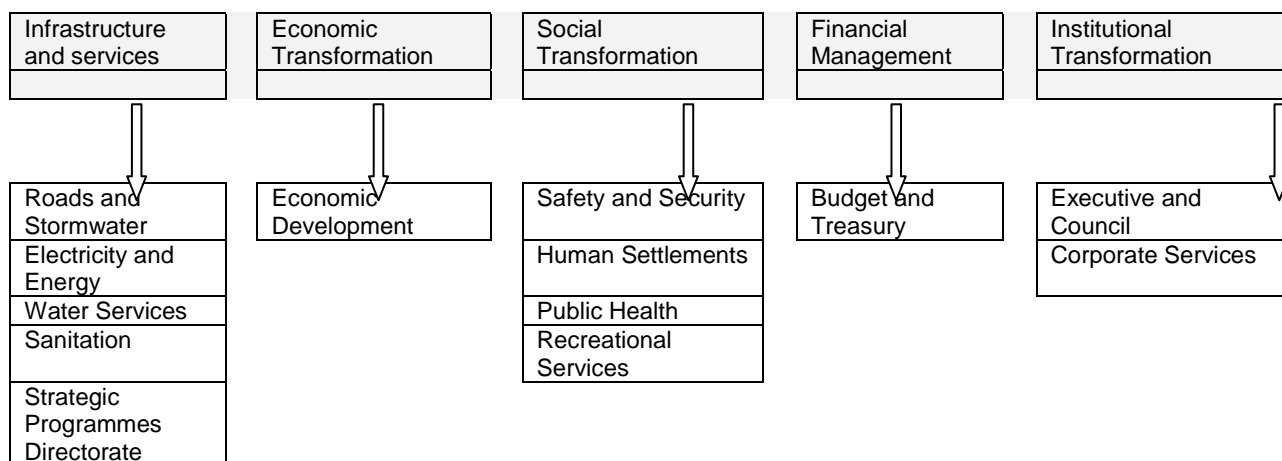
TABLE 41: BUDGET ALLOCATION ACCORDING TO IDP PRIORITIES

	Institutional and Capacity Development	Integrated Service Delivery to a Well Structured City	Inclusive Economic Development and Job Creation	Financial Sustainability and Viability	Effective City Governance	Total
	R '000	R '000	R '000	R '000	R '000	R '000
2018/19 Budget						
Capital Expenditure	42,424	1,609,284	69,222	16,500	2,650	1,740,079
Operating Expenditure	260,876	8,929,037	61,640	839,793	283,742	10,375,088
Total	303,300	10,538,321	130,862	856,293	286,392	12,115,167
	2.50%	86.98%	0.80%	7.07%	2.36%	
2019/20 Budget						
Capital Expenditure	22,845	1,898,767	45,751	4,000	3,500	1,974,862
Operating Expenditure	280,016	9,620,553	47,749	827,825	303,351	11,079,494
Total	302,861	11,519,320	93,500	831,825	306,851	13,054,357
	2.32%	88.24%	0.72%	6.37%	2.35%	
2020/21 Budget						
Capital Expenditure	3,685	1,890,221	49,776	4,500	3,500	1,951,681
Operating Expenditure	298,639	10,231,621	50,720	865,226	323,427	11,769,632
Total	302,324	12,121,842	100,496	869,726	326,927	13,721,313
	2.20%	88.34%	0.73%	6.34%	2.38%	

2.2.1 Alignment with National and Provincial Priorities

The Municipality's priorities are aligned to those of the National and Provincial Governments.

The matrix below shows the alignment with National and Provincial Government priorities



The above is an indication of NMBM's alignment to the National and Provincial Key Performance Areas and how Directorates are aligned thereto. It should, however, be noted that in terms of implementation all Directorates are focusing on the five areas. In order to monitor and evaluate service delivery and financial performance, key performance indicators are included in all Executive Directors' performance agreements.

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

This section contains the key performance indicators.

TABLE 42 (MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS)

Description of financial indicator	Basis of calculation	2018/19 Medium Term Revenue & Expenditure Framework		
		Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
Borrowing Management				
Credit Rating		Aaa.za	Aaa.za	Aaa.za
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2,2%	2,5%	2,7%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2,6%	3,0%	3,2%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	24,6%	37,2%	34,7%
Safety of Capital				
Gearing	Long Term Borrowing/ Funds & Reserves	7,9%	8,3%	8,3%
Liquidity				
Current Ratio	Current assets/current liabilities	1,7	1,8	1,9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1,7	1,8	1,9
Liquidity Ratio	Monetary Assets/Current Liabilities	0,9	1,0	1,1
Revenue Management				
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	93,5%	95,0%	95,5%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		95,0%	95,5%	95,5%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	19,5%	19,7%	19,4%
Creditors Management				
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	80,0%	85,0%	90,0%
Creditors to Cash and Investments		81,5%	73,7%	65,9%
Other Indicators				
Electricity Distribution Losses (2)	Total Volume Losses (kW)	420 330	389 155	357 315
	Total Cost of Losses (Rand '000)	296 332	293 034	287 639
	% Volume (units purchased and generated less units sold)/units purchased and generated	12,00%	11,11%	10,20%
Water Distribution Losses (2)	Total Volume Losses (kℓ)	40 928	39 905	38 881
	Total Cost of Losses (Rand '000)	208 404	199 011	193 908
	% Volume (units purchased and generated less units sold)/units purchased and generated	40,00%	39,00%	38,00%
Employee costs	Employee costs/(Total Revenue - capital revenue)	31,6%	32,2%	32,8%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	32,3%	32,9%	33,5%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4,5%	4,5%	4,5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	9,3%	9,2%	8,9%
IDP regulation financial viability indicators				
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	40,3	38,9	41,7
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	25,5%	25,7%	25,4%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3,0	3,3	3,7

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure may be funded from capital grants, internal sources and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. The following financial performance indicators formed part of the compilation of the 2017/18 MTREF:

- *Capital charges to operating expenditure* is a measure of the cost of borrowing, compared to the total operating expenditure. The cost of borrowing is increasing from 2.2% in 2018/19 to 2.7% in 2020/21. The decrease is attributable to no further borrowing being planned over the MTREF period.

2.3.1.2 Liquidity

- The *current ratio* is a measure of the current assets divided by the current liabilities. The Municipality has set a benchmark limit of 1.5. For the 2018/19 MTREF, the current ratio increases from 1.7 in 2018/19 to 1.9 in 2020/21.
- The *liquidity ratio* is a measure of the municipality's ability to utilise cash and cash equivalents to meet its current liabilities. A liquidity ratio of 1 should be maintained. For the 2016/17 MTREF, the liquidity ratio increases from 0.9 in 2018/19 to 1.1 in 2020/21. This represents a significant risk for the Municipality, as any under collection of revenue will result in serious financial challenges for the Municipality. As part of the medium term financial planning objectives, this ratio must be maintained at a minimum of 1.

2.3.1.3 Revenue Management

- As part of the Financial Recovery Plan, an aggressive revenue management framework is being implemented to increase cash inflows from current billings, as well as from debtors that are in arrears in excess of 120 days.

2.3.2 Drinking Water Quality and Waste Water Management

The Municipality performs the dual roles of a Water Service Authority (WSA) and a Water Service Provider (WSP), in managing the provision of drinking water and the treatment of wastewater.

As consistently reported to the Infrastructure, Electricity and Engineering Portfolio Committee (IEEC) the water supplied to the communities of NMBM is 100% compliant with SANS241.

Similarly, as reported to the IEEC the treated wastewater treated at the various Wastewater Treatment Works on average complies with the required standards.

The detailed reports relating to the above are available for any required scrutiny.

2.3.3 Basic social services package for indigent households

The Constitution stipulates that a municipality must structure and manage its administration, budgeting and planning so as to give priority to the basic needs of the community and to promote their social and economic development. The basic social package is an affirmation of the Municipality's commitment to push back the frontiers of poverty by providing social welfare to those residents who cannot afford to pay, as a result of adverse social and economic conditions.

The Municipality fully utilises the Equitable Share allocation towards assisting the poor.

2.4 OVERVIEW OF BUDGET RELATED POLICIES

The MFMA and the Budget and Reporting Regulations require budget related policies to be reviewed, and where applicable, be updated on an annual basis. Attached to this budget document are any financial related policies that must be reviewed and approved by Council. One of the policies attached to this report is Property Rates Policy prepared in line with the Municipal Property Rates Act (29 of 2014).

2.5 OVERVIEW OF BUDGET ASSUMPTIONS

Budget assumptions/parameters are determined in advance of the budget process to allow budgets to be constructed to support the achievement of the longer-term financial and strategic targets.

The municipal fiscal environment is influenced by a variety of macroeconomic control measures. National Treasury provides guidelines on the ceiling of year-on-year increases in the total Budget, whilst the National Electricity Regulator of South Africa (NERSA) regulates bulk electricity tariff increases and the Department of Water Affairs (DWA) regulates bulk water tariff increases. The Municipality's employee related costs are also influenced by collective agreements concluded in the South African Local Government Bargaining (SALGA) Council. Various government departments also affect municipal service delivery through the level of grants and subsidies.

The following principles and guidelines directly informed the compilation of the Budget:

- The priorities and targets, relating to the key strategic focus areas, as determined in the IDP.
- The need to enhance the municipality's revenue base.
- The level of property rates and tariff increases to take into account the need to address maintenance and infrastructural backlogs, including the expansion of services.
- The level of property rates and tariff increases to ensure the delivery of services on a financially sustainable basis.
- No budget allocations have been made to programmes and projects, unless the respective programme and project plans / procurement plans / cashflows have been submitted by the relevant Acting/Executive Directors.
- An assessment of the relative human resources capacity to implement the Budget.
- No growth in revenue sources has been provided for in view of current consumption trends in municipal services.
- Projections have been made that resulting from the implementation of the General Valuation (GV) Roll with effect from 1 July 2017; the value of the Rates Base for the NMBM will be at R1.9bln for the Property Rates revenue (income) after taking all other factors into account.

The Municipality faced the following significant challenges in preparing the 2018/19 – 2020/21 Budget:

- Budgeting for a surplus on the Operating Budget;
- Fully implementing cost containment measures and removing non-core expenditure items;
- Maintaining revenue collection rates at the targeted levels;
- Maintaining electricity and water losses at acceptable levels;
- Allocation of the required operating budget provision for newly created infrastructure and facilities, with a consequential impact on the level of rates and tariff increases;
- Allocation of the required budget provision for the rehabilitation and maintenance of infrastructure;
- Depleted Capital Replacement Reserve, impacting on the Municipality's ability to fund capital expenditure from internal sources;
- Maintaining an acceptable cost coverage ratio;
- Reprioritisation of capital projects and operating expenditure within the financial affordability limits of the Budget, taking the municipality's declining cash position into account.
- All other demands not included in the draft / tabled budget such as (i) Operationalisation Costs for the Establishment of Metro Police Force as well as IPTS, (ii) Critical Vacancies, amongst others.

The multi-year budget is therefore underpinned by the following assumptions, as approved by Council:

TABLE 43 (BUDGET ASSUMPTIONS)

The multi-year Budget is underpinned by the following assumptions:

Financial targets for the period 2018/19 to 2022/23

	2017/18 (Baseline)	2018/19	2019/20	2020/21	2021/2022	2022/2023
Income	%	%	%	%	%	%
Water tariff increase	9.00	9.5	9.5	9.5	8	8
Sanitation tariff increase	9.00	9.5	9.5	9.5	8	8
Refuse tariff increase	9.00	9.5	9.5	9	9	9
Property rates increase	4.40 (Average)	7	7	7	7	7
Electricity tariff increase	1.88 (Average)	8.3	8.6	9	9.5	10
Revenue collection rates	94.00	95.5	96	96.5	97	97
Expenditure						
Total expenditure increase allowed (excluding repairs and maintenance)	6.00	6	6	6	6	6
Salary increase (Subject to the three year agreement)	8.00	8.3	8.5	8.9	9.1	9.1
Increase in repairs and maintenance (i.e. Inventory Consumed)	8.00	22	11.5	11.5	12.5	13.5
Increase in bulk purchase of power costs (subject to determination by NERSA)	0.32	7.3	7.6	8.0	8.5	9
Increase in bulk purchase of water costs	12.00	9.0	9.0	9.0	7.5	7.5

It must be noted that the above increases were used for preparing the budget and some of them have since been amended resulting from other external factors.

2.6 OVERVIEW OF BUDGET FUNDING

2.6.1 Medium-term outlook: operating revenue

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

TABLE 44 (BREAKDOWN OF THE OPERATING REVENUE OVER THE MEDIUM-TERM)

Description	2018/19 Medium Term Revenue & Expenditure Framework					
	Budget Year 2018/19		Budget Year 2019/20		Budget Year 2020/21	
R thousands		%		%		%
Revenue By Source						
Property rates	2 177 931	21.02	2 331 217	21.01	2 495 777	20.91
Service charges	5 469 035	52.77	5 869 476	52.90	6 300 316	52.78
Interest earned - external investments	106 592	1.03	112 297	1.01	118 952	1.00
Transfers and subsidies	1 814 474	17.51	1 917 867	17.28	2 084 853	17.47
Other own revenue	795 353	7.68	865 349	7.80	937 308	7.85
Total Revenue (excluding capital transfers and contributions)	10 363 386	100.00	11 096 207	100.00	11 937 206	100.00
Total Expenditure	10 375 088		11 079 494		11 769 632	
Surplus/(Deficit)	(11,702)		16 713		167 573	

Figure 3: Breakdown of operating revenue over the 2018/19 MTREF

Tariff determination is important in ensuring appropriate levels of revenue, in order to achieve a credible and funded budget. Operating revenue is mainly derived from service charges, such as water, electricity, sanitation and refuse collection and disposal, property rates and operating grants.

The revenue management strategy includes the following key components:

- National Treasury's guidelines in this regard;
- The Property Rates Policy;
- The level of property rates and tariff increases must ensure financially sustainable service delivery;
- The level of property rates and tariff increases to provide for the maintenance and replacement of infrastructure, including the expansion of services;
- Ensuring fully cost reflective tariffs for trading services;
- Electricity bulk tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Water bulk tariff increases as approved by the Department of Water Affairs (DWA);
- Efficient revenue management, targeting a 94% annual collection rate for property rates and service charges, after discounting the Assistance to the Poor (ATTP) subsidies. In this regard the municipality has appointed a service in order to enhance revenue collection and achieve the collection rate that is greater than anticipated;
- No growth in the revenue base.

The aforementioned principles guided the annual increases in property rates and tariffs, charged to the consumers.

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

TABLE 45 (SA15 – DETAIL INVESTMENT INFORMATION)

Investment type	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
R thousand			
Parent municipality			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	2,165,608	2,561,772	3,087,941
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Municipality sub-total	2,165,608	2,561,772	3,087,941
Entities			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Entities sub-total	-	-	-
Consolidated total:	2,165,608	2,561,772	3,087,941

Investments are anticipated to increase from R2.17 billion in 2018/19 to R3.09 billion in 2020/21

Medium-term outlook: capital revenue

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

TABLE 46 (SOURCES OF CAPITAL REVENUE OVER THE MTREF)

Vote Description	Current Year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget		Budget Year 2018/19		Budget Year 2019/20		Budget Year 2020/21	
R thousand		%		%		%		%
National Government	956 740	57,29	977 575	56,18	1 033 573	52,34	1 073 513	55,00
Other transfers and grants	85 600	5,13	159 940	9,19	170 525	8,63	198 873	10,19
Transfers recognised - capital	1 042 340	62,42	1 137 515	65,37	1 204 098	60,97	1 272 386	65,19
Borrowing	-	0,00	148 290	8,52	286 370	14,50	235 943	12,09
Internally generated funds	627 569	37,58	454 274	26,11	484 395	24,53	443 353	22,72
Total Capital Funding	1 669 909	100,00	1 740 079	100,00	1 974 862	100,00	1 951 681	100,00

The above table is graphically represented as follows for the 2018/19 financial year.

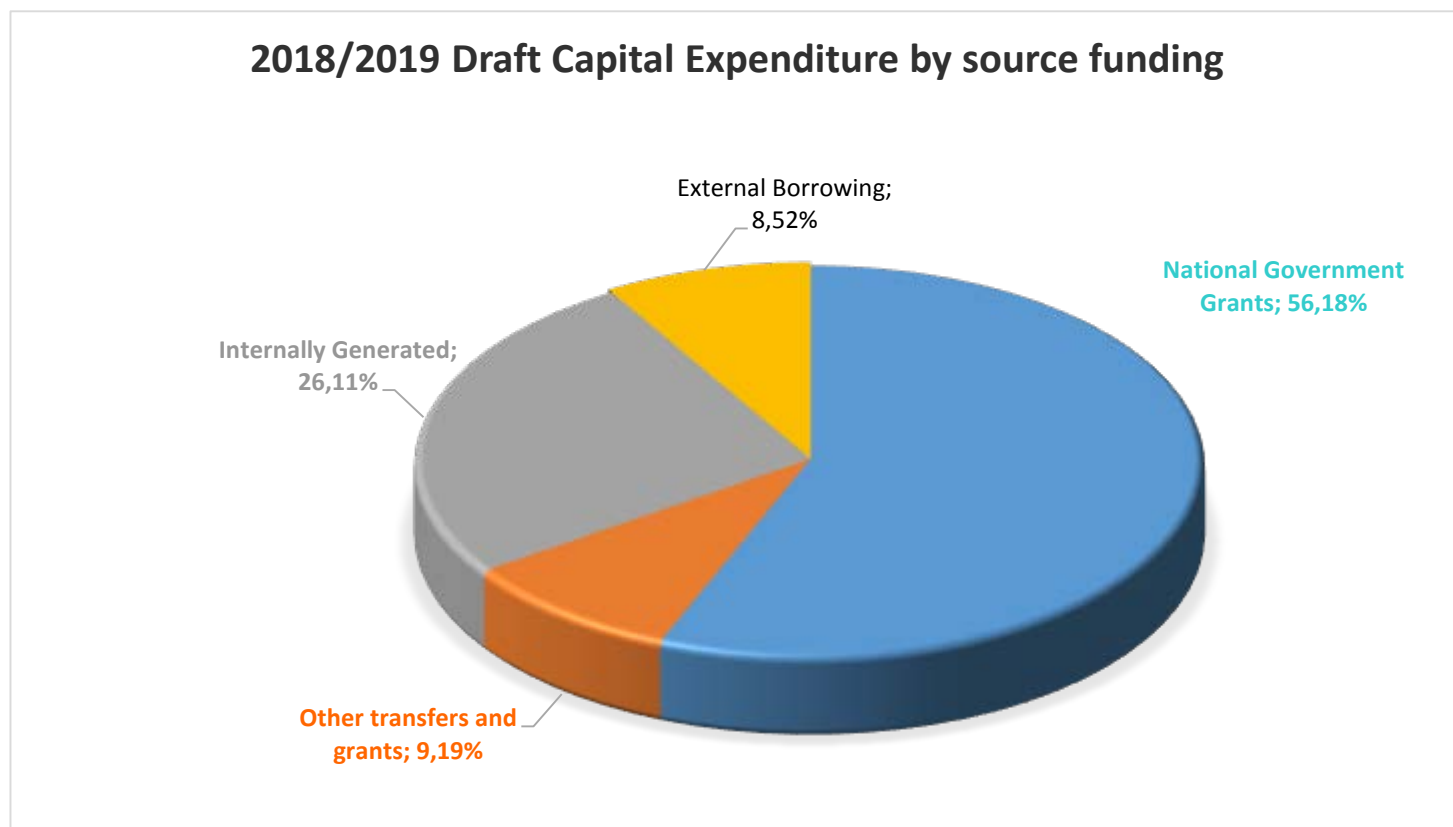


Figure 2: Sources of Capital Revenue for the 2018/19 financial year

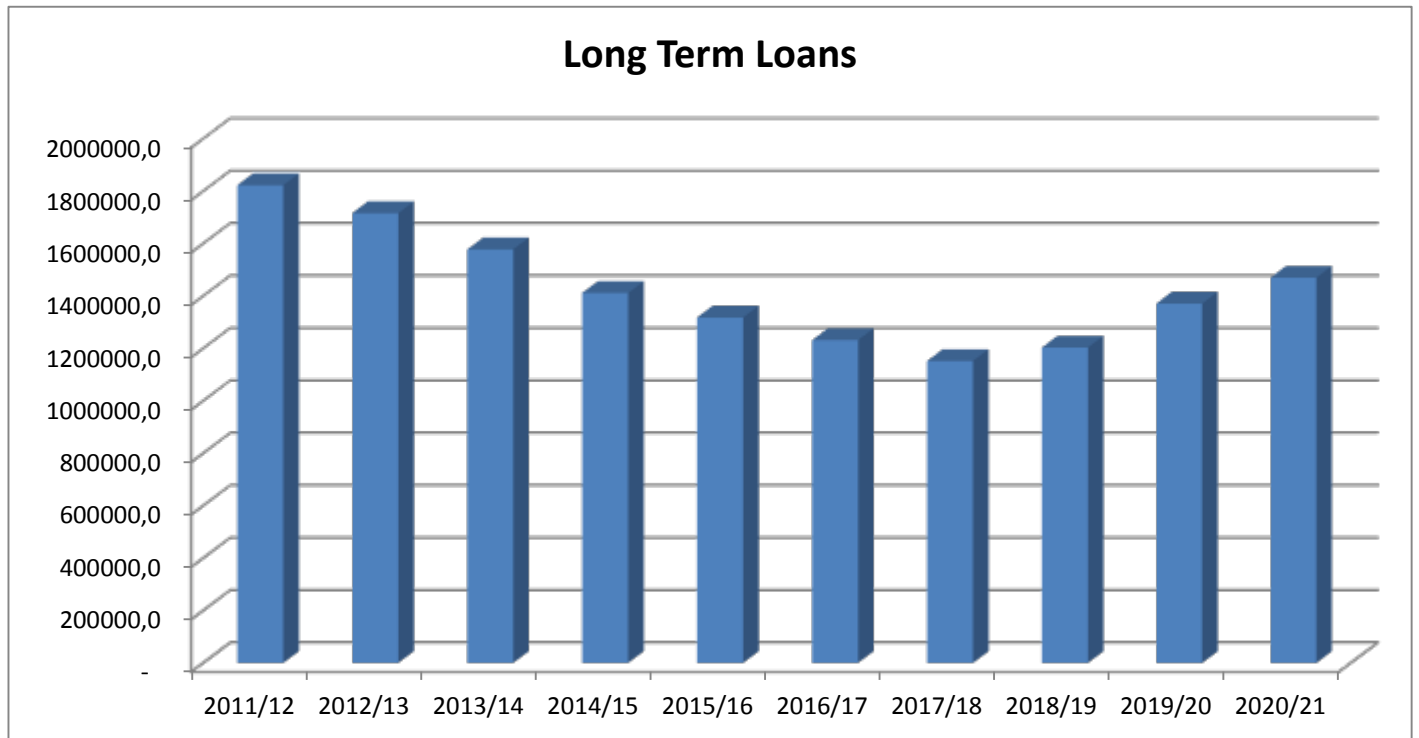
Capital Grants constitute 65.37% of the total funding sources, amounting to R1.04 billion for the 2018/19 financial year and amounting to R1.27 billion or 65.19% in the 2020/21 financial year.

The following table provides a detailed analysis of the Municipality's borrowings.

TABLE 47 (TABLE SA 17 - DETAIL OF BORROWINGS)

Borrowing - Categorised by type R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
Parent municipality			
Annuity and Bullet Loans	1,203,438	1,371,492	1,470,103
Municipality sub-total	1,203,438	1,371,492	1,470,103
Total Borrowing	1,203,438	1,371,492	1,470,103

The following graph illustrates the outstanding borrowing for the 2008/09 to 2020/21 period:



2.6.3 Funding Compliance Measurement

National Treasury requires the Municipality to assess its financial sustainability against the different measures outlined below:

Incorporated under SA10 which is attached elsewhere in the Agenda.

2.7 EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

Incorporated as SA18, SA19 and SA20 elsewhere in the Agenda.

2.8 ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

Incorporated under SA21 attached elsewhere in the Agenda.

2.9 COUNCILLORS AND BOARD MEMBERS ALLOWANCES AND EMPLOYEE BENEFITS

All above are incorporated in Tables SA22 and SA23 attached elsewhere in the Agenda.

2.10 ANNUAL BUDGETS AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS – DIRECTORATES

In terms of section 53 (1)(c)(ii) of the MFMA, the Service Delivery and Budget Implementation Plan (SDBIP) constitutes a detailed plan for implementing the Municipality's delivery of services and its annual budget, which must include the following:

- (a) Monthly projections of
 - Revenue to be collected, by source; and
 - Operational and capital expenditure, by vote.
- (b) Service delivery targets and performance indicators for each quarter.

In accordance with Section 53 of the MFMA, the Executive Mayor is required to approve the SDBIP within 28 days after the "final" approval of the budget (i.e. after the 30 May 2017). Furthermore, the Executive Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators, as set out in the SDBIP, are made public within 14 days after the approval of the SDBIP.

The SDBIP gives effect to the IDP and Budget of the Municipality. It includes the service delivery targets and performance indicators for each quarter, which forms the basis for the performance agreements of the Executive Directors. It therefore facilitates oversight over the financial and non-financial performance of the Municipality and allows the City Manager to monitor the performance of the Executive Directors, the Executive Mayor/Council to monitor the performance of the City Manager, and the Community to monitor the performance of the Municipality.

The SDBIP relating to the 2018/19 financial year must be approved by the Executive Mayor during June 2018, following the approval of the Budget.

2.11 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

Below the schedule of contracts impacting on future budgets:

TABLE 48 (CONTRACTS IMPACTING ON THE MUNICIPALITY'S REVENUE)

Description	Preceding Years	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework			Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Total Contract Value
			Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20								
R thousand	Total	Original Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality: Revenue Obligation By Contract <i>Contract 1</i> <i>Contract 2</i> <i>Contract 3 etc</i> Total Operating Revenue Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract <i>Absa Bank Costs</i> <i>Contract 2</i> <i>Contract 3 etc</i> Total Operating Expenditure Implication	-	4,297	4,555	4,828	5,117	-	-	-	-	-	-	-	18,797
Capital Expenditure Obligation By Contract <i>Contract 1</i> <i>Contract 2</i> <i>Contract 3 etc</i> Total Capital Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Parent Expenditure Implication	-	4,297	4,555	4,828	5,117	-	-	-	-	-	-	-	18,797
Entities: Revenue Obligation By Contract <i>Contract 1</i> <i>Contract 2</i> <i>Contract 3 etc</i> Total Operating Revenue Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract <i>Contract 1 - Banking Service Contract</i>	92	17	19	21	23	25	27	30	33	36	40	44	407

Description	Preceding Years	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework			Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Total Contract Value
			Total	Original Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
R thousand													
<i>Contract 2</i> <i>Contract 3 etc</i> Total Operating Expenditure Implication	92	17	19	21	23	25	27	30	33	36	40	44	- - 407
Capital Expenditure Obligation By Contract <i>Contract 1</i> <i>Contract 2</i> <i>Contract 3 etc</i> Total Capital Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	- - - -
Total Entity Expenditure Implication	92	17	19	21	23	25	27	30	33	36	40	44	407

Contracts Impacting on the Municipality's Expenditure

No contracts exceeding the R5 million limit in respect of MFMA section 33 expenditure.

TABLE 49 (SECTION 33 EXPENDITURE)

	Description of lease	Start of contract	End of contract	Escalation %	Period	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
1	ABSA Bank Ltd – Primary Bank account	01-07-12	30-06-17		5 years						

2.12 LEGISLATION COMPLIANCE STATUS

Below a discussion of the Municipality's progress relating to the implementation of the MFMA:

Implementation of the MFMA

The municipality has been implementing the provisions of the MFMA in accordance with a documented Implementation Plan. The municipality monitors its implementation status on an ongoing basis through reporting via its Committees, including the following:

- The City Manager's Management Team includes all Executive Directors, which meets fortnightly.
- The Budget and Treasury Committee – a standing committee of the Council, which meets every six weeks. The committee considers specific MFMA implementation issues and reports via the Mayoral Committee to Council.
- The NMBM has also established an MPAC (Municipal Public Accounts Committee) as well as the Audit Committee which plays an oversight role in as far as all other overarching issues that include legal compliance matters, amongst others.
- The municipality also makes use of Internal Audit for certain areas of legal compliance, amongst others.
- The municipality also have an operational Audit Committee.
- The Council approved the Unauthorised, Irregular, Fruitless and Wasteful Expenditure Policy on the 1st December 2016 in order to guide on how such related issues can be dealt with in the institution.

The following reflects the status of implementation of some of the key MFMA areas:

IDP

A draft revised 2017/18 IDP has been developed, which will be considered at a Council meeting to be held on 23 May 2017. The IDP includes specific deliverables that forms the basis for the Budget and SDBIP.

Budget

The annual budget document has been developed taking the MFMA and National Treasury (NT) requirements into account. Budgets are being tabled and approved within the required legislated timeframes.

In-Year Reporting

The municipality submits the various reports required to the Executive Mayor, Council, and NT on an ongoing basis, in accordance with the MFMA.

Supply Chain Management Policy (SCM)

A Supply Chain Management Policy has been adopted and implemented in accordance with the MFMA and NT requirements. This Policy is in the process of being reviewed and be brought to the structures of Council for approval.

All the required SCM committee structures are in place. Whilst the municipality is working at making these new processes operate more efficiently and effectively, it is considered that the municipality is currently complying with the MFMA and NT guidelines.

Budget and Treasury

A Budget and Treasury Office has been established in accordance with the MFMA and NT requirements, consisting of a CFO and municipal officials reporting to the CFO.

Audit Committee

An Audit Committee (AC) has been established and meets on a quarterly basis.

Internal Audit Function

The Municipality has an Internal Audit sub-directorate reporting to the City Manager and operating in accordance with an audit plan.

Financial Internship Programme

In the 2017/18 financial year the Municipality has a total of about seven Finance Interns on the Municipal Financial Management Internship programme, as approved by National Treasury. The Finance Interns are rotated within various Sub Directorates of Budget and Treasury in order to capacitate them. So far the institution has been able to recruit many of the Interns into fulltime position due to their relevant work exposure, and such is beneficial to both parties (i.e. NMBM and the Finance Interns).

2.13 CAPITAL EXPENDITURE DETAILS

A detailed capital budget per Directorate is attached as Table SA36 elsewhere in this Agenda.

2.14 OTHER SALIENT POINTS TO NOTE IN TERMS OF THE 2018/19 TO 2020/21 BUDGET

The following paragraphs cover some salient / prominent points to note in terms of this budget document: -

2.14.1 VARIOUS CONDITIONAL AND UNCONDITIONAL GRANTS AVAILED TO THE NELSON MANDELA BAY MUNICIPALITY

As reported elsewhere in this Budget Report the budget of the municipality funded through various sources of funding that include Conditional and Non Conditional Grants. The Conditional Grants refer to those Grants that are availed to the municipality with tight conditions that are contained in the annual Division of Revenue Act (DORA), whilst the Unconditional Grants refer to those Grants that are transferred to the municipality without the strict conditions or are discretionary in terms of use to that municipality. Listed hereunder are various Grants that are incorporated into this budget and are availed from the national fiscus (or exclude the provincial grants): -

TABLE 50 (ALLOCATION OF GRANTS)

ALLOCATION OF OPERATING GRANTS i.t.o. THE DIVISION OF REVENUE BILL (2018/2019)				
GRANT NAME	Grant Type (Conditional / Unconditional)	2018/19	2019/20 (1st Outer Year Projections)	2020/21 (2nd Outer Year Projections)
OPERATING GRANTS				
Equitable Share	Unconditional	939,530,000	1,021,661,000	1,119,805,000
Financial Management Grant	Conditional	1,000,000	1,000,000	1,000,000
Expanded Public Works Program	Conditional	6,700,000	-	-
Infrastructure Skills Development Grant	Conditional	11,834,000	12,229,000	13,300,000
Fuel Levy Grant	Unconditional	623,566,000	688,257,000	764,931,000
TOTAL - OPERATING		1,582,630,000	1,723,147,000	1,899,036,000
ALLOCATION OF CAPITAL GRANTS i.t.o. THE DIVISION OF REVENUE BILL (2018/2019)				
GRANT NAME	Grant Type (Conditional / Unconditional)	2018/19	2019/20 (1st Outer Year Projections)	2020/21 (2nd Outer Year Projections)
Urban Settlements Development Grant (USDG)	Conditional	905,664,000	951,696,000	1,004,059,000
Neighbourhood Partnership Development Grant (NDPG)	Conditional	-	20,000,000	5,000,000
Public Transport Network Operations Grant	Conditional	304,942,000	298,144,000	314,541,000
Integrated National Electrification Program Grant (INEPG)	Conditional	25,648,000	32,000,000	32,000,000
Integrated City Development Grant	Conditional	12,355,000	17,534,000	18,511,000
TOTAL - CAPITAL		1,248,609,000	1,319,374,000	1,374,111,000
TOTAL GRANTS (OPERATING AND CAPITAL)		2,831,239,000	3,042,521,000	3,273,147,000

2.14.2 HOW DO WE COMPARE TO OTHER SISTER METROPOLITAN MUNICIPALITIES WHEN IT COMES TO THE GRANTS AVAILED TO NMBM?

It is always critically important that when we compare our municipality with other metropolitan municipalities, we look at their financial viability including the extent of grants that they receive from the national fiscus, whether conditional or non-conditional grants. The following table gives an illustration of what the 8 metropolitan municipalities receive as their Equitable Share Allocation: -

TABLE 51 (EQUITABLE SHARE ALLOCATIONS)

METROPOLITAN MUNICIPALITY	2018/19	% Ntage Allocation per Metro vs. Total Allocation	2019/20	2020/21
Nelson Mandela Metro	939,530,000	5	1,021,661,000	1,119,805,000
Buffalo City	778 048 000	4	844 411 000	918 677 000
Mangaung	683 500 000	4	735 867 000	804 822 000
Ekurhuleni	3 145 138 000	18	3 478 292 000	3 848 841 000
Joburg	4 229 919 000	24	4 689 158 000	5 207 760 000
Tshwane	2 398 120 000	14	2 642 492 000	2 938 221 000
eThekwini	2 893 016 000	16	3 160 624 000	3 473 156 000
Cape Town	2 574 650 000	15	2 815 558 000	3 092 042 000
TOTAL EQUITABLE SHARE	17,641,921,000	100	19,388,063,000	21,403,324,000

The reason for making use of the Equitable Share in terms of this comparison is the fact that Equitable Share is the unconditional grant that is allocated or availed to all municipalities in the country and can be used based on each municipality's discretion including provision of services to the indigent or poor communities. It can be seen from the above that the "neighborly sister metropolitan municipalities" of Joburg, Ekurhuleni and Tshwane share about **55%** of the total Equitable Share amounting to **R17.6 billion** whilst the metropolitan municipalities in the poor Eastern Cape share only about **9%** of the total Equitable Share available to the 8 metropolitan municipalities.

The following table gives an illustration of what the 8 metropolitan municipalities receive as their Urban Settlements Development Grant (USDG) Allocation: -

TABLE 52 (USDG ALLOCATIONS)

METROPOLITAN MUNICIPALITY	2018/19	% Ntage Allocation per Metro vs. Total Allocation	2019/20	2020/21
Nelson Mandela Metro	905 664 000	8	951 696 000	1 004 059 000
Buffalo City	762 992 000	7	801 772 000	845 886 000
Mangaung	756 216 000	7	794 652 000	838 374 000
Ekurhuleni	1 971 737 000	17	2 071 952 000	2 185 954 000
Joburg	1 852 262 000	16	1 946 406 000	2 053 499 000
Tshwane	1 605 607 000	14	1 687 214 000	1 780 046 000
eThekwini	1 966 869 000	17	2 066 837 000	2 180 557 000
Cape Town	1 484 790 000	13	1 560 257 000	1 646 104 000
TOTAL USDG	11,306,137,000	100	11,880,786,000	12,534,479,000

The above table again illustrates that both metropolitan municipalities from the Eastern Cape share only about **15%** of the USDG (infrastructural designated grant) as compared to the three neighbouring metropolitan municipalities (i.e. Johannesburg, Tshwane and Ekurhuleni) that amongst them share **48%** of the total USDG of **R11.3bln**. The good spending on this grant resulted to the NMBM receiving an additional allocation of **R178.8 million** during the 2017/18 financial year.

2.14.3 THE NON CONCLUSION OF THE SALARY NEGOTIATIONS

This budget report is tabled to Council prior conclusion of the salary negotiations for all municipal employees and as such the salary increases recommended are not yet finalised. If the negotiations are within the recommended limits that will be to the advantage of the municipality, in terms of the limited budget, however, if the final outcome of the discussion results to additional funding required that would mean that there will have to be radical moves in reducing the expenditure in order to avoid the further increases in the tariffs as recommended.

2.14.4 THE APPLICATION FOR ELECTRICITY TARIFFS INCREASES

The budget tabled to Council for approval is prior confirmation or approval by NERSA (National Electricity Regulator of South Africa) of the application the NMBM submitted for approval. If the response is received from NERSA after approval of the budget, the matter will be dealt with in terms of paragraph 25 of the Financial Management Policies of Council.

2.14.5 NATIONAL TREASURY BUDGET CIRCULARS

In line with Section 229 of the Constitution of the RSA Act (108 of 1996) and Chapter 4 (Municipal Budgets) of the Municipal Finance Management Act (56 of 2003), National Treasury issues Budget Circulars that municipalities **must** consider when preparing their annual budgets. The aim of National Treasury Circulars is to ensure that municipalities' fees, taxes, charges etc. that are levied by municipalities may not unreasonably prejudice national economic policies etc. The recent Circulars issued that guided the preparation of this budget are Circulars 89 and 91. All the two Circulars were tabled to Council structures (i.e. EXCO, Budget and Treasury Standing Committee, etc) previously for noting.

2.14.6 THE STATUS OF THE MUNICIPALITY'S EMPLOYEE RELATED COSTS AS A PERCENTAGE OF TOTAL EXPENDITURE

It is required that Council consider the spending trends of employee related costs as they have been previously reported to be exceeding the 30% that is within the Policy as approved by Council. It will assist the municipality to maybe obtain an independent researcher to re-look at this category of expenditure in order to ascertain whether it is factually true that the NMBM salaries and or allowances paid to employees exceed those of other sister metropolitan municipalities. The examples sighted in the past include the lucrative Long Service Bonus and also the continuous payment of the Scarce Skills Allowance which was introduced as an interim measure previously. The payment of Overtime more than the Gazette from the Minister of Labour is another case in point.

2.14.7 SUBMISSIONS RECEIVED FROM THE TWO POLITICAL PARTIES (i.e. ANC AND UF)

The Council must note that the ANC and the UF made submissions to the budget in terms of their requirements as per the communities of certain Wards. These submissions will require to be addressed by the respective MMC's in conjunction with their Executive Directors in order to properly respond to both political parties. **Both letters are Annexures to this Budget Report for the affected Directorates in order for the affected parties to be able to attend to issues raised.**

2.14.8 BUDGET BENCHMARKING LETTER RECEIVED FROM NATIONAL TREASURY

A separate Annexure is included in this Budget Report as a submission made by National Treasury in terms of the Budget Benchmarking session held on the 24 to 25 April 2018. National Treasury and NMBM technical working teams are to conclude on certain technical matters that required clarity to the satisfaction of National Treasury; however, as National Treasury continued with the benchmarking processes for other municipalities until this late this process was not yet concluded by the time this Budget Report was being concluded.

2.14.9 CONDITIONS APPLICABLE TO ALL CONDITIONAL GRANTS AVAILED TO THE NMBM IN TERMS OF THE DIVISION OF REVENUE ACT

Attached elsewhere in this Budget Report are conditions that are applicable to the Conditional Grants as availed by National Treasury, and the aim is to ensure that Council is aware of the conditions attached to these grants as failure to comply with conditions have implications thereof. The grants include inter-alia the Expanded Public Works Program, Finance Management Grant, Neighbourhood Development Partnership Grant, Urban Settlements Development Grant, amongst others.

2.14.10 IMPROVING THE PLANNING PROCESSES WITH EFFECT FROM THE 2019/20 BUDGET YEAR GOING FORWARD

In an endeavour to improve the planning processes that relate to the preparation of an incredible Integrated Development Plan, Built Environment Performance Plan and Budget it has been viewed as strategic to prepare the Strategic Planning Document timeously covering a period of four coming financial years, starting from 2019/20 and allow Council to approve the Strategic Planning document as soon as now instead of waiting until on or before end of August 2018. This document is also found in the Agenda of Council.

2.15 QUALITY CERTIFICATE

I, JOHANN METTLER, City Manager of Nelson Mandela Bay Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act (56 of 2003) 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.

Print Name : JOHANN METTLER

CITY MANAGER OF NELSON MANDELA BAY MUNICIPALITY (EC000)

Signature : _____

Date : _____