



CITY OF CAPE TOWN  
ISIXEKO SASEKAPA  
STAD KAAPSTAD

**ANNEXURE A**

# **CITY OF CAPE TOWN**

## **2018/19 - 2020/21 TABLED BUDGET**

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### **MARCH 2018**

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## GLOSSARY OF TERMS AND ABBREVIATIONS

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

**Allocations** – Money received from Provincial- and National Treasury.

**Budget** – The financial plan of a municipality.

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

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

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

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

**CGD** – Capital Grants and Donations

**CCT/City** – City of Cape Town

**CPI** – Headline Consumer Price Index

**CRR** – Capital Replacement Reserve

**DMTN** – Domestic Medium Term Note

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

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

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

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

**GDFI** - Gross Domestic Fixed Investment

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

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

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

**MayCO** – Mayoral Committee

**MBRR** – Municipal Budget Reporting Regulations

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

**mSCOA** – municipal Standard Chart of Accounts

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

**MYPD** – Multi Year Price Determination

**NT** – National Treasury

**ODTP** – Organisational Development and Transformation Plan

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

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

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

**TMA** – Total Municipal Account

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

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

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

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

## Part 1 - Annual Budget

### 1.1 Council Resolutions

The 2018/19 MTREF budget resolutions recommend that:

1. The City's tabled annual budget for the financial year 2018/19; and indicative allocations for the two projected outer years 2019/20 and 2020/21, and related policies as set out in the following schedules and annexures, be noted and made available for public comment.
  - a. Operating expenditure by standard classification reflected in Table 21.
  - b. Operating expenditure by vote reflected in Table 22.
  - c. Operating revenue by source reflected in Table 24
  - d. Multi-year capital appropriations by vote reflected in Annexure 1 and Annexure 29.
  - e. Capital expenditure by standard classification reflected in Table 25.
  - f. Capital funding by source reflected in Table 25.
  - g. Budgeted Cash Flow statement as reflected in Table 27.
  - h. Salaries and Benefits of Political Office Bearers, Councillors and Senior Officials as reflected in Table 52 and Table 53.
  - i. Performance Indicators and benchmarks for 2018/19 as set out in Table 34.
  - j. Consolidated budget tables for the City and municipal entities (CTICC and CTS) as reflected in Table 93 to Table 101.
  - k. Draft Property (Tax) Rates as set out in Annexure 2.
  - l. Draft City Improvement Districts (CIDs) - Additional Rates Special Rating Areas (SRA) policy, SRA additional rates as set out in Annexure 3.
  - m. Draft Revised consumptive tariffs, rates and basic charges for electricity services, water services and waste management services as set out in Annexure 4.
  - n. Draft Rates policy as set out in Annexure 5.
  - o. Draft Tariffs, fees and charges book as set out in Annexure 6.
  - p. Draft Tariff policies as set out in Annexure 7.
  - q. Draft Credit control and debt collection policy as set out in Annexure 8 (with effect from 01 June 2018).
  - r. Draft Grants-In-Aid policy as set out in Annexure 9.
  - s. Draft Policy On Accounts Payable as set out in Annexure 10.
  - t. Draft Funding and Reserves Policy as set out in Annexure 11.
  - u. Draft Virement Policy as set out in Annexure 12.
  - v. Draft Budget Management and Oversight Policy as set out in Annexure 13.
  - w. Draft Long Term Financial Plan Policy as set out Annexure 14.
  - x. Draft Policy Governing Adjustment Budgets as set out Annexure 15.
  - y. Draft Unforeseen and Unavoidable Expenditure Policy as set out Annexure 16.
  - z. Draft Policy Governing Planning and Approval of Capital Projects as set out Annexure 17.
  - aa. Five-Year Integrated Development Plan (IDP) 2012 to 2019 - 2018/19 Review and Amendments in Annexure 18.
  - bb. Overview of budget assumptions applied to the 2018/19 MTREF required to be included in Annexure 18 (IDP)
  - cc. Transfers and grants to external organisations as set out in Annexure 20.
  - dd. Individual projects with a total project cost in excess of R50 million (to give effect to S.19(1) (b) of the MFMA) as reflected in Table 81 and as set out in Annexure 21.

- ee. Operating- and capital ward allocation projects supported by Subcouncils as set out in Annexure 22.
  - ff. Cape Town International Convention Centre - Schedule D (annual budget and supporting tables) as set out in Annexure 23.
  - gg. Cape Town International Convention Centre – Business Plan as set out in Annexure 24.
  - hh. Cape Town Stadium – Schedule D (annual budget and supporting tables) as set out in Annexure 25.
  - ii. Cape Town Stadium – Business Plan as set out in Annexure 26.
  - jj. Iconic and other events to be hosted by the City in 2018/19 as set out in Annexure 27.
2. National Treasury Circular 89 and Circular 91 - Municipal budget circulars for the 2018/19 MTREF - as set out in Annexure 28 to this report be noted.

## **1.2 Executive Summary**

### **a. mSCOA (municipal Standard Chart of Accounts)**

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

The detailed mSCOA requirements and classification are contained in spreadsheets issued by NT and are also referred to as the mSCOA grid. This grid contains the classification framework for the 7 mSCOA segments of Item, Projects, Funding, Function, Regional Indicator, Standard Classification and Costing.

NT issues an updated version of the mSCOA grid together with the annual NT Budget Circular, which is used as a guide by municipalities when compiling their annual budgets.

The 2018/19 MTREF was drafted using mSCOA version 6.2 as per NT Budget Circular 89 issued in December 2017. The City will continuously refine mSCOA e.g. Balance Sheet Planning based on additional requirements in version 6.2. In addition, certain mSCOA principles are to be investigated following reviews of Project Segment Documents (PSDs), responses from NT on FAQs logged and changes observed in version 6.2.

### **b. Total Budget**

The total budget quantum for the 2018/19 year is R49 163 million, of which R39 886 million (81%) is allocated to the operating budget and R9 277 million (19%) to the capital budget.



### c. Operating Budget

#### Expenditure

The total operating expenditure amounts to R39 886 million for the 2018/19 financial year.

**Table 1 Expenditure components of the 2018/19 budget**

| Category<br>R Thousand          | Budget<br>2018/19 |
|---------------------------------|-------------------|
| Employee related costs          | 12,820,083        |
| Remuneration of councillors     | 169,640           |
| Debt impairment                 | 2,879,937         |
| Depreciation & asset impairment | 2,935,045         |
| Finance charges                 | 1,438,535         |
| Bulk purchases                  | 9,829,482         |
| Other materials                 | 1,287,149         |
| Contracted services             | 6,055,113         |
| Transfers and subsidies         | 230,036           |
| Other expenditure               | 2,240,233         |
| Loss on disposal of PPE         | 488               |
| <b>Total Expenditure</b>        | <b>39,885,739</b> |

Major allocations for 2018/19 include:

- Employee related costs at R12 820 million, which equates to 32% of the total budget. The projected 2018/19 salary increase is calculate using the average CPI for the period 1 February of the previous year to 31 January 2018 with a 2% added as there is no SALGBC agreement in place for 2018/19 and onwards yet. In addition, based on savings realized annually (past year trends) within this expenditure category, a change in budget principle was implemented. In 2018/19, the City will provide for 95% (as compared to 100% of the cost previously) of employee costs with the 5% to be contributed to the Water & Sanitation department for the New Water Plan expenditure.
- Bulk purchases (Water & Electricity) at R9 829 million, where budgetary provision for bulk purchases consist of purchase of electricity and water from suppliers i.e. Eskom and the Department of Water Affairs and Sanitation and consumer behaviour.
- Debt impairment of R2 879 million, which is influenced by the budgetary treatment of fines as prescribed in the GRAP1 Accounting Standard, which states that fines should be budgeted for at 100% of fines issued. Prior to IGRAP1 implementation, the City accounted for revenue from fines on the basis of estimated collectable revenue. A provision for the amount deemed uncollectable has been included in the budget.
- Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). It equates to 4% (R1 439 million) of the 2018/19 operating expenditure (excluding redemption costs) and increases to R2 205 million by 2020/21. The increase over the 2018/19 MTREF takes into consideration existing and new loans that will be taken up to fund the City's capital programme, additional capital requirements for the New Water Plan and the projected interest rates over this period. The financial impact of this growth was considered in the 2018/19 MTREF.

- Contracted services of R6 055 million, which includes repairs and maintenance provisions and budgetary realignments from this category in line with mSCOA regulations.
- Other expenditure of R2 240 million, which includes, inter alia, provision for:
  - Indigent relief – R76 million
  - Computer services: Software licences – R168 million
  - Operating grants & donations (General expenses) - R 45 million
  - Special Rating Areas – R209 million
  - Electricity costs - R187 million
  - Collection costs (Commission Paid) – R209 million
  - Operating leases – R238 million

### Staff cost growth

The City's current staff establishment is evaluated in terms of updated and reviewed business plans to achieve corporate strategy. In addition, the staff budget takes into consideration the financial impact of the Organisational Development Transformation Plan (ODTP).

The projected 2018/19 salary increase is calculate using the average CPI for the period 1 February of the previous year to 31 January 2018 with a 2% added as there is no SALGBC agreement in place for 2018/19 and onwards yet.

**Table 2 Staff cost per vote (directorate)**

| Vote (Directorate)                                    | Budget 2018/19    |
|---|-------------------|
| R Thousand  |                   |
| Vote 1 - Area-Based Service Delivery                  | 252,505           |
| Vote 2 - Assets & Facilities Management               | 683,215           |
| Vote 3 - Corporate Services                           | 895,636           |
| Vote 4 - City Manager                                 | 11,441            |
| Vote 5 - Directorate of the Mayor                     | 340,846           |
| Vote 6 - Energy                                       | 1,203,294         |
| Vote 7 - Finance                                      | 927,868           |
| Vote 8 - Informal Settlements, Water & Waste Services | 3,067,061         |
| Vote 9 - Safety & Security                            | 1,869,868         |
| Vote 10 - Social Services                             | 2,268,260         |
| Vote 11 - Transport & Urban Development Authority     | 1,300,089         |
| <b>Total staff costs</b>                              | <b>12,820,083</b> |

## Revenue

Operating revenue amounts to R39 755 million in the 2018/19 financial year.

**Table 3 Revenue categories of the 2018/19 budget**

| Category   | Budget<br>2018/19 |
|--|-------------------|
| <b>R Thousand</b>  |                   |
| <b>Revenue By Source</b>   |                   |
| Property rates   | 9,426,952         |
| Service charges - electricity revenue                                | 12,591,403        |
| Service charges - water revenue                                      | 3,612,044         |
| Service charges - sanitation revenue                                 | 2,074,286         |
| Service charges - refuse revenue                                     | 1,202,096         |
| Service charges - other  | 573               |
| Rental of facilities and equipment                                   | 381,262           |
| Interest earned - external investments                               | 969,548           |
| Interest earned - outstanding debtors                                | 340,970           |
| Dividends received   | -                 |
| Fines, penalties and forfeits  | 1,280,160         |
| Licences and permits   | 46,457            |
| Agency services  | 201,723           |
| Transfers and subsidies  | 6,727,045         |
| Other revenue  | 856,170           |
| Gains on disposal of PPE   | 43,870            |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>39,754,561</b> |

Major allocations for 2018/19 include:

- Property rates (R9 427 million)  
This allocation is influenced by the General Valuation (GV) 2015 outcome. The Rates growth parameter is attributed to a revenue quantum increase of 7.2% and a growth of 0.5% for 2018/19. In addition, the implementation of the real-time rates billing in terms of the amended Municipal Property Rates Act (MPRA) improved the Rates revenue considerably.
- Service charges – electricity revenue (R12 591 million)  
2017/18 was the end of the Multi-Year Price Determination (MYPD) agreement, thus Eskom applied to the National Energy Regulator of South Africa (NERSA) for an increase for the 2018/19 financial year.

In this regard, NERSA approved an average percentage price increase of 5.23% to Eskom for the 2018/19 financial year, which translated into a 7.32% increase for municipalities. There is currently no longer term price increase agreement in place; i.e. only an increase for the 2018/19 financial year of the MTREF was approved. In addition, a Service Charge to Home Users of R150 to cover fixed costs will be introduced in 2018/19. A portion of all revenue goes towards maintaining the service connections of residents. Currently this cost is recouped via electricity sales (as a cent per kWh), however under the current tariff formula only those who use 600 units or more are fully covering the costs associated with servicing their homes. This means that customers on the Domestic Tariff who use less than 600 units in a month are being subsidised by other users. It is not sustainable to provide subsidy to residents who are not considered financially vulnerable.

The City has sought to correct this by proposing activation of the Home User Tariff, that allows the City to recoup the cost of providing services to Domestic Tariff customers who buy less than 600 units per month. Under the current proposal all customers with a property value of R1 million and above will be moved onto the Home User Tariff from 1 July 2018.

- Service Charges – Water Revenue (R3 612 million) and Sanitation Revenue (R2 074 million).  
The revenue base for Water and Sanitation was calculated from a level 1 volumetric consumption level, as adjusted for growth, to ensure stability in the forecasting, obtaining a revenue neutral position on the restriction levels and to prevent commitments been created which cannot be sustained at the projected volumetric consumption levels.

Higher than CPI increases are proposed for Water and Sanitation tariffs are due to various factors, which include the following:

- In light of the current severe drought conditions various initiatives are planned over the ensuing years to ensure sustainability and resilience in the provision of water for the City.
- Investment in desalination, underground extraction from aquifers and water reclamation / reuse initiatives in an effort to ensure water security;
- The continued investment in asset replacement programmes to ensure proper asset management;
- Acceleration of the repairs and maintenance programme as well as staffing strategy to ensure that service delivery and response expectations are met.
- The further roll out of water demand management initiatives to limit the abuse of water;
- The significantly lower collection rate, as evidenced in the previous financial period's results;
- The projected shrinkage in overall water consumption; and
- The projected shrinkage within the high consumption steps which are normally used for cross-subsidisation.

In addition, due to the current climatic conditions, level 6b water restriction are due to continue for the 2018/19 financial year and level 6 restrictions tariff will still be applicable from 1 July 2018 .

- Transfers and Subsidies (R6 727 million; mainly National- and Provincial allocations)  
For purposes of the budget compilation, National allocations are based on the 2018 Division of Revenue Bill (DoRB), which was published in February 2018 and Provincial allocations are based on the latest Provincial Gazette 7890 dated 5 March 2018.

## Individual service tariffs / Rates

The proposed tariff increases in the table below are averages; i.e. some ratepayers and service users may pay more and others less than the average as a result of the impact of rebates, usage/consumption, property value and type of consumer.

**Table 4 Average Tariff increases for the 2018/19 MTREF**

| Category       | Base Budget<br>2017/18 | Budget Year<br>2018/19 | Budget Year +1<br>2019/20 | Budget Year +2<br>2020/21 |
|----------------|------------------------|------------------------|---------------------------|---------------------------|
| Property Rates | 5.00%                  | 7.20%                  | 7.70%                     | 8.16%                     |
| Electricity    | 3.34%                  | 8.14%                  | 9.56%                     | 9.96%                     |
| Water *        | 19.25%                 | 24.71%                 | 27.91%                    | 26.03%                    |
| Sanitation *   | 19.25%                 | 34.29%                 | 28.74%                    | 13.54%                    |
| Refuse         | 6.50%                  | 5.70%                  | 7.90%                     | 8.00%                     |
| Disposal       | 8.30%                  | 14.83%                 | 10.87%                    | 14.24%                    |

\*Level 6 Water restrictions

### Rates

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

Accordingly, the rates levied per individual property will depend on that property's value compared with the valuation of all the rateable properties in the municipal area. Rebates and concessions are granted to certain categories of property usage and/or property owner profile.

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

### Water and Sanitation

There is a proposed average revenue increase of 24.71% for water and 34.29% for sanitation. It must be emphasised that the revenue increases are impacted by:

- the permanent impact of the drought on water consumption levels (which had to be adjusted downwards); and
- The fact that water and sanitation have been separately balanced for the 2018/19 financial year (previous cross-subsidisation impacts on the sanitation increase).

The projected overall reduction of consumption and specifically evaporation of consumption in the upper volumetric steps are placing the current progressive domestic stepped tariff structure under severe strain and increased risk. The City has therefore been forced to act responsibly and consider alternative methods to ensure much higher levels of certainty and resilience of the financial model to recover the cost for delivering the service. This is to ensure the current infrastructure can be operated, maintained and extended to provide the basic services to the community.

The following changes are therefore recommended:

Water Service:

- The introduction of a Fixed Basic Charge based on the meter size, which provides the basis of access to the water network.
- Revision of the current six step tariff structure to a four step tariff structure, still designed to discourage high water consumption, with a higher rate of recovery at the lower steps where usage is certain.
- Uniform tariffs for the non-domestic categories.
- The needs of the indigent are addressed and the basic allocation has been increased from 6kl to 10.5kl. This change is however matched by ending the previous subsidisation of step 2 of the indigent customers. The Fixed Basic Charge for Indigent Customers will be charged at R Nil.

Sanitation Service:

- Revision of the current six step tariff structure to a four step tariff structure consumption, with a higher rate of recovery at the lower steps where usage is certain.
- Uniform tariffs for the non-domestic categories.
- The needs of the indigent are addressed and the basic allocation has been increased from 4.2kl to 7.35kl. This change is however matched by ending the previous subsidisation of step 2 of the indigent customers.

With the changes in the tariff structure, it is not possible to specify year-on-year specific tariff increases. Calculation thereof will depend on the specific set of circumstances of each customer. Significant tariff increases will however be evident due to the reduction in the volumetric base to recover cost, the significant cost required for the water augmentation plan to ensure security of water supply from various sources such as aquifers, water re-use as well as desalination, ensuring the management of assets at appropriate levels, sustain and enhance the maintenance programs, supplying water and sanitation at appropriate capacity, service delivery and responsiveness levels. The water collection ratio has also been adjusted in line with the latest trends.

There are seven tariff sets which relate to consumption levels in comparison to the Water Demand Curve. Due to the permanent impact of the drought on water consumption, the volumetric usage per tariff set had to be adjusted downwards (and will need further refinement once the new levels of consumption have settled post the drought). Given current circumstances, the level 6 restriction tariffs will be carried into the 2018/19 financial year and will be subject to change based on further decisions regarding the water restrictions.

The table below shows the proposed tariff charges for water and sanitation over the 2018/19 MTREF.

There is a proposed 5.5% increase on miscellaneous tariffs.

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

**Solid Waste**

The Solid Waste Tariffs are levied to recover costs of services provided directly to customers and include refuse collection fees, disposal fees, compost sales, weighbridge fees and other ad hoc services. An average increase has been applied on the Consumptive Tariffs for Collections of 5.7% & Disposal of 14.83%. An average increase has been applied on the Miscellaneous Tariffs for Cleaning of 5.5%. The details are reflected in Annexure 4.

**Electricity**

On 15 December 2017, NERSA issued a statement allowing Eskom an average 5.23% increase, which equates to a 7.32% increase to Municipalities. On 28 February 2018, NERSA issued a Consultation Paper on Guideline Increases for regulated tariffs, which set this increase at 6.84%.

These items result in the Electricity Generation and Distribution Department requiring a revenue increase from Sale of Electricity of 5.4% in order to meet the budgeted Operating Expenditure and, when coupled to the expected negative sales growth of -2.75% (which includes a correction to account for the lower than expected 2017/18 sales), results in a tariff increase requirement of an average of 8.14%. The details are reflected in Annexure 4.

**d. Capital Budget**

The total capital budget amounts to R9 277 million in the 2018/19 financial year and will be funded as follows:

**Table 5 Capital funding sources**

| <b>Major Capital Funding Sources</b> | <b>Budget<br/>2018/19</b> |
|--------------------------------------|---------------------------|
| <b>R Thousand</b>                    |                           |
| Capital Grants & Donations (CGD)     | 2,142,496                 |
| Capital Replacement Reserve (CRR)    | 1,073,169                 |
| External Financing Fund (EFF)        | 5,987,121                 |
| Revenue (Internal funding source)    | 74,436                    |
| <b>Total</b>                         | <b>9,277,222</b>          |

**Capital Grants and Donations (CGD)**

Capital Grants and Donations represent 23.1% of 2018/19 capital funding. CGD largely consist of National- and Provincial allocations. For purposes of the 2018/19 budget compilation, National allocations are based on the 2018 Division of Revenue Bill (DoRB), which was published in February 2018. Provincial allocations are based on the Provincial Gazette Extraordinary 7890, dated 5 March 2018.

### **Capital Replacement Reserves (CRR)**

Funding from the CRR represents 11.6% of the 2018/19 capital funding. The City will continue to make funding available via the CRR in support of priorities in 2018/19, such as:

- Traffic congestion relief programme amounting to R225 million;
- Land acquisition for Human Settlements amounting to R95 million;
- Ward allocations amounting to R53.1 million;
- Replacement of fleet amounting to R15 million; and
- Electricity Generation & Distribution equipment, facilities, vehicles, street lighting, etc. amounting to R417 million.

### **External Financing Fund (EFF)**

The most significant source of funding of the Capital Budget is the EFF, which represents 64.5% of the total 2018/19 capital funding requirement. The total EFF allocation amounts to R5 987 million in 2018/19. It is anticipated that R5 000 million will be funded from external loans, while the balance of R987 million will be funded from internal resources.

The City has made a commitment to do anything in its power to bring additional water supply online to avoid 'Day Zero' during the current drought. The City has, therefore, accelerated implementation of new water resources. The proposed capital budget includes allocations towards the New Water Plan, funded from EFF, amounting to R2 423 million, R1 500 million and R2 000 million respectively, in the 2018/19, 2019/20 and 2020/21 financial years.

Additional allocations, strategically aligned to the IDP and flowing from the Strategic Management Framework (SMF) process, were incorporated into the proposed 2018/19 capital budget. These additional allocations are:

- Social Services directorate: R27 million (2018/19) and R42 million (2019/20) for the Social Services IT Modernisation project in order to implement innovative digital transformation solutions aimed at improving customer experience.
- Safety and Security directorate: R26 million in 2018/19 and R29 million in 2019/20
  - Integrated Contact Centre: Phase 2 (R25 million (2018/19); R25 million (2019/20)) for replacement of the Contravention System, which will ensure that by-laws are loaded on the City's own system as opposed to the National Contravention System.
  - Further development of the Film & Events Permitting System (R1 million in 2018/19), which will allow for online applications, tracking and approved permit downloads, quicker/streamlined service being received, self-service online updating of Event Company registration / Public Liability Insurance and other relevant financial information as well as fast e-mail and SMS notifications.
  - Events Support Online Application System (R3 million in 2019/20) to replace the current system, which is a combination of a manual (paper-based) system and an automated system lacking built-in workflow and tracking of applications. The new system will address:
    - Online applications, tracking and approvals;
    - Quicker / streamlined service being received;
    - Self-service online updating of Event Company registration/Public Liability Insurance and other relevant financial information; and
    - Fast e-mail and SMS notification.



- Development of an Online Event Calendar (R1 million in 2019/20) to replace the manual calendar, which is not visible to the public, resulting in events clashes, lack of co-ordination etc. The online Event Calendar will improve planning and co-ordination of events to improve the geographical spread of events across the City and minimise / avoid event clashes.
- Directorate of the Mayor: R10.4 million in 2018/19
  - Procurement of Data Science Infrastructure (R1 million), for software licenses and hardware to support the enterprise high performance computing infrastructure for data analyses, which will ultimately lead to better decision-making and service delivery.
  - Continued Integration and Enhancement of the SAP PPM system (R8.9 million) for the rollout of the PPM Operating model across the entire organisation requiring additional BI resources to complete additional organisational requirements. The PPM Operating model is designed to achieve maximum project portfolio management maturity across business.
  - Procurement of IT equipment and furniture (R473 386) for the replacement of old/obsolete items and to provide equipment and furniture for additional staff being appointed.
- Finance directorate: R5.5 million (2018/19), R44.5 million (2019/20) and R24 million (2020/21)
  - Walk-in Centre - Table Bay Mall (R5.5 million in 2018/19) to deal with revenue, housing, property lease transactions/enquiries and cash receipting for these transactions as part of a more customer-centric approach.
  - e-Tendering System (R44.5 million in 2019/20 and R24 million in 2020/21). City officials manually process almost 3 000 bids received per annum and the current tender turnaround time is over 20 weeks. The automation of the tendering system will drive better monitoring, availability of audit trails and efficiencies in terms of time and cost. e-Tendering will cut across tender- and contract processes organisation wide.
- Energy directorate: Sustainable Energy Markets department (R50 000 in 2018/19, R25 million in 2019/20 and R17.3 million in 2020/21) for work towards achieving Energy2040 carbon. The allocation will be spent on:
  - Procurement of IT equipment (R50 000 per financial year);
  - Resource efficiency in large municipal buildings for energy efficiency retrofits to reduce electricity consumption at facilities (R7 million in 2019/20, R17 million in 2020/21); and
  - Installation of photovoltaic solar systems in municipal buildings to generate renewable energy and to ensure energy security (R18 million in 2019/20).

**Major capital expenditure is planned in 2018/19 for the directorates below:**

- Informal Settlements, Water & Waste Services → R5 097 million
- Transport & Urban Development Authority → R1 737 million
- Energy → R1 164 million

*The most significant projects/programmes are:*

- Assets & Facilities Management
  - Asset Management Programme → R90 million
  - Fleet Management - Replacement Vehicles → R55 million
  - Rental Stock Sub-Meters → R80 million
- Corporate Services
  - Dark Fibre Broadband Infrastructure → R253 million
- Energy
  - Electricity Facilities → R153 million
  - Electrification → R135 million
  - Mitchells Plain - Steenbras 132 kV Overhead Lines → R46 million
  - Medium Voltage Switchgear Refurbishment → R74 million
  - Medium Voltage System Infrastructure → R61 million
  - Electricity Service Connections → R95 million
  - Steenbras: Refurbishment of Main Plant → R43 million
  - Street Lighting → R63 million
  - System Equipment Replacement → R175 million
- Informal Settlements, Water & Waste Services
  - Bellville Waste Water Treatment Works → R114 million
  - Borchards Quarry Waste Water Treatment Works → R59 million
  - Bulk Water Augmentation Scheme → R116 million
  - Bulk Water Infrastructure Replacement → R50 million
  - Cape Flats Waste Water Treatment Works - Refurbishment → R75 million
  - Contermanskloof Reservoir → R51 million
  - Meter Replacement Programme → R270 million
  - New Water Plan → R2.4 billion
  - Replace & Upgrade Sewer Network → R116 million
  - Replace & Upgrade Water Network → R103 million
  - Upgrading of Solid Wastedrop-off facilities → R57 million
  - Upgrading Solid Waste facilities → R109 million
  - Zandvliet Waste Water Treatment Works - Extension → R367 million
- Safety & Security
  - Additional Vehicles → R19 million
  - CCTV Installations → R5 million
  - Project EPIC: Integrated Contact Centre → R47 million
  - Replacement of Vehicles → R20 million
- Social Services
  - Cemetery Developments → R21 million
  - Du Noon Library Construction → R9 million
  - Ideal Clinics → R12 million
  - Manenberg Integrated Project → R10 million
  - New Fisantekraal Clinic → R14 million
  - New Pelican Park Clinic → R20 million
  - Park Upgrades Programme → R11 million
  - Sport and Recreation Facilities Upgrade → R12 million

- Transport & Urban Development Authority
  - Congestion Relief Projects → R240 million
  - IRT → R287 million
  - Land Acquisition → R105 million
  - Metro Roads: Reconstruction → R73 million
  - Non-Motorised Transport Programme → R134 million
  - Paardevlei Transport Orientated Development (TOD) Project → R90 million
  - Public Transport Interchange Programme → R124 million
  - Public Transport Systems Management Project → R70 million
  - Roads: Rehabilitation → R90 million

**Table 6 Extract of new projects in the 2018/19 capital budget**

| Project Description  | Budget<br>2018/19 |
|--|-------------------|
| R Thousand   |                   |
| Revenue: Walk in Centre: Table Bay Mall                                      | 5,500             |
| Informal Settlements & Backyarders: DeepFreeze:Services Formal Area-Macassar | 15,000            |
| Informal Settlements & Backyarders: Internal Services: Monwabisi Park        | 2,000             |
| Informal Settlements & Backyarders: Professional Services: Monwood, Philippi | 2,923             |
| Solid Waste Management: ARTS: MBT (Phase 2)                                  | 1,000             |
| Water & Sanitation: Potsdam Plant Re-use                                     | 322,000           |
| Water & Sanitation: Macassar Plant Re-use                                    | 50,000            |
| Metropolitan Police Services: CCTV Cameras - Subcouncil 13                   | 14,500            |
| Library & Information Services: New library Manenberg Regional library       | 1,000             |

### 1.3 Operating Revenue Framework

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

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

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

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

**Table 7 Summary of Revenue classified by main revenue sources**

| Description  | 2018/19 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|---|------------------------|------------------------|
|  | Budget Year 2018/19                                 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| <b>R thousand</b>  |   |                        |                        |
| <b>Revenue By Source</b>   |   |                        |                        |
| Property rates   | 9,426,952   | 10,248,287             | 11,131,713             |
| Service charges - electricity revenue                                | 12,591,403  | 13,519,095             | 14,865,239             |
| Service charges - water revenue                                      | 3,612,044   | 4,998,122              | 6,293,919              |
| Service charges - sanitation revenue                                 | 2,074,286   | 2,775,805              | 3,150,519              |
| Service charges - refuse revenue                                     | 1,202,096   | 1,331,946              | 1,486,110              |
| Service charges - other  | 573   | 738                    | 896                    |
| Rental of facilities and equipment                                   | 381,262   | 402,231                | 424,570                |
| Interest earned - external investments                               | 969,548   | 989,834                | 1,020,077              |
| Interest earned - outstanding debtors                                | 340,970   | 362,409                | 385,462                |
| Dividends received   | -   | -                      | -                      |
| Fines, penalties and forfeits  | 1,280,160   | 1,350,569              | 1,425,526              |
| Licences and permits   | 46,457  | 49,012                 | 51,732                 |
| Agency services  | 201,723   | 212,818                | 224,629                |
| Transfers and subsidies  | 6,727,045   | 7,100,559              | 7,475,119              |
| Other revenue  | 856,170   | 903,420                | 953,546                |
| Gains on disposal of PPE   | 43,870  | 46,283                 | 48,852                 |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>39,754,561</b>                                   | <b>44,291,128</b>      | <b>48,937,910</b>      |

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

**Table 8 Revenue by source as a percentage of total budget**

| Description  | 2018/19 Medium Term Revenue & Expenditure Framework |               |                           |               |                           |               |
|--|---|---------------|---------------------------|---------------|---------------------------|---------------|
|  | Budget Year<br>2018/19                              | %             | Budget Year +1<br>2019/20 | %             | Budget Year +2<br>2020/21 | %             |
| <b>R thousand</b>  |   |               |                           |               |                           |               |
| <b>Revenue By Source</b>   |   |               |                           |               |                           |               |
| Property rates   | 9,426,952   | 23.7%         | 10,248,287                | 23.1%         | 11,131,713                | 22.7%         |
| Service charges - electricity revenue                                | 12,591,403  | 31.7%         | 13,519,095                | 30.5%         | 14,865,239                | 30.4%         |
| Service charges - water revenue                                      | 3,612,044   | 9.1%          | 4,998,122                 | 11.3%         | 6,293,919                 | 12.9%         |
| Service charges - sanitation revenue                                 | 2,074,286   | 5.2%          | 2,775,805                 | 6.3%          | 3,150,519                 | 6.4%          |
| Service charges - refuse revenue                                     | 1,202,096   | 3.0%          | 1,331,946                 | 3.0%          | 1,486,110                 | 3.0%          |
| Service charges - other  | 573   | 0.0%          | 738                       | 0.0%          | 896                       | 0.0%          |
| Rental of facilities and equipment                                   | 381,262   | 1.0%          | 402,231                   | 0.9%          | 424,570                   | 0.9%          |
| Interest earned - external investments                               | 969,548   | 2.4%          | 989,834                   | 2.2%          | 1,020,077                 | 2.1%          |
| Interest earned - outstanding debtors                                | 340,970   | 0.9%          | 362,409                   | 0.8%          | 385,462                   | 0.8%          |
| Dividends received   | -   | 0.0%          | -                         | 0.0%          | -                         | 0.0%          |
| Fines, penalties and forfeits  | 1,280,160   | 3.2%          | 1,350,569                 | 3.0%          | 1,425,526                 | 2.9%          |
| Licences and permits   | 46,457  | 0.1%          | 49,012                    | 0.1%          | 51,732                    | 0.1%          |
| Agency services  | 201,723   | 0.5%          | 212,818                   | 0.5%          | 224,629                   | 0.5%          |
| Transfers and subsidies  | 6,727,045   | 16.9%         | 7,100,559                 | 16.0%         | 7,475,119                 | 15.3%         |
| Other revenue  | 856,170   | 2.2%          | 903,420                   | 2.0%          | 953,546                   | 1.9%          |
| Gains on disposal of PPE   | 43,870  | 0.1%          | 46,283                    | 0.1%          | 48,852                    | 0.1%          |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>39,754,561</b>                                   | <b>100.0%</b> | <b>44,291,128</b>         | <b>100.0%</b> | <b>48,937,910</b>         | <b>100.0%</b> |
| <b>Total Revenue from Rates &amp; Service Charges</b>                | <b>28,907,355</b>                                   | <b>72.7%</b>  | <b>32,873,992</b>         | <b>74.2%</b>  | <b>36,927,500</b>         | <b>75.5%</b>  |

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

Rates and Service Charges revenue makes up 73% of the City's total revenue mix for 2018/19. Property rates is the second largest revenue source in 2018/19, totaling R9 427 million (24% of revenue).

Transfers and subsidies (Operating grants and transfers) total R6 727 million in 2018/19 and increases to R7 475 million by 2020/21. This revenue component reflects an increase over the MTREF as a result of increased allocations from Provincial- and National Government, albeit at a relatively low year-on-year rate of 5% only.

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

| 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 |
| <b>R thousand</b>   |                  |                  |                  |                      |                  |                    |   |                        |                        |
| <b>Operating Transfers and Grants: RECEIPTS</b>   |                  |                  |                  |                      |                  |                    |   |                        |                        |
| <b>National Government:</b>   | <b>387,274</b>   | <b>50,617</b>    | <b>2,480,736</b> | <b>2,849,944</b>     | <b>3,072,197</b> | <b>3,072,197</b>   | <b>3,194,442</b>                                    | <b>3,391,723</b>       | <b>3,639,309</b>       |
| Equitable share   | -                | -                | -                | 2,292,908            | 2,292,908        | 2,292,908          | 2,574,650   | 2,815,558              | 3,092,042              |
| Finance Management grant  | 1,250            | 1,050            | 1,050            | 1,050                | 1,050            | 1,050              | 1,000   | 1,000                  | 1,000                  |
| Urban Settlements Development Grant   | -                | -                | 1,423,504        | 215,798              | 236,937          | 236,937            | 204,792   | 204,301                | 173,000                |
| Energy Efficiency and Demand Side Management Grant  | -                | 3,945            | 15,000           | 400                  | 400              | 400                | 600   | -                      | -                      |
| Dept. of Environ Affairs and Tourism  | 4,401            | -                | 5,158            | -                    | 7,158            | 7,158              | -   | -                      | -                      |
| Expanded Public Works Programme   | 21,204           | 23,616           | 31,740           | 13,783               | 13,783           | 13,783             | 23,226  | -                      | -                      |
| Integrated City Development Grant   | -                | -                | 44,805           | 8,944                | 9,944            | 9,944              | 7,622   | 5,392                  | 8,563                  |
| Public Transport Infrastructure & Systems Grant   | -                | -                | -                | 19,636               | 70,227           | 70,227             | 48,812  | 53,303                 | 52,470                 |
| Infrastructure Skills Development   | 2,300            | 7,526            | 9,416            | 9,393                | 10,193           | 10,193             | 12,605  | 15,935                 | 16,000                 |
| Public Transport Network Grant  | -                | -                | 950,063          | 288,032              | 429,596          | 429,596            | -   | -                      | -                      |
| Municipal Human Settlements Capacity Grant  | 50,371           | 13,703           | -                | -                    | -                | -                  | -   | -                      | -                      |
| Public Transport Networks Operations Grant  | 307,548          | -                | -                | -                    | -                | -                  | 321,135   | 291,434                | 291,434                |
| Department of Public Service and Administration   | 200              | 777              | -                | -                    | -                | -                  | -   | -                      | -                      |
| Neighbourhood Development Partnership Grant   | -                | -                | -                | -                    | -                | -                  | -   | 4,800                  | 4,800                  |
| <b>Provincial Government:</b>   | <b>1,033,824</b> | <b>1,083,706</b> | <b>1,046,947</b> | <b>1,176,026</b>     | <b>1,508,150</b> | <b>1,508,150</b>   | <b>968,719</b>                                      | <b>1,068,912</b>       | <b>1,089,508</b>       |
| Cultural Affairs and Sport - Provincial Library Services  | 40,000           | 37,833           | 49,665           | 37,449               | 41,236           | 41,236             | 47,347  | 47,057                 | 49,736                 |
| Cultural Affairs and Sport - Library Services: Transfer funding to enable City of Cape Town to procure periodicals and newspapers | -                | -                | -                | 4,500                | 4,500            | 4,500              | 4,770   | 4,989                  | 5,223                  |
| Human Settlements - Human Settlement Development Grant  | 705,185          | 730,119          | 596,558          | 568,052              | 878,819          | 878,819            | 334,550   | 419,930                | 392,280                |
| Human Settlements - Municipal Accreditation Assistance  | -                | 5,000            | 10,000           | 5,000                | 10,483           | 10,483             | 5,000   | -                      | -                      |
| Human Settlement - Settlement Assistance  | -                | -                | 1,500            | 1,500                | 2,867            | 2,867              | 1,500   | 1,500                  | 1,500                  |
| Health - TB   | 25,813           | 24,653           | 27,147           | 27,112               | 27,604           | 27,604             | 53,063  | 61,341                 | 79,511                 |
| Health - ARV  | 106,167          | 159,183          | 206,350          | 217,701              | 217,701          | 217,701            | 224,414   | 244,224                | 270,814                |
| Health - Nutrition  | 4,504            | 4,528            | 4,143            | 5,572                | 5,572            | 5,572              | 5,928   | 6,176                  | 6,520                  |
| Health - Vaccines   | 68,422           | 61,967           | 96,758           | 82,134               | 96,299           | 96,299             | 86,899  | 91,661                 | 91,661                 |
| Comprehensive Health  | -                | -                | -                | 188,146              | 173,489          | 173,489            | 173,489   | 173,489                | 173,489                |
| Transport and Public Works - Provision for persons with special needs   | 10,000           | 10,000           | 10,000           | 10,000               | 10,313           | 10,313             | 10,000  | 10,000                 | 10,000                 |
| Planning, Maintenance and Rehabilitation of Transport Systems and Infrastructure  | 10,900           | 23,200           | 18,000           | -                    | 3,672            | 3,672              | -   | 3,500                  | 3,500                  |
| Community Safety - Law Enforcement Auxiliary Services   | 19,384           | 21,669           | 25,618           | 3,500                | 6,915            | 6,915              | 3,938   | 4,159                  | 4,388                  |
| Appointment, Training, Equipping and Operationalisation of School Resource Officers   | -                | -                | -                | -                    | -                | -                  | 345   | -                      | -                      |
| Community Development Workers   | -                | 1,080            | 1,089            | 886                  | 1,354            | 1,354              | 886   | 886                    | 886                    |
| Finance Management Capacity Building Grant  | -                | -                | 120              | 240                  | 362              | 362                | 360   | -                      | -                      |
| Provincial Government: Financial Management Support Grant   | 300              | 300              | -                | -                    | 230              | 230                | 230   | -                      | -                      |
| Provincial Contribution towards addressing Natural Disasters  | -                | -                | -                | -                    | 2,500            | 2,500              | -   | -                      | -                      |
| Human Settlement  | -                | -                | -                | 24,234               | 24,234           | 24,234             | -   | -                      | -                      |
| Health - Global Fund  | 41,856           | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Transport Safety and Compliance - Rail Safety   | 500              | 4,000            | -                | -                    | -                | -                  | 16,000  | -                      | -                      |
| Local Government: Compliance  | 293              | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Economic Development and Tourism  | 500              | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Commercial Mediation Training   | -                | 174              | -                | -                    | -                | -                  | -   | -                      | -                      |

Table continues on next page.

| 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 |
| <b>Other grant providers:</b>                        | <b>32,867</b>    | <b>39,727</b>    | <b>9,453</b>     | <b>12,337</b>        | <b>34,388</b>    | <b>34,388</b>      | <b>5,748</b>  | <b>274</b>             | <b>-</b>               |
| Tourism  | -                | 167              | -                | 2,000                | 2,000            | 2,000              | 2,000   | -                      | -                      |
| CMTF   | -                | -                | -                | 2,575                | 9,607            | 9,607              | -   | -                      | -                      |
| CID  | 2,839            | 2,908            | 4,410            | 3,572                | 6,264            | 6,264              | -   | -                      | -                      |
| Century City Property Owners Association             | 363              | 813              | 782              | 837                  | 837              | 837                | -   | -                      | -                      |
| Traffic Free Flow (Pty) Ltd                          | 1,338            | 1,262            | 987              | -                    | -                | -                  | -   | -                      | -                      |
| DBSA - Green Fund                                    | 25,000           | 25,000           | -                | -                    | 6,790            | 6,790              | -   | -                      | -                      |
| Rusgenberg Girls                                     | -                | -                | 38               | 41                   | 41               | 41                 | -   | -                      | -                      |
| Westcott Primary                                     | -                | -                | 38               | 41                   | 41               | 41                 | -   | -                      | -                      |
| Airports Company South Africa SOC Ltd                | -                | -                | 667              | 1,333                | 1,333            | 1,333              | 1,333   | -                      | -                      |
| Rockefeller Philanthropy Advisor's Inc               | -                | -                | -                | 1,166                | 1,166            | 1,166              | 1,448   | -                      | -                      |
| University of Connecticut                            | -                | 451              | -                | -                    | 15               | 15                 | -   | -                      | -                      |
| V&A Waterfront Holdings (Pty) Ltd                    | 148              | 275              | 332              | 772                  | 772              | 772                | -   | -                      | -                      |
| The South African Breweries                          | -                | -                | -                | -                    | 3,894            | 3,894              | -   | -                      | -                      |
| Bayside  | -                | -                | 176              | -                    | 547              | 547                | -   | -                      | -                      |
| Bergvliet High                                       | -                | -                | -                | -                    | 16               | 16                 | -   | -                      | -                      |
| Big Bay  | -                | -                | -                | -                    | 315              | 315                | -   | -                      | -                      |
| Helderberg PTA                                       | -                | -                | -                | -                    | 16               | 16                 | -   | -                      | -                      |
| University of Stellenbosch                           | -                | -                | 850              | -                    | 733              | 733                | -   | -                      | -                      |
| UN Women   | 150              | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Chemical Industries Education and Training Authority | -                | 887              | 839              | -                    | -                | -                  | -   | -                      | -                      |
| National Lottery                                     | -                | 1,500            | -                | -                    | -                | -                  | -   | -                      | -                      |
| Disaster Management Fund                             | 46               | -                | 6                | -                    | -                | -                  | -   | -                      | -                      |
| South African National Biodiversity Institute        | 2,865            | 1,542            | -                | -                    | -                | -                  | -   | -                      | -                      |
| Mayoress Charity Fund                                | 117              | 135              | 328              | -                    | -                | -                  | -   | -                      | -                      |
| Dutch Government - Orio Project                      | -                | 649              | -                | -                    | -                | -                  | -   | -                      | -                      |
| Carnegie   | -                | 3,809            | -                | -                    | -                | -                  | -   | -                      | -                      |
| Agence Francaise De Development (AFD)                | -                | 330              | -                | -                    | -                | -                  | -   | -                      | -                      |
| Sustainable Energy Africa                            | -                | -                | -                | -                    | -                | -                  | 967   | 274                    | -                      |
| <b>Total Operating Transfers and Grants</b>          | <b>1,453,965</b> | <b>1,174,050</b> | <b>3,537,136</b> | <b>4,038,307</b>     | <b>4,614,735</b> | <b>4,614,735</b>   | <b>4,168,909</b>                                    | <b>4,460,909</b>       | <b>4,728,817</b>       |

### 1.3.1 Draft Property (Tax) Rates (refer Annexure 2)

The property rates are to be levied in accordance with Council policies, the Local Government Municipal Property Rates Act 2004 (MPRA), the MPRA Regulations, the Local Government: Municipal Finance Management Act (MFMA) 56 of 2003.

The Rates Policy was compiled taking into account feedback received from the Finance Portfolio Committee, councillors, ratepayers and clients since the adoption of the 2017/18 Property Rates Policy in May 2017. In addition, it was informed by the Public Participation Process conducted during April 2017.

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

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

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

The proposed rates tariffs are shown in the Draft Tariffs, Fees and Charges Book attached as Annexure 6. The definitions and listing of categories are reflected in the Rates Policy attached as Annexure 5.

### **1.3.2 Sale of Water and Sanitation and Impact of Tariff Increases (refer Annexure 4)**

The City has previously allowed for possible shifts in water usage patterns experienced during periods of restrictions. To this end, level 1, 2, 3 and 4 reduction tariffs for the restriction measures were originally approved for the 2017/18 financial year. During January 2018, due to the extremity of the drought, the City was required to approve level 5, 6 and 7 restriction tariffs via special dispensation by the Minister of Finance.

In line with the restriction levels, consumers have taken action to save water such as making use of grey water, harvested rain water, utilisation of water efficient devices, retrofitting of plumbing, fixing of leaks, sinking of boreholes, changing of landscaping, etc. all of which are having a significant permanent impact on the overall consumption levels as well as consumption in the high usage steps which have been historically used for cross-subsidisation as part of the progressive domestic stepped tariff structure.

The cost of operating water and sanitation networks does, however, not decrease in proportion to the amount of usage. Even during times of reduced water consumption the same operations and repairs and maintenance programmes are necessary to keep water flowing reliably. The cost of water provision will also be increasing significantly in the coming years as a result of the measures taken to ensure security of water supply.

Municipalities need to ensure that the cost of delivering a service is recovered to ensure the sustainability of the service. The projected overall reduction of consumption and specifically evaporation of consumption in the upper volumetric steps are placing the current progressive domestic stepped tariff structure under severe strain and increased risk.

The City has therefore been forced to act responsibly and consider alternative methods to ensure much higher levels of certainty and resilience of the financial model to recover the cost for delivering the service. This is to ensure the current infrastructure can be operated, maintained and extended to provide the basic services to the community. The following changes have therefor been recommended:



**Water Service:**

- The introduction of a Fixed Basic Charge based on the meter size, which provides the basis of access to the water network.
- Revision of the current six step tariff structure to a four step tariff structure, still designed to discourage high water consumption, with a higher rate of recovery at the lower steps where usage is certain.
- Uniform tariffs for the non-domestic categories.
- The needs of the indigent are addressed and the basic allocation has been increased from 6kl to 10.5kl. This change is however matched by ending the previous subsidisation of step 2 of the indigent customers. The Fixed Basic Charge for Indigent Customers will be charged at R Nil.

**Sanitation Service:**

- Revision of the current six step tariff structure to a four step tariff structure consumption, with a higher rate of recovery at the lower steps where usage is certain.
- Uniform tariffs for the non-domestic categories.
- The needs of the indigent are addressed and the basic allocation has been increased from 4.2kl to 7.35kl. This change is however matched by ending the previous subsidisation of step 2 of the indigent customers.

As indicated above, there are seven tariff sets which relate to consumption levels in comparison to the Water Demand Curve. Due to the permanent impact of the drought on water consumption, the volumetric usage per tariff set had to be adjusted downwards (and will need further refinement once the new levels of consumption have settled post the drought). Given current circumstances, the level 6 restriction tariffs will be carried into the 2018/19 financial year and will be subject to change based on further decisions regarding the water restrictions.

In light of the recommended changes which now include new approaches to cost recovery, it is not possible to provide specific percentages increases. Significant tariff increases will however be evident due to the change in cost recovery models, introduction of fixed costs, the reducing volumetric base to recover cost, the significant cost required for the water augmentation plan to ensure security of water supply from various sources such as aquifers, water re-use as well as desalination, ensuring the management of assets at appropriate levels, sustain and enhance the maintenance programs, supplying water and sanitation at appropriate capacity, service delivery and responsiveness levels. The water collection ratio has also been adjusted in line with the latest trends.

The miscellaneous tariffs are levied by Water and Sanitation for the provision of various services by the Department. Examples of these services are the installation of water connections and the testing of meters. The aim of these tariffs is to recover the cost of the provision of a particular service to each customer. There is a proposed 5.5% increase on miscellaneous tariffs. The proposed consumption based as well as miscellaneous tariffs are shown in the attached Tariffs and Charges Book.

Apart from changing and adding some wording to refine the existing tariff policy, notable changes / additions in the tariff policy, tariff structure and tariff schedules for the 2018/19 financial year include:

*Consumptive:*

- The introduction of a Fixed Basic Charge for Water.
- Revision of the current six step tariff structure to a four step tariff structure.
- The basic allocation for water to the indigent has been increased from 6kl to 10.5kl offsetting the ending of the subsidisation of step 2 of the indigent customers.
- The basic allocation for sanitation to the indigent has been increased from 4.2kl to 7.35kl. This change is however matched by ending the previous subsidisation of step 2 of the indigent customers.
- The Fixed Basic Charge for Indigent Customers will be charged at R Nil.
- Uniform tariffs for the non-domestic categories.
- Significant tariff increases on non-potable water sources to start the process of cost recovery to ultimately eliminate current subsidisation of these water sources.

*Miscellaneous:*

- Introduction of tariffs for new connections for to the treated effluent network which is no longer subsidised.

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

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

| Category                                       | Current Tariff 2017/18 (10%) | Proposed Tariff 2018/19 (10%) | Current Tariff 2017/18 (20%) | Proposed Tariff 2018/19 (20%) | Current Tariff 2017/18 (30%) | Proposed Tariff 2018/19 (30%) | Current Tariff 2017/18 (40%) | Proposed Tariff 2018/19 (40%) | Current Tariff 2017/18 (50%) | Proposed Tariff 2018/19 (50%) | Current Tariff 2017/18 (60%) | Proposed Tariff 2018/19 (60%) | Current Tariff 2017/18 (70%) | Proposed Tariff 2018/19 (70%) |
|--|------------------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|
|  | Rand per KI (excl. VAT)      | Rand per KI (excl. VAT)       | Rand per KI (excl. VAT)      | Rand per KI (excl. VAT)       | Rand per KI (excl. VAT)      | Rand per KI (excl. VAT)       | Rand per KI (excl. VAT)      | Rand per KI (excl. VAT)       | Rand per KI (excl. VAT)      | Rand per KI (excl. VAT)       | Rand per KI (excl. VAT)      | Rand per KI (excl. VAT)       | Rand per KI (excl. VAT)      | Rand per KI (excl. VAT)       |
| <b>DOMESTIC Full</b>                           |                              |                               |                              |                               |                              |                               |                              |                               |                              |                               |                              |                               |                              |                               |
| Fixed basic Charge (Assume meter size = 15mm)  | N/A                          | 56.00                         | N/A                          | 56.00                         | N/A                          | 56.00                         | N/A                          | 56.00                         | N/A                          | 56.00                         | N/A                          | 56.00                         | N/A                          | 56.00                         |
| Step 1 (0 ≤ 6kl)                               | 4.00                         | 13.58                         | 4.00                         | 14.01                         | 4.00                         | 14.46                         | 4.00                         | 14.94                         | 18.75                        | 25.80                         | 26.25                        | 40.73                         | 26.25                        | 40.73                         |
| Step 2 (>6 ≤ 10.5kl)                           | 15.57                        | 18.10                         | 15.57                        | 19.26                         | 15.57                        | 20.57                         | 15.57                        | 23.31                         | 26.25                        | 38.02                         | 46.00                        | 48.88                         | 46.00                        | 48.88                         |
| Step 3 (>10.5 ≤ 35kl)                          | N/A                          | 24.08                         | N/A                          | 26.17                         | N/A                          | 29.21                         | N/A                          | 36.00                         | N/A                          | 46.00                         | 55.38                        | 127.13                        | N/A                          | 127.13                        |
| Step 3 (>10.5 ≤ 20kl)                          | 18.22                        | N/A                           | 20.04                        | N/A                           | 21.87                        | N/A                           | 22.78                        | N/A                           | 46.00                        | N/A                           | 100.00                       | N/A                           | 100.00                       | N/A                           |
| Step 4 (>20 ≤ 35kl)                            | 26.99                        | N/A                           | 32.65                        | N/A                           | 36.43                        | N/A                           | 38.32                        | N/A                           | 100.00                       | N/A                           | 300.00                       | N/A                           | 300.00                       | N/A                           |
| Step 4 (>35kl)                                 | N/A                          | 41.64                         | N/A                          | 48.30                         | N/A                          | 64.12                         | N/A                          | 92.44                         | N/A                          | 299.79                        | N/A                          | 768.64                        | N/A                          | 768.64                        |
| Step 5 (>35 < 50kl)                            | 33.33                        | N/A                           | 45.00                        | N/A                           | 61.66                        | N/A                           | 99.99                        | N/A                           | 300.00                       | N/A                           | 800.00                       | N/A                           | 800.00                       | N/A                           |
| Step 6 (>50kl)                                 | 43.97                        | N/A                           | 97.71                        | N/A                           | 209.29                       | N/A                           | 265.12                       | N/A                           | 800.00                       | N/A                           | 800.00                       | N/A                           | 800.00                       | N/A                           |
| <b>DOMESTIC Cluster</b>                        |                              |                               |                              |                               |                              |                               |                              |                               |                              |                               |                              |                               |                              |                               |
| Fixed basic Charge (Assume meter size = 40mm)  | N/A                          | 400.00                        | N/A                          | 400.00                        | N/A                          | 400.00                        | N/A                          | 400.00                        | N/A                          | 400.00                        | N/A                          | 400.00                        | N/A                          | 400.00                        |
| Step 1 (0 < 6kl)                               | 4.00                         | 13.58                         | 4.00                         | 14.01                         | 4.00                         | 14.46                         | 4.00                         | 14.94                         | 18.75                        | 25.80                         | 26.25                        | 40.73                         | 26.25                        | 40.73                         |
| Step 2 (>6 kl)                                 | n/a                          | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           |
| Step 2 (>6 < 20kl)                             | n/a                          | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           |
| Step 2 (>6 < 10.5kl)                           | 15.57                        | 18.10                         | 15.57                        | 19.26                         | 15.57                        | 20.57                         | 15.57                        | 23.31                         | 26.25                        | 38.02                         | 46.00                        | 48.88                         | 46.00                        | 48.88                         |
| Step 3 (>10.5 ≤ 35kl)                          | N/A                          | 24.08                         | N/A                          | 26.17                         | N/A                          | 29.21                         | N/A                          | 36.00                         | N/A                          | 46.00                         | 55.38                        | 127.13                        | N/A                          | 127.13                        |
| Step 3 (>10.5 < 20kl)                          | 18.22                        | N/A                           | 20.04                        | N/A                           | 21.87                        | N/A                           | 22.78                        | N/A                           | 46.00                        | N/A                           | 100.00                       | N/A                           | 100.00                       | N/A                           |
| Step 3 (>20kl)                                 | n/a                          | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           |
| Step 4 (>20 < 35kl)                            | 26.99                        | N/A                           | 32.65                        | N/A                           | 36.43                        | N/A                           | 38.32                        | N/A                           | 100.00                       | N/A                           | 300.00                       | N/A                           | 300.00                       | N/A                           |
| Step 4 (>35kl)                                 | N/A                          | 41.64                         | N/A                          | 48.30                         | N/A                          | 64.12                         | N/A                          | 92.44                         | N/A                          | 299.79                        | N/A                          | 768.64                        | N/A                          | 768.64                        |
| Step 5 (>35 < 50kl)                            | 33.33                        | N/A                           | 45.00                        | N/A                           | 61.66                        | N/A                           | 99.99                        | N/A                           | 300.00                       | N/A                           | 800.00                       | N/A                           | 800.00                       | N/A                           |
| Step 6 (>50kl)                                 | 43.97                        | N/A                           | 97.71                        | N/A                           | 209.29                       | N/A                           | 265.12                       | N/A                           | 800.00                       | N/A                           | 800.00                       | N/A                           | 800.00                       | N/A                           |
| <b>COMMERCIAL (assumed meter size = 50mm)</b>  | N/A                          | 625.00                        | N/A                          | 625.00                        | N/A                          | 625.00                        | N/A                          | 625.00                        | N/A                          | 625.00                        | N/A                          | 625.00                        | N/A                          | 625.00                        |
| <b>COMMERCIAL</b>                              | 19.63                        | 24.08                         | 21.59                        | 25.09                         | 23.55                        | 26.49                         | 24.54                        | 30.57                         | 37.50                        | 38.39                         | 50.00                        | 45.75                         | 75.00                        | 60.63                         |
| <b>INDUSTRIAL (assumed meter size = 100mm)</b> | N/A                          | 2,500.00                      | N/A                          | 2,500.00                      | N/A                          | 2,500.00                      | N/A                          | 2,500.00                      | N/A                          | 2,500.00                      | N/A                          | 2,500.00                      | N/A                          | 2,500.00                      |
| <b>INDUSTRIAL</b>                              | 19.63                        | 24.08                         | 21.59                        | 25.09                         | 23.55                        | 26.49                         | 24.54                        | 30.57                         | 37.50                        | 38.39                         | 50.00                        | 45.75                         | 75.00                        | 60.63                         |

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

| Category                        | Current Tariff 2017/18 (10%)  | Proposed Tariff 2018/19 (10%) | Current Tariff 2017/18 (20%) | Proposed Tariff 2018/19 (20%) | Current Tariff 2017/18 (30%) | Proposed Tariff 2018/19 (30%) | Current Tariff 2017/18 (40%) | Proposed Tariff 2018/19 (40%) | Current Tariff 2017/18 (50%) | Proposed Tariff 2018/19 (50%) | Current Tariff 2017/18 (60%) | Proposed Tariff 2018/19 (60%) | Current Tariff 2017/18 (70%) | Proposed Tariff 2018/19 (70%) |
|---------------------------------|---|-------------------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|
|                                 | Rand per KI (excl VAT)  | Rand per KI (excl VAT)        | Rand per KI (excl VAT)       | Rand per KI (excl VAT)        | Rand per KI (excl VAT)       | Rand per KI (excl VAT)        | Rand per KI (excl VAT)       | Rand per KI (excl VAT)        | Rand per KI (excl VAT)       | Rand per KI (excl VAT)        | Rand per KI (excl VAT)       | Rand per KI (excl VAT)        | Rand per KI (excl VAT)       | Rand per KI (excl VAT)        |
| <b>DOMESTIC Full - Standard</b> | Single residential properties - 70% of water consumption to a maximum of 35 kl of sewerage per month (70% of 50 kl water = 35 kl of sewerage) |                               |                              |                               |                              |                               |                              |                               |                              |                               |                              |                               |                              |                               |
| Step 1 (0 < 4.2 kl)             | 3.85  | 13.40                         | 3.85                         | 13.83                         | 3.85                         | 14.28                         | 3.85                         | 14.74                         | 16.25                        | 25.47                         | 22.50                        | 40.21                         | 22.50                        | 40.21                         |
| Step 2 (>4.2 < 7.35 kl)         | 13.14   | 17.87                         | 13.14                        | 19.02                         | 13.14                        | 20.30                         | 13.14                        | 23.50                         | 22.50                        | 37.53                         | 39.00                        | 53.62                         | 39.00                        | 53.62                         |
| Step 3 (>7.35 < 24.5kl)         | N/A   | 24.31                         | N/A                          | 26.71                         | N/A                          | 30.38                         | N/A                          | 37.92                         | N/A                          | 79.35                         | N/A                          | 128.34                        | N/A                          | 128.34                        |
| Step 3 (>7.35 < 14 kl)          | 21.27   | N/A                           | 23.40                        | N/A                           | 25.53                        | N/A                           | 26.59                        | N/A                           | 39.00                        | N/A                           | 86.00                        | N/A                           | 86.00                        | N/A                           |
| Step 4 (>14 < 24.5 kl)          | 23.25   | N/A                           | 28.14                        | N/A                           | 34.88                        | N/A                           | 43.02                        | N/A                           | 86.00                        | N/A                           | 105.00                       | N/A                           | 105.00                       | N/A                           |
| Step 4 (>24.5 < 35kl)           | N/A   | 35.75                         | N/A                          | 42.00                         | N/A                          | 54.69                         | N/A                          | 79.35                         | N/A                          | 128.36                        | N/A                          | 128.34                        | N/A                          | 128.34                        |
| Step 5 (>24.5 < 35 kl)          | 24.42   | N/A                           | 32.97                        | N/A                           | 45.18                        | N/A                           | 52.02                        | N/A                           | 105.00                       | N/A                           | 105.00                       | N/A                           | 105.00                       | N/A                           |
| <b>DOMESTIC Cluster</b>         |   |                               |                              |                               |                              |                               |                              |                               |                              |                               |                              |                               |                              |                               |
| Step 1 (0 < 4.2kl)              | 3.85  | 13.40                         | 3.85                         | 13.83                         | 3.85                         | 14.28                         | 3.85                         | 14.74                         | 16.25                        | 25.47                         | 22.50                        | 40.21                         | 22.50                        | 40.21                         |
| Step 1 (0 < 4.2kl)              | n/a   | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           |
| Step 2 (> 4.2kl)                | n/a   | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           |
| Step 2 (>4.2 < 7.35 kl)         | 13.14   | 17.87                         | 13.14                        | 19.02                         | 13.14                        | 20.30                         | 13.14                        | 23.50                         | 22.50                        | 37.53                         | 39.00                        | 53.62                         | 39.00                        | 53.62                         |
| Step 3 (>7.35 < 24.5kl)         | N/A   | 24.31                         | N/A                          | 26.71                         | N/A                          | 30.38                         | N/A                          | 37.92                         | N/A                          | 79.35                         | N/A                          | 128.34                        | N/A                          | 128.34                        |
| Step 3 (>7.35 < 14 kl)          | 21.27   | N/A                           | 23.40                        | N/A                           | 25.56                        | N/A                           | 26.59                        | N/A                           | 39.00                        | N/A                           | 86.00                        | N/A                           | 86.00                        | N/A                           |
| Step 3 (> 4.2 < 35 kl)          | n/a   | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           | n/a                          | n/a                           |
| Step 4 (>14 < 24.5 kl)          | 23.25   | N/A                           | 28.14                        | N/A                           | 34.88                        | N/A                           | 43.02                        | N/A                           | 86.00                        | N/A                           | 105.00                       | N/A                           | 105.00                       | N/A                           |
| Step 4 (>24.5 < 35kl)           | N/A   | 35.75                         | N/A                          | 42.00                         | N/A                          | 54.69                         | N/A                          | 79.35                         | N/A                          | 128.36                        | N/A                          | 128.34                        | N/A                          | 128.34                        |
| Step 5 (>24.5 < 35 kl)          | 24.42   | N/A                           | 32.97                        | N/A                           | 45.18                        | N/A                           | 52.02                        | N/A                           | 105.00                       | N/A                           | 105.00                       | N/A                           | 105.00                       | N/A                           |
| <b>COMMERCIAL</b>               | 15.09   | 24.31                         | 16.59                        | 25.33                         | 18.10                        | 26.74                         | 18.86                        | 28.80                         | 28.75                        | 38.89                         | 38.75                        | 46.18                         | 57.50                        | 57.12                         |
| <b>INDUSTRIAL</b>               | 15.09   | 24.31                         | 16.59                        | 25.33                         | 18.10                        | 26.74                         | 18.86                        | 28.80                         | 28.75                        | 38.89                         | 38.75                        | 46.18                         | 57.50                        | 57.12                         |

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

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

| Monthly Consumption<br>kl                        | Current amount Payable<br>2017/18 (10%)<br>R | Proposed amount Payable<br>2018/19 (10%)<br>R (excl VAT) | Difference<br>(Increase) | Percentage<br>change |
|--|--|--|--------------------------|----------------------|
| Fixed basic Charge<br>(Assume meter size = 15mm) | N/A  | 56.00  | -                        | -                    |
| 6  | 24.95  | 137.85   | 112.90                   | 452.51%              |
| 10.5   | 95.40  | 220.16   | 124.76                   | 130.78%              |
| 20   | 270.89                                       | 448.12   | 177.23                   | 65.43%               |
| 35   | 678.78                                       | 818.54   | 139.76                   | 20.59%               |
| 50   | 1,186.02                                     | 1,443.14   | 257.12                   | 21.68%               |
| 80   | 2,505.12                                     | 2,692.34   | 187.22                   | 7.47%                |

| Monthly Consumption<br>kl                        | Current amount Payable<br>2017/18 (20%)<br>R | Proposed amount Payable<br>2018/19 (20%)<br>R (excl VAT) | Difference<br>(Increase) | Percentage<br>change |
|--|--|--|--------------------------|----------------------|
| Fixed basic Charge<br>(Assume meter size = 15mm) | N/A  | 56.00  | -                        | -                    |
| 6  | 24.95  | 140.49   | 115.54                   | 463.09%              |
| 10.5   | 95.40  | 228.16   | 132.76                   | 139.16%              |
| 20   | 289.49                                       | 476.77   | 187.28                   | 64.69%               |
| 35   | 785.16                                       | 879.93   | 94.77                    | 12.07%               |
| 50   | 1,496.27                                     | 1,604.43   | 108.16                   | 7.23%                |
| 80   | 4,427.57                                     | 3,053.43   | -1,374.14                | -31.04%              |

| Monthly Consumption<br>kl                        | Current amount Payable<br>2017/18 (30%)<br>R | Proposed amount Payable<br>2018/19 (30%)<br>R (excl VAT) | Difference<br>(Increase) | Percentage<br>change |
|--|--|--|--------------------------|----------------------|
| Fixed basic Charge<br>(Assume meter size = 15mm) | N/A  | 56.00  | -                        | -                    |
| 6  | 24.95  | 143.26   | 118.31                   | 474.19%              |
| 10.5   | 95.40  | 237.07   | 141.67                   | 148.50%              |
| 20   | 307.68                                       | 514.56   | 206.88                   | 67.24%               |
| 35   | 866.22                                       | 969.45   | 103.23                   | 11.92%               |
| 50   | 1,892.24                                     | 1,931.25   | 39.01                    | 2.06%                |
| 80   | 8,170.94                                     | 3,854.85   | -4,316.09                | -52.82%              |

| Monthly Consumption<br>kl                        | Current amount Payable<br>2017/18 (40%)<br>R | Proposed amount Payable<br>2018/19 (40%)<br>R (excl VAT) | Difference<br>(Increase) | Percentage<br>change |
|--|--|--|--------------------------|----------------------|
| Fixed basic Charge<br>(Assume meter size = 15mm) | N/A  | 56.00  | -                        | -                    |
| 6  | 24.95  | 146.37   | 121.42                   | 486.65%              |
| 10.5   | 95.40  | 255.27   | 159.87                   | 167.58%              |
| 20   | 316.72                                       | 597.27   | 280.55                   | 88.58%               |
| 35   | 921.09                                       | 1,164.33   | 243.24                   | 26.41%               |
| 50   | 2,534.04                                     | 2,250.93   | -283.11                  | -11.17%              |
| 80   | 10,487.64                                    | 5,324.13   | -5,163.51                | -49.23%              |

Table continues on next page.

| Monthly Consumption<br>kl                        | Current amount Payable<br>2017/18 (50%)<br>R | Proposed amount Payable<br>2018/19 (50%)<br>R (excl VAT) | Difference<br>(Increase) | Percentage<br>change |
|--|--|--|--------------------------|----------------------|
| Fixed basic Charge<br>(Assume meter size = 15mm) | N/A  | 56.00  | -                        | -                    |
| 6  | 113.96                                       | 211.80   | 97.84                    | 85.85%               |
| 10.5   | 234.13                                       | 385.39   | 151.26                   | 64.61%               |
| 20   | 685.92                                       | 911.50   | 225.58                   | 32.89%               |
| 35   | 2,281.81                                     | 1,859.38   | -422.43                  | -18.51%              |
| 50   | 7,124.28                                     | 6,356.23   | -768.05                  | -10.78%              |
| 80   | 31,124.28                                    | 15,349.93  | -15,774.35               | -50.68%              |

| Monthly Consumption<br>kl                        | Current amount Payable<br>2017/18 (60%)<br>R | Proposed amount Payable<br>2018/19 (60%)<br>R (excl VAT) | Difference<br>(Increase) | Percentage<br>change |
|--|--|--|--------------------------|----------------------|
| Fixed basic Charge<br>(Assume meter size = 15mm) | N/A  | 56.00  | -                        | -                    |
| 6  | 159.12                                       | 301.05   | 141.93                   | 89.20%               |
| 10.5   | 373.89                                       | 532.27   | 158.38                   | 42.36%               |
| 20   | 1,378.68                                     | 1,740.00   | 361.32                   | 26.21%               |
| 35   | 6,118.41                                     | 3,954.52   | -2,163.89                | -35.37%              |
| 50   | 18,118.41                                    | 15,484.12  | -2,634.29                | -14.54%              |
| 80   | 42,118.41                                    | 38,543.32  | -3,575.09                | -8.49%               |

| Monthly Consumption<br>kl                        | Current amount Payable<br>2017/18 (70%)<br>R | Proposed amount Payable<br>2018/19 (70%)<br>R (excl VAT) | Difference<br>(Increase) | Percentage<br>change |
|--|--|--|--------------------------|----------------------|
| Fixed basic Charge<br>(Assume meter size = 15mm) | N/A  | 56.00  | -                        | -                    |
| 6  | 159.12                                       | 301.05   | 141.93                   | 89.20%               |
| 10.5   | 373.89                                       | 532.27   | 158.38                   | 42.36%               |
| 20   | 1,378.68                                     | 1,740.00   | 361.32                   | 26.21%               |
| 35   | 6,118.41                                     | 3,954.52   | -2,163.89                | -35.37%              |
| 50   | 18,118.41                                    | 15,484.12  | -2,634.29                | -14.54%              |
| 80   | 42,118.41                                    | 38,543.32  | -3,575.09                | -8.49%               |

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

| Monthly Consumption kl | Current amount Payable 2017/18 (10%) R | Proposed amount Payable 2018/19 (10%) R (excl VAT) | Difference (Increase) | Percentage change |
|------------------------|--|--|-----------------------|-------------------|
| 4.2                    | 16.70                                  | 56.54  | 39.84                 | 238.56%           |
| 7.35                   | 58.91                                  | 113.48   | 54.57                 | 92.63%            |
| 14                     | 200.74                                 | 275.14   | 74.40                 | 37.06%            |
| 24.5                   | 445.26                                 | 534.23   | 88.97                 | 19.98%            |
| 35                     | 689.96                                 | 892.47   | 202.51                | 29.35%            |

| Monthly Consumption kl | Current amount Payable 2017/18 (20%) R | Proposed amount Payable 2018/19 (20%) R (excl VAT) | Difference (Increase) | Percentage change |
|------------------------|--|--|-----------------------|-------------------|
| 4.2                    | 16.70                                  | 58.39  | 41.69                 | 249.64%           |
| 7.35                   | 58.91                                  | 119.38   | 60.47                 | 102.65%           |
| 14                     | 215.65                                 | 297.00   | 81.35                 | 37.72%            |
| 24.5                   | 512.74                                 | 582.59   | 69.85                 | 13.62%            |
| 35                     | 843.12                                 | 1,003.45   | 160.33                | 19.02%            |

| Monthly Consumption kl | Current amount Payable 2017/18 (30%) R | Proposed amount Payable 2018/19 (30%) R (excl VAT) | Difference (Increase) | Percentage change |
|------------------------|--|--|-----------------------|-------------------|
| 4.2                    | 16.70                                  | 60.32  | 43.62                 | 261.20%           |
| 7.35                   | 58.91                                  | 125.28   | 66.37                 | 112.66%           |
| 14                     | 230.91                                 | 327.31   | 96.40                 | 41.75%            |
| 24.5                   | 600.61                                 | 654.46   | 53.85                 | 8.97%             |
| 35                     | 1,053.34                               | 1,202.48   | 149.14                | 14.16%            |

| Monthly Consumption kl | Current amount Payable 2017/18 (40%) R | Proposed amount Payable 2018/19 (40%) R (excl VAT) | Difference (Increase) | Percentage change |
|------------------------|--|--|-----------------------|-------------------|
| 4.2                    | 16.70                                  | 62.41  | 45.71                 | 273.71%           |
| 7.35                   | 58.91                                  | 137.89   | 78.98                 | 134.07%           |
| 14                     | 239.42                                 | 389.92   | 150.50                | 62.86%            |
| 24.5                   | 694.15                                 | 801.78   | 107.63                | 15.51%            |
| 35                     | 1,215.42                               | 1,596.91   | 381.49                | 31.39%            |

| Monthly Consumption kl | Current amount Payable 2017/18 (50%) R | Proposed amount Payable 2018/19 (50%) R (excl VAT) | Difference (Increase) | Percentage change |
|------------------------|--|--|-----------------------|-------------------|
| 4.2                    | 68.61                                  | 107.10   | 38.49                 | 56.10%            |
| 7.35                   | 141.15                                 | 230.10   | 88.95                 | 63.02%            |
| 14                     | 409.51                                 | 757.78   | 348.27                | 85.05%            |
| 24.5                   | 1,318.89                               | 1,607.40   | 288.51                | 21.88%            |
| 35                     | 2,371.04                               | 2,893.64   | 522.60                | 22.04%            |

| Monthly Consumption kl | Current amount Payable 2017/18 (60%) R | Proposed amount Payable 2018/19 (60%) R (excl VAT) | Difference (Increase) | Percentage change |
|------------------------|--|--|-----------------------|-------------------|
| 4.2                    | 95.45                                  | 169.35   | 73.90                 | 77.42%            |
| 7.35                   | 223.03                                 | 346.08   | 123.05                | 55.17%            |
| 14                     | 798.58                                 | 1,199.54   | 400.96                | 50.21%            |
| 24.5                   | 1,901.08                               | 2,547.11   | 646.03                | 33.98%            |
| 35                     | 2,953.23                               | 3,833.15   | 879.92                | 29.80%            |

| Monthly Consumption kl | Current amount Payable 2017/18 (70%) R | Proposed amount Payable 2018/19 (70%) R (excl VAT) | Difference (Increase) | Percentage change |
|------------------------|--|--|-----------------------|-------------------|
| 4.2                    | 95.45                                  | 169.35   | 73.90                 | 77.42%            |
| 7.35                   | 223.03                                 | 346.08   | 123.05                | 55.17%            |
| 14                     | 798.58                                 | 1,199.54   | 400.96                | 50.21%            |
| 24.5                   | 1,901.08                               | 2,547.11   | 646.03                | 33.98%            |
| 35                     | 2,953.23                               | 3,833.15   | 879.92                | 29.80%            |

### 1.3.3 Solid Waste Management and impact of Tariff Increases (refer Annexure 4)

The Solid Waste Tariffs are levied to recover costs of services provided directly to customers and include refuse collection fees, disposal fees, compost sales, weighbridge fees and other ad hoc services. An average increase has been applied on the Consumptive Tariffs for Collections of 5.7% & Disposal of 14.83%. An average increase has been applied on the Miscellaneous Tariffs for Cleaning of 5.5%.

The proposed tariffs are shown in the Draft Tariffs, Fees and Charges Book attached as Annexure 6.

**Table 14 Comparison between current waste removal fees and increases**

| SERVICES RENDERED   | UNIT  | REMARKS<br>To be read in conjunction with Definitions (refer annexures)   | 2017/18<br>R<br>excl. VAT | VAT<br>Yes/No | 2018/19<br>R<br>excl. VAT |
|---|---|---|---------------------------|---------------|---------------------------|
| <b>Black lid 240L container service (R/blacklid)</b>  |   |   |                           |               |                           |
| Basic container service: Residential collection based on a once-per week 240L service per household/service point in suburbs containerised. | Per month   | Account to property owner. Basic container service (weekly service is 1x 240L Black lid container per week).  | 119.47                    | y             | 126.32                    |
| <b>Subsidised : Black lid 240L container service (R/blacklid)</b>   |   |   |                           |               |                           |
| Property owner with property valued from R1 up to and including R100 000 (100% rebate)  | Rebate per month on First Container only  | Account to property owner. Basic container service (weekly service is 1x 240L Black lid container per week).  | -119.47                   | y             | -126.32                   |
| Property value between R100 001 up to and including R150 000 (75% rebate)   | Rebate per month on First Container only  | Account to property owner. Basic container service (Weekly service is 1x 240L Black lid container per week).  | -89.56                    | y             | -94.65                    |
| Property value between R150 001 up to and including R350 000 (50% rebate)   | Rebate per month on First Container only  | Account to property owner. Basic container service (weekly service is 1x 240L Black lid container per week).  | -59.74                    | y             | -63.16                    |
| Property value between R350 001 up to and including R500 000 (25% rebate)   | Rebate per month on First Container only  | Account to property owner. Basic container service (weekly service is 1x 240L Black lid container per week).  | -29.91                    | y             | -31.58                    |
| Additional once-per-week 240L service (Black lid 240L)  | Per additional 240 L container per month  | Enhanced service level. (additional service of 240L Black lid container(s) serviced on the same day as the normal weekly service. Per fixed agreement - not variable).          | 119.47                    | y             | 126.32                    |
| Providing a lockable 240L container service   | Per month   | Account to property owner. Basic container service (weekly service is 1x 240L Black lid container per week). Subject to availability.   | 119.47                    | y             | 126.32                    |
| Subsidised service to Homeless People Shelters as per the Tariff Policy (50% rebate)  | Rebate per 240L container per month (limited to a Maximum of 15 containers per shelter) | Account rendered to the registered & Approved NGO organisations and organisations accredited by HOMAC. Enhanced service level (240L black lid containers) serviced once a week. | -59.00                    | y             | -63.16                    |
| Indigent relief on a 240L container (100% rebate)   | Rebate per month on First Container only  | In terms of the of Section 27 of the Credit Control & Debt Collection Policy. Basic container service (weekly service is 1x 240L Black lid container per week).                 | -119.47                   | y             | -126.32                   |
| Additional Recycling Container service: Residential dry recyclable collection based on a once-per week service per participating household. | Per month   | Account to property owner participating in the dry recyclable project. Container service.   | Free                      |               | Free                      |



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

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

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

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

On 15 December 2017, NERSA issued a statement allowing Eskom an average 5.23% increase, which equates to a 7.32% increase to Municipalities. On 28 February 2018 NERSA issued a Consultation Paper on Guideline Increases for regulated tariffs, which set this increase at 6.84%. It should be noted that this excludes items such as the Contribution to Rates, which for 2018/19 contributes a significant portion of the overall increase for Electricity Generation and Distribution tariffs.

The above items result in the Electricity Generation and Distribution department requiring a revenue increase from Sale of Electricity of 5.4% in order to meet the budgeted operating expenditure and, when coupled to the expected negative sales growth of -2.75% (which includes a correction to account for the lower than expected 2017/18 sales), results in a tariff increase requirement of an average of 8.14%.

These increases are in line with the guidelines established in the MTREF.

**Present electricity tariffs were approved by Council on 30 May 2017 and by NERSA (with amendments – not implemented) on 2 June 2017, and were implemented with effect from 1 July 2017.**

The proposed tariffs are shown in the Draft Tariffs, Fees and Charges Book attached as Annexure 6.

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

| Category                              | Unit                     | Steps      | VAT<br>yes/no | 2017/18<br>c/kWh<br>excl VAT | 2018/19<br>c/kWh<br>excl VAT |
|---------------------------------------|--------------------------|------------|---------------|------------------------------|------------------------------|
| Lifeline<br>INCLUDING the FBE portion | Energy Charge<br>(c/kWh) | 0-350kWh   | y             | 102.00                       | 110.30                       |
|                                       |                          | 350.1+ kWh | y             | 205.65                       | 222.39                       |
| Domestic                              | Energy Charge<br>(c/kWh) | 0-600kWh   | y             | 169.12                       | 182.89                       |
|                                       |                          | 600.1+ kWh | y             | 205.65                       | 222.39                       |
| Home User                             | Service Charge           | Per Month  | y             | 219.00                       | 131.58                       |
|                                       | Energy Charge<br>(c/kWh) | 0-600kWh   | y             | 132.63                       | 160.96                       |
|                                       |                          | 600.1+ kWh | y             | 205.65                       | 222.39                       |

### 1.3.5 Overall impact of tariff increases on households

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

**Table 16 MBRR Table SA14 - Household bills**

| Description   | 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 % incr.                         | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| <b>Rand/cent</b>  |                 |                 |                 |                      |                 |                    |   |                     |                        |                        |
| <b>Monthly Account for Household - 'Middle Income Range'</b>                              |                 |                 |                 |                      |                 |                    |   |                     |                        |                        |
| <b>Rates and services charges:</b>  |                 |                 |                 |                      |                 |                    |   |                     |                        |                        |
| Property rates  | 260.80          | 286.63          | 266.54          | 279.88               | 279.88          | 279.88             | –   | 300.04              | 318.04                 | 337.12                 |
| Electricity: Consumption  | 1,464.04        | 1,676.32        | 1,787.26        | 1,837.32             | 1,837.32        | 1,837.32           | –   | 1,986.90            | 2,145.85               | 2,317.52               |
| Water: Consumption  | 335.55          | 372.43          | 608.33          | 652.75               | 4,278.50        | 4,278.50           | –   | 9,074.93            | 9,710.18               | 10,389.89              |
| Sanitation  | 235.41          | 261.30          | 415.60          | 471.50               | 1,524.25        | 1,524.25           | –   | 1,920.74            | 2,170.44               | 2,452.59               |
| Refuse removal  | 95.96           | 103.95          | 112.19          | 119.47               | 119.47          | 119.47             | –   | 126.32              | 133.90                 | 141.93                 |
| <b>sub-total</b>  | <b>2,391.76</b> | <b>2,700.63</b> | <b>3,189.92</b> | <b>3,360.92</b>      | <b>8,039.42</b> | <b>8,039.42</b>    | <b>305.6%</b>                                       | <b>13,631.32</b>    | <b>14,718.59</b>       | <b>15,898.45</b>       |
| VAT on Services   | 298.33          | 337.96          | 409.27          | 431.35               | 1,125.52        | 1,125.52           | –   | 2,044.70            | 2,207.79               | 2,384.77               |
| <b>Total large household bill:</b>  | <b>2,690.09</b> | <b>3,038.59</b> | <b>3,599.19</b> | <b>3,792.27</b>      | <b>9,164.94</b> | <b>9,164.94</b>    | <b>313.4%</b>                                       | <b>15,676.02</b>    | <b>16,926.37</b>       | <b>18,283.22</b>       |
| <b>% increase/-decrease</b>   |                 | <b>13.0%</b>    | <b>18.4%</b>    | <b>5.4%</b>          |                 |                    |   | <b>71.0%</b>        | <b>8.0%</b>            | <b>8.0%</b>            |
| <b>Monthly Account for Household - 'Affordable Range'</b>                                 |                 |                 |                 |                      |                 |                    |   |                     |                        |                        |
| <b>Rates and services charges:</b>  |                 |                 |                 |                      |                 |                    |   |                     |                        |                        |
| Property rates  | 156.35          | 171.98          | 159.93          | 167.93               | 167.93          | 167.93             | –   | 180.03              | 190.83                 | 202.28                 |
| Electricity: Consumption  | 673.80          | 771.50          | 822.55          | 845.60               | 845.60          | 845.60             | –   | 914.45              | 987.61                 | 1,066.61               |
| Water: Consumption  | 242.66          | 269.33          | 426.61          | 470.60               | 2,778.50        | 2,778.50           | –   | 5,234.73            | 5,601.16               | 5,993.24               |
| Sanitation  | 179.38          | 199.11          | 261.08          | 349.42               | 1,156.75        | 1,156.75           | –   | 1,302.65            | 1,471.99               | 1,663.35               |
| Refuse removal  | 95.96           | 103.95          | 112.19          | 119.47               | 119.47          | 119.47             | –   | 126.32              | 133.90                 | 141.93                 |
| <b>sub-total</b>  | <b>1,348.15</b> | <b>1,515.87</b> | <b>1,782.36</b> | <b>1,953.02</b>      | <b>5,068.25</b> | <b>5,068.25</b>    | <b>306.6%</b>                                       | <b>7,941.07</b>     | <b>8,583.01</b>        | <b>9,280.75</b>        |
| VAT on Services   | 166.85          | 188.14          | 227.14          | 249.91               | 709.56          | 709.56             | –   | 1,191.16            | 1,287.45               | 1,392.11               |
| <b>Total small household bill:</b>  | <b>1,515.00</b> | <b>1,704.01</b> | <b>2,009.50</b> | <b>2,202.93</b>      | <b>5,777.81</b> | <b>5,777.81</b>    | <b>314.5%</b>                                       | <b>9,132.23</b>     | <b>9,870.47</b>        | <b>10,672.86</b>       |
| <b>% increase/-decrease</b>   |                 | <b>12.5%</b>    | <b>17.9%</b>    | <b>9.6%</b>          |                 |                    |   | <b>58.1%</b>        | <b>8.1%</b>            | <b>8.1%</b>            |
| <b>Monthly Account for Household - 'Indigent' Household receiving free basic services</b> |                 |                 |                 |                      |                 |                    |   |                     |                        |                        |
| <b>Rates and services charges:</b>  |                 |                 |                 |                      |                 |                    |   |                     |                        |                        |
| Property rates  | 52.12           | 57.33           | 53.31           | 55.98                | 55.98           | 55.98              | 7.2%  | 60.01               | 63.61                  | 67.43                  |
| Electricity: Consumption  | 252.96          | 273.18          | 291.27          | 306.00               | 306.00          | 306.00             | 26.2%   | 386.05              | 416.93                 | 450.29                 |
| Water: Consumption  | 149.76          | 166.23          | 246.96          | 264.45               | 1,014.50        | 1,014.50           | 361.5%  | 1,220.45            | 1,305.88               | 1,397.29               |
| Sanitation  | 123.34          | 136.92          | 198.88          | 211.17               | 613.29          | 613.29             | 304.2%  | 853.46              | 964.41                 | 1,089.78               |
| Refuse removal  | 47.98           | 51.97           | 56.14           | 59.74                | 59.74           | 59.74              | 5.7%  | 63.16               | 66.95                  | 70.97                  |
| <b>sub-total</b>  | <b>626.16</b>   | <b>685.63</b>   | <b>846.56</b>   | <b>897.34</b>        | <b>2,049.51</b> | <b>2,049.51</b>    | <b>200.2%</b>                                       | <b>2,693.43</b>     | <b>2,936.91</b>        | <b>3,204.41</b>        |
| VAT on Services   | 80.37           | 87.96           | 111.06          | 117.79               | 286.93          | 286.93             | 243.0%  | 404.01              | 440.54                 | 480.66                 |
| <b>Total small household bill:</b>  | <b>706.53</b>   | <b>773.59</b>   | <b>957.62</b>   | <b>1,015.13</b>      | <b>2,336.44</b> | <b>2,336.44</b>    | <b>205.1%</b>                                       | <b>3,097.44</b>     | <b>3,377.45</b>        | <b>3,685.07</b>        |
| <b>% increase/-decrease</b>   |                 | <b>9.5%</b>     | <b>23.8%</b>    | <b>6.0%</b>          |                 |                    |   | <b>32.6%</b>        | <b>9.0%</b>            | <b>9.1%</b>            |

## 1.4 Operating Expenditure Framework

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

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

A differentiated budgeting approach for the 2017/18 MTREF was adopted and continued with in the 2018/19 MTREF. The principles of cost containment, elimination of wasteful expenditure, and reprioritisation of spending were the technical themes of the budget.

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

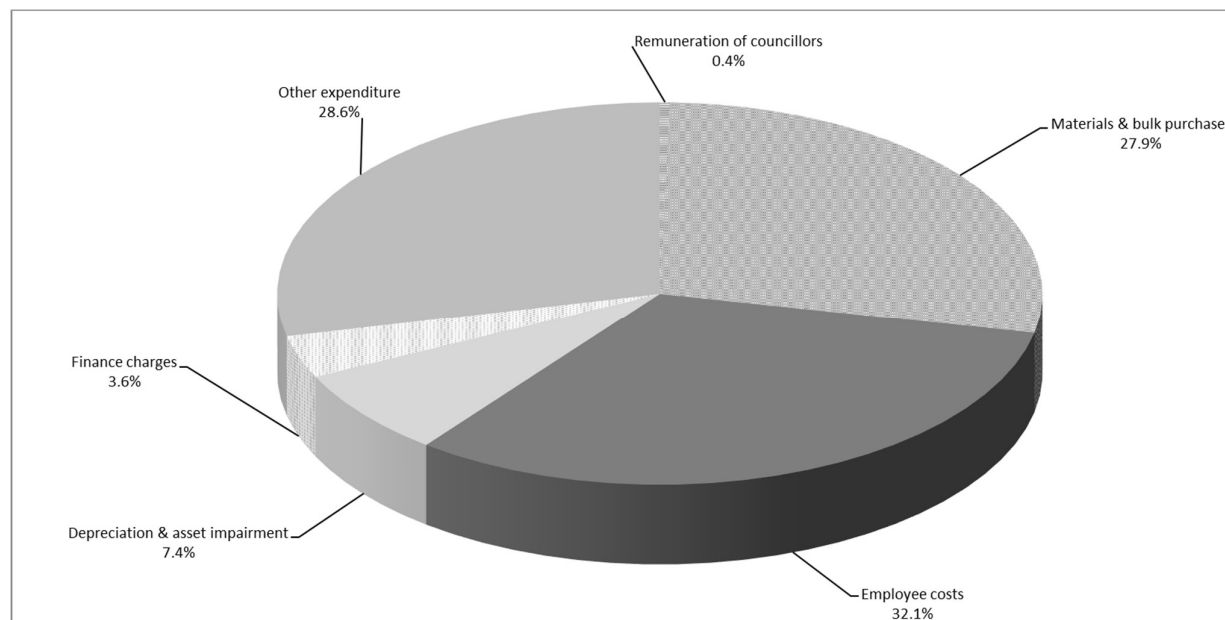
**Table 17 Summary of operating expenditure by main type**

| 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 |
| <b>Expenditure By Type</b>      |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Employee related costs          | 8,124,733         | 9,357,740         | 9,659,300         | 12,050,690           | 11,521,793        | 11,521,793         | 12,820,083  | 13,748,589             | 14,827,508             |
| Remuneration of councillors     | 128,412           | 134,637           | 138,374           | 155,787              | 155,565           | 155,565            | 169,640   | 180,666                | 192,500                |
| Debt impairment                 | 1,523,784         | 1,898,476         | 2,323,482         | 2,508,738            | 2,491,185         | 2,491,185          | 2,879,937   | 3,346,843              | 3,644,602              |
| Depreciation & asset impairment | 1,917,134         | 2,117,336         | 2,313,471         | 2,574,607            | 2,520,137         | 2,520,137          | 2,935,045   | 3,344,597              | 3,670,319              |
| Finance charges                 | 774,895           | 747,256           | 731,823           | 1,131,010            | 993,252           | 993,252            | 1,438,535   | 1,952,594              | 2,204,971              |
| Bulk purchases                  | 7,108,843         | 8,073,336         | 8,438,102         | 8,540,135            | 8,742,293         | 8,742,293          | 9,829,482   | 10,760,898             | 12,188,735             |
| Other materials                 | 323,901           | 300,405           | 476,050           | 1,190,177            | 1,174,338         | 1,174,338          | 1,287,149   | 1,398,548              | 1,465,979              |
| Contracted services             | 3,536,355         | 3,766,255         | 4,171,123         | 6,086,610            | 6,137,933         | 6,137,933          | 6,055,113   | 6,450,117              | 6,770,730              |
| Transfers and subsidies         | 136,487           | 148,246           | 111,829           | 140,985              | 413,950           | 413,950            | 230,036   | 243,505                | 257,020                |
| Other expenditure               | 3,777,783         | 4,139,457         | 4,486,789         | 2,978,990            | 2,259,790         | 2,259,790          | 2,240,233   | 2,440,471              | 2,599,734              |
| Loss on disposal of PPE         | 3,096             | 8,118             | 7,376             | 387                  | 462               | 462                | 488   | 515                    | 543                    |
| <b>Total Expenditure</b>        | <b>27,355,422</b> | <b>30,691,262</b> | <b>32,857,719</b> | <b>37,358,116</b>    | <b>36,410,699</b> | <b>36,410,699</b>  | <b>39,885,739</b>                                   | <b>43,867,344</b>      | <b>47,822,642</b>      |

- Employee relates costs are R12 820 million in 2018/19, which equates to 32% of the total operating expenditure. The projected 2018/19 cost of living increase is 7.1% as there was no salary and wage collective agreement in place for the 2018/19 MTREF period. The process is currently under consultation; no finality on the matter has been reached to date.
- The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard was taken into account when compiling the City's 2018/19 budget.

- The provision for debt impairment is based on collection rates achieved to date and projected over the MTREF period, as well as the City's arrears and debt recovery policies. For 2018/19, this equates to R2 879 million escalating to R3 645 million by 2020/21. While this expenditure is considered to be a non-cash flow item, it informs the total cost associated with rendering the services of the municipality as well as the municipality's realistically anticipated revenues.
- Budgeted appropriations for Depreciation & Asset Impairment totals R2 935 million for 2018/19 and is linked to the capitalisation rate of assets. The calculation of depreciation on new capital expenditure is based on variables such as asset class and lifespan depending on the nature of the asset. An annual capital expenditure implementation rate of 100% is assumed. Depreciation of existing assets is calculated based on simulated SAP (financial system) data that reflect actual values per annum. Assets Under Construction (AUC) are calculated based on asset class lifespan and the projected capitalisation dates.
- Finance Charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). It equates to 4% (R1 438 million) of the 2018/19 operating expenditure (excluding redemption costs) and increases to R2 204 million by 2020/21. The increase over the 2018/19 MTREF is informed by existing and new loans that will be taken up to fund the City's capital programme, which includes additional capital requirements for the New Water Plan and the projected interest rates over this period. The financial impact of this growth was considered in the 2018/19 MTREF.
- Budgetary provision for Bulk Purchases is informed by the purchase of electricity and water from suppliers i.e. Eskom and the National Department of Water and Sanitation and consumer behaviour. In this regard, annual price increases have been factored into the budget appropriations, which in turn impacts on the tariff requirements for these tariff-based services.
- Other Materials provision caters for sundry items such as the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. Growth is projected for this expenditure component over the MTREF period; R1 287 million in 2018/19 estimating to increase to R1 466 million by 2020/21.
- Contracted Services expenditure component includes provisions for repairs & maintenance and additional allocations for service delivery enhancements. Expenditure levels are projected at R6 055 million in 2018/19 escalating to R6 771 million in 2020/21.

Figure 1 below gives a breakdown of the main expenditure categories for 2018/19.



**Figure 1 Main operational expenditure categories for the 2018/19 financial year**

#### **1.4.1 Priority given to Repairs & Maintenance**

The City has acknowledged its obligation to optimally preserve its extended asset base and recognises current inherent backlogs in this regard. In line with the approach of recent financial years, 2018/19 appropriations again provide for increases (with the exception of support services) to this cost component largely based on average CPI. This included adopting a differentiated budgeting approach for the 2018/19 MTREF:

- 10% reduction to 2017/18 base with no increase for 2018/19 financial year – to support services
- A CPI increase to services which although their main function is not providing repairs & maintenance the nature of their business and facilities requires a proper maintenance provision
- CPI + 1% applied to services which requires the securing the health of their assets.

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

**Table 18 Operational repairs and maintenance**

| Description  | 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 |
| <b>R thousand</b>                                    |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Repairs &amp; Maintenance by Expenditure Item</b> |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Employee related costs                               | 130,146         | 146,126         | 164,182         | 192,953              | 192,953         | 192,953            | 209,220   | 220,727                | 232,977                |
| Other materials                                      | 25              | 164,382         | 195,312         | 255,536              | 150,827         | 150,827            | 76,265  | 98,481                 | 103,947                |
| Contracted Services                                  | 23,997          | 30,540          | (8,672)         | 17,080               | 17,080          | 17,080             | -   | 17,637                 | 18,616                 |
| Other Expenditure                                    | 6,142           | 8,394           | 18,526          | 10,739               | 12,483          | 12,483             | 13,030  | 13,746                 | 14,509                 |
| <b>Total Repairs and Maintenance Expenditure</b>     | <b>160,311</b>  | <b>349,443</b>  | <b>369,348</b>  | <b>476,308</b>       | <b>373,344</b>  | <b>373,344</b>     | <b>298,515</b>                                      | <b>350,592</b>         | <b>370,050</b>         |

The total Repairs & Maintenance allocation for 2018/19 is R3 953 million. The increased allocations are influenced by above-CPI increases as well as the full cost absorption method applied to calculate labour unit price and the increases in activity prices based on the total cost of employment (TCOE) of direct labour workers influenced by the TASK outcome/job grading system, where jobs and positions are graded based on the content of approved job descriptions.

This growth trend continues over the MTREF increasing to R4 616 million in 2020/21. The 2018/19 Repairs & Maintenance provision represents 10% of the total operating expenditure.

#### **1.4.2 Free Basic Services: Basic Social Services Package**

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

- Based on the municipal value of the property; or
- On application by those with limited income whose property values exceed set valuation levels; or
- Based on consumer behaviour i.e. usage.

##### **a) Municipal value of the property**

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

A varying set of rebates are available to properties up to R750 000. This includes a R50 per month rebate for property rates for properties valued from R400 001 to R750 000, provided no other rebates are applicable.

Varying percentage rebates for refuse removal based on property values for properties between R1 and R500 000 are applied as follows:

| <b>Property Value</b> | <b>Rebate %</b> |
|-----------------------|-----------------|
| R400 001 – R500 000   | 25%             |
| R350 001 – R400 000   | 25%             |
| R300 001 – R350 000   | 50%             |
| R200 001 – R300 000   | 50%             |
| R150 001 – R200 000   | 50%             |
| R100 001 – R150 000   | 75%             |
| R100 000 and below    | 100%            |

b) Income based

The second method allows any resident who is required to pay for municipal services and whose gross monthly household income is R4 000 or below, to register as indigent to receive the same benefits as if their property values were below R100 000. The current number of indigent registered was 3 092 at the end of January 2018. This number varies monthly as registration is valid for 12 months where after re-application is required.

In addition, Property Rates rebates are granted to residents based on their gross monthly household income as reflected below:

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

The current number of beneficiaries in the above categories was 11 as at end January 2018.

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

c) Electricity – Based on consumer behaviour

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

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

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

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 30 MBRR Table A10 - Basic Service Delivery Measurement on page 57.

### 1.5 Capital Expenditure

**Table 19 2018/19 MTREF capital budget per vote**

| Vote Description<br>R thousand                        | Current Year 2017/18 |             | 2018/19 Medium Term Revenue & Expenditure Framework |             |                        |             |                        |             |
|---|----------------------|-------------|---|-------------|------------------------|-------------|------------------------|-------------|
|   | Adjusted Budget      | %           | Budget Year 2018/19                                 | %           | Budget Year +1 2019/20 | %           | Budget Year +2 2020/21 | %           |
| Vote 1 - Area-Based Service Delivery                  | 19,648               | 0.3%        | 36,180  | 0.4%        | 82,870                 | 0.9%        | 74,870                 | 0.8%        |
| Vote 2 - Assets & Facilities Management               | 431,322              | 5.5%        | 402,141   | 4.3%        | 291,073                | 3.1%        | 91,372                 | 0.9%        |
| Vote 3 - Corporate Services                           | 362,758              | 4.6%        | 342,446   | 3.7%        | 341,046                | 3.7%        | 335,546                | 3.4%        |
| Vote 4 - City Manager                                 | 192                  | 0.0%        | 222   | 0.0%        | 222                    | 0.0%        | 222                    | 0.0%        |
| Vote 5 - Directorate of the Mayor                     | 18,921               | 0.2%        | 12,663  | 0.1%        | 2,038                  | 0.0%        | 1,538                  | 0.0%        |
| Vote 6 - Energy                                       | 1,214,500            | 15.5%       | 1,163,506   | 12.5%       | 1,427,000              | 15.4%       | 1,741,137              | 17.5%       |
| Vote 7 - Finance                                      | 13,710               | 0.2%        | 19,949  | 0.2%        | 65,419                 | 0.7%        | 35,411                 | 0.4%        |
| Vote 8 - Informal Settlements, Water & Waste Services | 3,674,061            | 46.8%       | 5,096,706   | 54.9%       | 5,125,026              | 55.4%       | 5,818,036              | 58.5%       |
| Vote 9 - Safety & Security                            | 162,819              | 2.1%        | 167,433   | 1.8%        | 79,515                 | 0.9%        | 42,115                 | 0.4%        |
| Vote 10 - Social Services                             | 287,506              | 3.7%        | 299,214   | 3.2%        | 238,127                | 2.6%        | 215,704                | 2.2%        |
| Vote 11 - Transport & Urban Development Authority     | 1,666,224            | 21.2%       | 1,736,761   | 18.7%       | 1,591,358              | 17.2%       | 1,595,833              | 16.0%       |
| <b>Total Capital Expenditure - Vote</b>               | <b>7,851,662</b>     | <b>100%</b> | <b>9,277,222</b>                                    | <b>100%</b> | <b>9,243,693</b>       | <b>100%</b> | <b>9,951,785</b>       | <b>100%</b> |

The capital budget increases from R7 818 million in 2017/18 (January 2018 adjustments budget) to R9 277 million in 2018/19. This is an overall increase of 18.7% when measured against the latest 2017/18 budgetary provision.

The above table clearly indicates that expenditure emphasis is still on those votes responsible for infrastructure development e.g. Informal Settlements, Water & Waste Services, Transport & Urban Development Authority and Energy. The 2018/19 allocation to these votes represents just over R7 997 million or 86.2% of the total budgetary allocation for the year. Informal Settlements, Water & Waste Services receives the largest allocation of R5 097 million in 2018/19, which represents 54.9% of the budget. This is largely due to acceleration of the implementation of new water resources in light of the current drought conditions. The proposed budget includes allocation of R1 5000 million for aquifers, R11 million for desalination plants and R872 million for water re-use projects in 2018/19. The City will continue to invest in these New Water Plan initiatives with a total allocation of R1 500 million and R2 000 million respectively, in the 2019/20 and 2020/21 financial years.

The second highest allocation amounting to R1 737 million or 18.7% is made to Transport & Urban Development Authority, which is followed by Energy at R1 164 million (12.5%), Assets & Facilities Management at R402 million (4.3%) and Corporate Services at R342 million (3.7%).

In the outer years the majority of the allocations are also made to infrastructure development; R8 143 million (88.1%) in 2019/20 and R9 155 million (92%) in 2020/21.

NT, in its MFMA circulars, indicated that a minimum of 40% of a municipality's capital budget should be for renewal of existing assets as opposed to new infrastructure. In the City's proposed capital budget the renewal of existing assets equates to R1 795 million (19.3%), upgrading of existing assets represents R1 858 million (20%) and new assets represents R5 625 million (60.6%) of the total 2018/19 capital budget. It is important to note that existing assets can be renewed or upgraded, while new assets will result in an increase in the asset base of the City.



Additional details regarding asset classes and proposed capital expenditure is contained in Table 29 MBRR Table A9 - Asset Management on page 53, while MBRR Tables A9, Table SA34a, Table SA34b and Table SA 34e provides a detailed breakdown of the capital budget with regards to new asset construction and capital asset renewal and upgrading (refer pages 176 and 177).

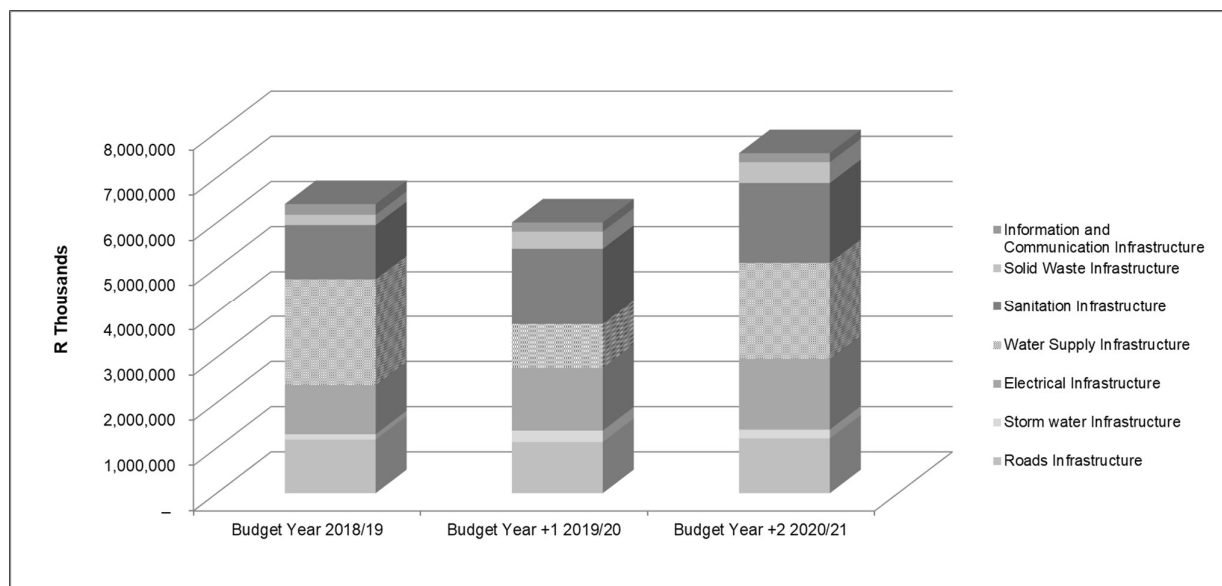
A detailed breakdown of the capital budget per project/programme over the medium term is available in Annexure 29.

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

- Athlone Waste Water Treatment Works - Capacity Extension - Phase 1 → R177 million
- Backyards/Informal Settlements Upgrade: Enkanini - Khayelitsha → R118 million
- Backyards/Informal Settlements Upgrade: Monwabisi Park - Khayelitsha → R76 million
- Backyards/Informal Settlements Upgrade: Monwood - Philippi → R59 million
- Beacon Valley Housing Project - Mitchells Plain → R85 million
- Bellville Integrated Recreation Facility → R14 million
- Bishop Lavis Integrated Recreation Facility → R14 million
- Books, Periodicals & Subscription → R29 million
- Bulk Reticulation Sewers in Milnerton Rehabilitation → R142 million
- Cape Flats Rehabilitation → R250 million
- Coastal Structures: Rehabilitation → R67 million
- Conradie Housing Development → R129 million
- Development of Additional Water & Sanitation Infrastructure → R148 million
- Development of landfill infrastructure → R424 million
- Development of the Regional Landfill Site → R122 million
- Development of Transfer Stations → R496 million
- Diabetic Campaign programme → R30 million
- Durbanville Non-Motorised Transport Project → R54 million
- Enterprise Asset Management (EAM) Depot Realignment - 5 Nodal System → R132 million
- Early Childhood Development Centres: Informal Settlements → R36 million
- Electricity Substations: Fencing → R64 million
- E-Tendering System → R77 million
- Extension of Smart City Strategy → R12 million
- Facilities Management Infrastructure → R60 million
- Harare Infill Housing Project → R43 million
- Imizamo Yethu Housing Project (Phase 3) → R110 million
- Imizamo Yethu Informal Settlement Emergency Project → R61 million
- Infrastructure Replace/Refurbish - Waste Water Treatment Works → R165 million
- Integrated Recreation & Parks Facilities → R28 million
- Land acquisition for municipal purposes → R53 million
- Langa Hostels CRU Project: New Flats → R55 million
- Langa Hostels CRU Project: Siyahlala → R58 million
- Langa Hostels CRU Project: Special Quarters → R121 million
- Library Upgrades and Extensions → R34 million
- Macassar BNG Housing Project → R70 million
- Macassar Waste Water Treatment Works Extension → R121 million
- Morgen Gronde Switching Station → R148 million
- City Health facilities upgrade: National Core Standards → R22 million
- New library Nyanga Regional Library → R10 million

- Northern Regional Sludge Facility → R108 million
- Oakdale Switching Station Upgrade Ph 3 → R196 million
- Overhead Lines Refurbishment → R95 million
- Paardevlei Development → R492 million
- Philippi Collector Sewer → R163 million
- Potsdam Waste Water Treatment Works - Extension → R321 million
- Electricity: Resource efficiency → R79 million
- Road Rehabilitation: Bonteheuwel/Uitsig → R49 million
- Roads: Fisantekraal/Greenville Ph2 → R44 million
- Roads: Housing Projects → R66 million
- Security at Cash Offices → R14 million
- Sir Lowry's Pass River Upgrade → R178 million
- Somerset West Fire Station → R19 million
- Upgrade of Athlone Stadium → R20 million
- Upgrade of City Hall → R12 million
- Upgrade of Grand Parade → R11 million
- Urbanisation: Backyards/Informal Settlements Upgrades → R144 million

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



**Figure 2 Capital Infrastructure Programme**

**1.5.1 Future operational cost of new infrastructure**

Table SA35, on page 184, represents the future operational costs resulting from the capital investment program. The table shows that the costs estimated over the MTREF are expected to grow from R5 810 million in 2018/19 to R6 660 million in 2020/21. No additional budgetary provision was made for these costs as it is expected to be absorbed through efficiency gains and the prioritisation of existing operational resources.

## 1.6 Annual Budget Tables

The ten main budget tables, as required in terms of regulation 9 of the MBRR, are presented on page 37 to page 57. These tables reflect the City's 2018/19 budget and MTREF to be tabled at Council. Each table is accompanied by explanatory notes.

**Table 20 MBRR 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 | Budget Year 2018/19                                 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| <b>R thousands</b>  |                   |                   |                   |                      |                   |                    |   |                        |                        |
| <b>Financial Performance</b>  |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Property rates  | 6,018,735         | 6,745,047         | 8,105,126         | 8,662,350            | 8,694,931         | 8,694,931          | 9,426,952   | 10,248,287             | 11,131,713             |
| Service charges   | 15,197,370        | 17,363,596        | 18,619,106        | 19,310,141           | 17,184,556        | 17,184,556         | 19,480,403  | 22,625,705             | 25,796,683             |
| Investment revenue  | 543,356           | 642,628           | 768,224           | 773,657              | 893,657           | 893,657            | 966,548   | 989,834                | 1,020,077              |
| Transfers recognised - operational  | 3,264,270         | 3,619,257         | 3,666,705         | 6,455,942            | 7,032,529         | 7,032,529          | 6,727,045   | 7,100,559              | 7,475,119              |
| Other own revenue   | 4,238,957         | 4,417,262         | 4,909,491         | 2,806,001            | 2,869,650         | 2,869,650          | 3,150,613   | 3,326,743              | 3,514,318              |
| <b>Total Revenue (excluding capital transfers and contributions)</b>                          | <b>29,262,688</b> | <b>32,787,790</b> | <b>36,068,652</b> | <b>38,008,091</b>    | <b>36,675,324</b> | <b>36,675,324</b>  | <b>39,754,561</b>                                   | <b>44,291,128</b>      | <b>48,937,910</b>      |
| Employee costs  | 8,124,733         | 9,357,740         | 9,659,300         | 12,050,690           | 11,521,793        | 11,521,793         | 12,820,083  | 13,748,589             | 14,827,508             |
| Remuneration of councillors   | 128,412           | 134,637           | 138,374           | 155,787              | 155,565           | 155,565            | 169,640   | 180,666                | 192,500                |
| Depreciation & asset impairment   | 1,917,134         | 2,117,336         | 2,313,471         | 2,574,607            | 2,520,137         | 2,520,137          | 2,935,045   | 3,344,597              | 3,670,319              |
| Finance charges   | 774,895           | 747,256           | 731,823           | 1,131,010            | 993,252           | 993,252            | 1,438,535   | 1,952,594              | 2,204,971              |
| Materials and bulk purchases  | 7,432,744         | 8,373,741         | 8,914,152         | 9,730,312            | 9,916,631         | 9,916,631          | 11,116,631  | 12,159,446             | 13,654,714             |
| Transfers and grants  | 136,487           | 148,246           | 111,829           | 140,985              | 413,950           | 413,950            | 230,036   | 243,505                | 257,020                |
| Other expenditure   | 8,841,018         | 9,812,305         | 10,988,770        | 11,574,725           | 10,889,371        | 10,889,371         | 11,175,771  | 12,237,947             | 13,015,610             |
| <b>Total Expenditure</b>  | <b>27,355,422</b> | <b>30,691,262</b> | <b>32,857,719</b> | <b>37,358,116</b>    | <b>36,410,699</b> | <b>36,410,699</b>  | <b>39,885,739</b>                                   | <b>43,867,344</b>      | <b>47,822,642</b>      |
| <b>Surplus/(Deficit)</b>  | <b>1,907,266</b>  | <b>2,096,529</b>  | <b>3,210,934</b>  | <b>649,975</b>       | <b>264,625</b>    | <b>264,625</b>     | <b>(131,178)</b>                                    | <b>423,784</b>         | <b>1,115,268</b>       |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | 2,423,179         | 2,131,537         | 2,005,297         | 2,268,835            | 2,140,287         | 2,140,287          | 2,066,296   | 2,118,842              | 2,296,333              |
| Contributions recognised - capital & contributed assets                                       | 49,172            | 61,589            | 88,397            | 84,900               | 96,585            | 96,585             | 76,200  | 78,600                 | 112,100                |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>                          | <b>4,379,616</b>  | <b>4,289,654</b>  | <b>5,304,628</b>  | <b>3,003,710</b>     | <b>2,501,496</b>  | <b>2,501,496</b>   | <b>2,011,318</b>                                    | <b>2,621,225</b>       | <b>3,523,702</b>       |
| Share of surplus/ (deficit) of associate  | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) for the year</b>   | <b>4,379,616</b>  | <b>4,289,654</b>  | <b>5,304,628</b>  | <b>3,003,710</b>     | <b>2,501,496</b>  | <b>2,501,496</b>   | <b>2,011,318</b>                                    | <b>2,621,225</b>       | <b>3,523,702</b>       |
| <b>Capital expenditure &amp; funds sources</b>  |                   |                   |                   |                      |                   |                    |   |                        |                        |
| <b>Capital expenditure</b>  | <b>5,251,742</b>  | <b>5,489,834</b>  | <b>5,904,621</b>  | <b>6,975,220</b>     | <b>7,851,662</b>  | <b>7,817,698</b>   | <b>9,277,222</b>                                    | <b>9,243,693</b>       | <b>9,951,785</b>       |
| Transfers recognised - capital  | 2,473,313         | 2,187,425         | 2,055,507         | 2,268,835            | 2,140,287         | 2,123,261          | 2,066,296   | 2,118,842              | 2,296,333              |
| Public contributions & donations  | 44,219            | 61,488            | 71,882            | 84,900               | 96,585            | 96,585             | 76,200  | 78,600                 | 112,100                |
| Borrowing   | 2,152,377         | 2,441,423         | 2,739,196         | 2,894,482            | 4,000,000         | 3,997,962          | 5,000,000   | 5,200,000              | 6,000,000              |
| Internally generated funds  | 581,833           | 799,498           | 1,038,037         | 1,727,003            | 1,614,790         | 1,599,891          | 2,134,726   | 1,846,252              | 1,543,351              |
| <b>Total sources of capital funds</b>   | <b>5,251,742</b>  | <b>5,489,834</b>  | <b>5,904,621</b>  | <b>6,975,220</b>     | <b>7,851,662</b>  | <b>7,817,698</b>   | <b>9,277,222</b>                                    | <b>9,243,693</b>       | <b>9,951,785</b>       |
| <b>Financial position</b>   |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Total current assets  | 10,679,240        | 11,726,952        | 12,250,660        | 13,804,580           | 14,479,069        | 14,479,069         | 15,429,962  | 17,277,343             | 20,437,828             |
| Total non current assets  | 38,578,872        | 42,136,829        | 46,570,423        | 49,655,980           | 51,294,626        | 51,294,626         | 57,409,704  | 63,112,625             | 69,193,221             |
| Total current liabilities   | 8,656,354         | 8,859,316         | 8,766,304         | 10,811,468           | 9,351,474         | 9,351,474          | 9,666,679   | 10,128,323             | 10,682,435             |
| Total non current liabilities   | 12,040,207        | 12,153,259        | 11,898,945        | 14,514,129           | 15,764,660        | 15,764,660         | 20,504,109  | 24,971,542             | 30,134,809             |
| Community wealth/Equity   | 28,561,551        | 32,851,206        | 38,155,834        | 38,134,963           | 40,657,560        | 40,657,560         | 42,668,878  | 45,290,103             | 48,813,805             |
| <b>Cash flows</b>   |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Net cash from (used) operating  | 6,053,691         | 6,321,213         | 6,601,206         | 5,500,155            | 4,773,518         | 4,773,518          | 4,812,615   | 5,807,877              | 7,106,969              |
| Net cash from (used) investing  | (4,713,291)       | (5,954,670)       | (6,102,676)       | (7,059,015)          | (6,828,830)       | (6,828,830)        | (8,542,391)   | (8,539,052)            | (9,204,473)            |
| Net cash from (used) financing  | (407,811)         | (233,222)         | (380,806)         | 2,103,124            | 3,597,199         | 3,597,199          | 4,356,102   | 4,230,212              | 4,881,185              |
| <b>Cash/cash equivalents at the year end</b>  | <b>3,199,148</b>  | <b>3,332,469</b>  | <b>3,450,193</b>  | <b>3,994,457</b>     | <b>4,992,079</b>  | <b>4,992,079</b>   | <b>5,618,404</b>                                    | <b>7,117,443</b>       | <b>9,901,123</b>       |
| <b>Cash backing/surplus reconciliation</b>  |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Cash and investments available  | 8,699,112         | 9,453,834         | 9,981,970         | 10,546,439           | 11,523,856        | 11,523,856         | 12,150,181  | 13,649,220             | 16,432,900             |
| Application of cash and investments   | 6,387,770         | 6,497,912         | 6,892,489         | 8,024,834            | 6,530,135         | 6,530,135          | 7,914,080   | 8,910,117              | 10,328,851             |
| <b>Balance - surplus (shortfall)</b>  | <b>2,311,342</b>  | <b>2,955,922</b>  | <b>3,089,481</b>  | <b>2,521,605</b>     | <b>4,993,721</b>  | <b>4,993,721</b>   | <b>4,236,101</b>                                    | <b>4,739,103</b>       | <b>6,104,049</b>       |
| <b>Asset management</b>   |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Asset register summary (WDV)  | 34,749,931        | 38,118,947        | 41,651,787        | 45,766,736           | 46,590,947        | 46,590,947         | 52,469,263  | 57,906,174             | 63,690,050             |
| Depreciation  | 1,917,134         | 2,117,336         | 2,313,471         | 2,574,607            | 2,520,137         | 2,520,137          | 2,935,045   | 3,344,597              | 3,670,319              |
| Renewal of Existing Assets  | 2,365,004         | 2,669,591         | 1,587,484         | 1,423,658            | 1,624,771         | 1,641,283          | 1,794,673   | 2,245,776              | 2,561,781              |
| Repairs and Maintenance   | 3,003,158         | 3,338,995         | 3,761,297         | 4,034,293            | 3,743,505         | 3,743,664          | 3,952,953   | 4,278,193              | 4,615,885              |
| <b>Free services</b>  |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Cost of Free Basic Services provided  | 602,855           | 1,370,479         | 1,368,006         | 1,543,608            | 1,543,608         | 1,543,608          | 1,911,789   | 2,272,892              | 2,627,201              |
| Revenue cost of free services provided  | 1,190,026         | 1,193,377         | 1,519,822         | 1,693,834            | 1,674,187         | 1,674,187          | 1,937,078   | 2,211,167              | 2,488,740              |
| <b>Households below minimum service level</b>   | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Water:  | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Sanitation/sew erage:   | 0                 | -                 | 0                 | 0                    | 0                 | 0                  | 0   | 0                      | 0                      |
| Energy:   | 29                | 26                | 35                | 29                   | 32                | 31                 | 29  | 28                     | 26                     |
| Refuse:   | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |

## Explanatory notes to MBRR Table A1 – Budget Summary

1. Table A1 represents a high-level summation of the City's budget, providing a view that includes all major components, i.e. operating, capital, financial position, cash flow and MFMA funding compliance.
2. In essence it provides a synopsis of the amounts to be approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance and the City's commitment to eliminate basic service delivery backlogs.
3. The importance of ensuring that a municipal budget is fully funded is stressed in the financial management reforms. The MFMA through Section 18 requires that a budget only be funded by realistically anticipated revenue to be collected and cash-backed accumulated funds from previous years, not committed for other purposes.
4. To test whether the City's budget is funded it is required therefore to collectively assess the financial performance, capital budget, financial position and cash flow budgets.
5. The City's key outcomes in this regard are as follows:
  - a. The Financial Performance shows a surplus position over the 2018/19 MTREF. This is as a result of appropriations, which are included as part of the Financial Position and not the Financial Performance budget. The appropriations include the depreciation reserves (for capital grants), Housing Development Fund, Insurance Fund, sinking fund provision and contributions to the Capital Replacement Reserve (CRR).
  - b. The cash flow budget outcome shows that the budget is funded.
  - c. The capital budget is funded from the following sources:
    - i. Transfers recognised capital and public contributions & donations;
    - ii. Borrowing; and
    - iii. Internally generated funds which are financed from previous years' accumulated surpluses, previous years' contributions to CRR and bulk infrastructure levies already collected. The affordability and sustainability of these funds are confirmed by the positive cash flow outcome over the 2018/19 MTREF.
6. The City's cash backing/surplus reconciliation over the 2018/19 MTREF shows a positive outcome, which is an indication that the City will be able to afford its commitments over the next three years.
7. The City's persistent strive to eradicate infrastructure backlogs is evident in the annual increase of investment in the Cost of Free Basic Services and the Revenue Cost of Free Basic Services provided. Backlogs still exist for Electricity Services but are projected to reduce.

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

| Functional Classification Description<br>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 |
| <b>Revenue - Functional</b>                         |                   |                   |                   |                      |                   |                    |   |                        |                        |
| <b>Governance and administration</b>                | <b>10,945,144</b> | <b>12,278,221</b> | <b>14,070,329</b> | <b>14,882,934</b>    | <b>13,787,435</b> | <b>13,787,435</b>  | <b>14,860,707</b>                                   | <b>15,859,365</b>      | <b>17,092,197</b>      |
| Executive and council                               | 1,594             | 2,082             | 1,400             | 3,126                | 3,594             | 3,594              | 3,240   | 3,362                  | 3,491                  |
| Finance and administration                          | 10,943,544        | 12,276,117        | 14,068,927        | 14,879,801           | 13,783,833        | 13,783,833         | 14,857,459  | 15,855,994             | 17,088,697             |
| Internal audit                                      | 6                 | 22                | 2                 | 8                    | 8                 | 8                  | 8   | 9                      | 9                      |
| <b>Community and public safety</b>                  | <b>2,097,502</b>  | <b>1,679,540</b>  | <b>1,833,039</b>  | <b>1,956,529</b>     | <b>2,308,669</b>  | <b>2,308,669</b>   | <b>1,811,281</b>                                    | <b>2,094,944</b>       | <b>2,163,423</b>       |
| Community and social services                       | 130,446           | 107,248           | 105,403           | 120,972              | 122,745           | 122,745            | 130,825   | 157,880                | 133,134                |
| Sport and recreation                                | 87,643            | 81,245            | 106,473           | 114,329              | 112,500           | 112,500            | 91,320  | 58,867                 | 68,270                 |
| Public safety                                       | 16,159            | 21,416            | 24,889            | 22,293               | 25,945            | 25,945             | 11,176  | 11,791                 | 12,445                 |
| Housing   | 1,620,155         | 1,203,137         | 1,279,471         | 1,328,591            | 1,661,283         | 1,661,283          | 1,161,961   | 1,416,120              | 1,454,192              |
| Health  | 243,098           | 266,493           | 316,802           | 370,343              | 386,197           | 386,197            | 415,999   | 450,285                | 495,382                |
| <b>Economic and environmental services</b>          | <b>3,041,372</b>  | <b>3,224,167</b>  | <b>3,237,399</b>  | <b>3,224,458</b>     | <b>3,309,790</b>  | <b>3,309,790</b>   | <b>3,192,715</b>                                    | <b>3,233,129</b>       | <b>3,458,364</b>       |
| Planning and development                            | 252,950           | 286,798           | 324,404           | 342,034              | 348,279           | 348,279            | 378,748   | 425,592                | 444,155                |
| Road transport                                      | 2,756,753         | 2,929,763         | 2,896,258         | 2,880,418            | 2,952,434         | 2,952,434          | 2,810,671   | 2,804,060              | 3,010,539              |
| Environmental protection                            | 31,669            | 7,606             | 16,736            | 2,006                | 9,077             | 9,077              | 3,296   | 3,477                  | 3,670                  |
| <b>Trading services</b>                             | <b>15,644,415</b> | <b>17,795,649</b> | <b>19,018,621</b> | <b>20,291,096</b>    | <b>19,499,492</b> | <b>19,499,492</b>  | <b>22,025,280</b>                                   | <b>25,295,779</b>      | <b>28,626,709</b>      |
| Energy sources                                      | 10,378,888        | 11,528,353        | 12,083,270        | 12,256,796           | 12,535,609        | 12,535,609         | 13,136,625  | 14,128,383             | 15,609,846             |
| Water management                                    | 2,688,866         | 3,170,901         | 3,659,066         | 4,123,369            | 3,592,015         | 3,592,015          | 4,688,471   | 6,170,170              | 7,444,180              |
| Waste water management                              | 1,526,954         | 1,985,565         | 2,059,709         | 2,547,543            | 1,893,872         | 1,893,872          | 2,574,593   | 3,204,386              | 3,584,940              |
| Waste management                                    | 1,049,707         | 1,110,831         | 1,216,576         | 1,363,387            | 1,477,996         | 1,477,996          | 1,625,591   | 1,792,839              | 1,987,743              |
| <b>Other</b>  | <b>6,604</b>      | <b>3,339</b>      | <b>2,958</b>      | <b>6,809</b>         | <b>6,809</b>      | <b>6,809</b>       | <b>7,074</b>  | <b>5,353</b>           | <b>5,650</b>           |
| <b>Total Revenue - Functional</b>                   | <b>31,735,038</b> | <b>34,980,916</b> | <b>38,162,346</b> | <b>40,361,826</b>    | <b>38,912,195</b> | <b>38,912,195</b>  | <b>41,897,057</b>                                   | <b>46,488,570</b>      | <b>51,346,343</b>      |
| <b>Expenditure - Functional</b>                     |                   |                   |                   |                      |                   |                    |   |                        |                        |
| <b>Governance and administration</b>                | <b>5,504,213</b>  | <b>6,245,671</b>  | <b>6,367,386</b>  | <b>8,555,468</b>     | <b>7,358,789</b>  | <b>7,358,789</b>   | <b>8,829,614</b>                                    | <b>9,857,221</b>       | <b>10,663,742</b>      |
| Executive and council                               | 323,129           | 354,957           | 359,348           | 443,609              | 421,705           | 421,705            | 464,940   | 494,131                | 527,636                |
| Finance and administration                          | 5,148,081         | 5,856,266         | 5,970,798         | 8,061,212            | 6,890,842         | 6,890,842          | 8,313,558   | 9,307,751              | 10,076,229             |
| Internal audit                                      | 33,002            | 34,447            | 37,240            | 50,646               | 46,242            | 46,242             | 51,116  | 55,340                 | 59,876                 |
| <b>Community and public safety</b>                  | <b>4,075,408</b>  | <b>4,483,761</b>  | <b>4,789,295</b>  | <b>5,318,902</b>     | <b>5,430,384</b>  | <b>5,430,384</b>   | <b>5,106,345</b>                                    | <b>5,610,539</b>       | <b>5,944,053</b>       |
| Community and social services                       | 656,622           | 766,084           | 847,987           | 931,712              | 892,463           | 892,463            | 899,992   | 970,345                | 1,044,020              |
| Sport and recreation                                | 1,024,976         | 1,094,127         | 1,088,040         | 1,212,821            | 1,129,401         | 1,129,401          | 1,173,666   | 1,234,689              | 1,290,052              |
| Public safety                                       | 451,176           | 503,975           | 508,298           | 600,875              | 580,975           | 580,975            | 615,319   | 661,446                | 709,944                |
| Housing   | 1,133,758         | 1,248,627         | 1,340,014         | 1,498,847            | 1,737,142         | 1,737,142          | 1,238,627   | 1,462,619              | 1,508,671              |
| Health  | 808,876           | 870,948           | 1,004,957         | 1,074,647            | 1,090,403         | 1,090,403          | 1,178,740   | 1,281,439              | 1,391,366              |
| <b>Economic and environmental services</b>          | <b>4,839,805</b>  | <b>5,162,054</b>  | <b>5,679,268</b>  | <b>6,351,817</b>     | <b>6,396,479</b>  | <b>6,396,479</b>   | <b>6,526,365</b>                                    | <b>7,008,603</b>       | <b>7,412,233</b>       |
| Planning and development                            | 730,833           | 751,118           | 783,735           | 1,042,789            | 977,072           | 977,072            | 1,053,624   | 1,204,634              | 1,289,206              |
| Road transport                                      | 4,000,649         | 4,296,999         | 4,779,345         | 5,186,569            | 5,286,570         | 5,286,570          | 5,340,108   | 5,677,058              | 5,986,749              |
| Environmental protection                            | 108,322           | 113,937           | 116,188           | 122,458              | 132,837           | 132,837            | 132,633   | 126,911                | 136,277                |
| <b>Trading services</b>                             | <b>12,853,133</b> | <b>14,670,858</b> | <b>15,886,413</b> | <b>17,026,865</b>    | <b>17,128,800</b> | <b>17,128,800</b>  | <b>19,326,380</b>                                   | <b>21,289,867</b>      | <b>23,694,878</b>      |
| Energy sources                                      | 8,109,987         | 9,162,229         | 9,573,670         | 9,929,327            | 9,911,388         | 9,911,388          | 10,322,282  | 11,166,595             | 12,020,081             |
| Water management                                    | 2,236,997         | 2,573,197         | 3,067,944         | 3,225,897            | 3,774,877         | 3,774,877          | 5,085,589   | 5,887,016              | 7,116,074              |
| Waste water management                              | 1,211,007         | 1,475,444         | 1,643,752         | 1,990,882            | 1,650,529         | 1,650,529          | 2,004,828   | 2,203,315              | 2,397,983              |
| Waste management                                    | 1,295,142         | 1,459,987         | 1,601,046         | 1,880,759            | 1,792,006         | 1,792,006          | 1,913,681   | 2,032,941              | 2,160,739              |
| <b>Other</b>  | <b>82,863</b>     | <b>128,916</b>    | <b>135,357</b>    | <b>105,064</b>       | <b>96,247</b>     | <b>96,247</b>      | <b>97,035</b>                                       | <b>101,114</b>         | <b>107,737</b>         |
| <b>Total Expenditure - Functional</b>               | <b>27,355,422</b> | <b>30,691,262</b> | <b>32,857,719</b> | <b>37,358,116</b>    | <b>36,410,699</b> | <b>36,410,699</b>  | <b>39,885,739</b>                                   | <b>43,867,344</b>      | <b>47,822,642</b>      |
| <b>Surplus/(Deficit) for the year</b>               | <b>4,379,616</b>  | <b>4,289,654</b>  | <b>5,304,628</b>  | <b>3,003,710</b>     | <b>2,501,496</b>  | <b>2,501,496</b>   | <b>2,011,318</b>                                    | <b>2,621,225</b>       | <b>3,523,701</b>       |

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

1. Table A2 is an overview of the budgeted financial performance in relation to revenue and expenditure per standard classification, which divides the municipal services into 16 classifications.
2. Major contributing items to the increased operating revenue are additional allocations on the Fuel Levy, the projected growth and tariff increases on Property Rates Tax and Service Charges (Water, Sanitation, Electricity and Refuse).
3. The surplus of R2 011 million in 2018/19 reflected in this table includes Transfers Recognised - capital (Capital Grants & Donations received), while the expenditure category excludes these transfers.
4. This table highlights that surplus/deficits for Energy services, Waste water management and Waste management exceed their expenditure. This is due to the exclusion of internal cost charges/recoveries and other provisions e.g. Contribution from the Energy directorate to the Rates Account on this table.

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

| 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 | Budget Year 2018/19                                 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| <b>R thousand</b>                                     |                   |                   |                   |                      |                   |                    |   |                        |                        |
| <b>Revenue by Vote</b>                                |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Vote 1 - Area-Based Service Delivery                  | 146,024           | 158,679           | 176,748           | 204,290              | 204,758           | 204,758            | 219,073   | 266,265                | 279,031                |
| Vote 2 - Assets & Facilities Management               | 707,549           | 572,111           | 414,050           | 453,587              | 420,440           | 420,440            | 442,283   | 481,577                | 529,098                |
| Vote 3 - Corporate Services                           | 59,158            | 55,760            | 64,771            | 68,073               | 64,698            | 64,698             | 69,289  | 74,302                 | 77,607                 |
| Vote 4 - City Manager                                 | 1                 | (7)               | 0                 | -                    | -                 | -                  | -   | -                      | -                      |
| Vote 5 - Directorate of the Mayor                     | 4,444             | 1,706             | 852               | 3,324                | 17,824            | 17,824             | 3,615   | 176                    | 186                    |
| Vote 6 - Energy                                       | 10,380,957        | 11,527,694        | 12,083,675        | 12,256,918           | 12,297,019        | 12,297,019         | 12,934,959  | 13,870,807             | 15,329,083             |
| Vote 7 - Finance                                      | 10,388,989        | 11,689,135        | 13,563,360        | 14,307,250           | 13,803,757        | 13,803,757         | 15,439,250  | 16,580,479             | 17,848,499             |
| Vote 8 - Informal Settlements, Water & Waste Services | 5,376,022         | 6,348,843         | 7,044,676         | 8,212,622            | 6,927,783         | 6,927,783          | 8,206,799   | 10,427,243             | 12,250,097             |
| Vote 9 - Safety & Security                            | 1,124,039         | 1,236,741         | 1,402,527         | 1,267,627            | 1,282,465         | 1,282,465          | 1,351,377   | 1,424,096              | 1,502,299              |
| Vote 10 - Social Services                             | 695,507           | 696,022           | 790,612           | 904,664              | 901,457           | 901,457            | 928,178   | 957,304                | 1,058,109              |
| Vote 11 - Transport & Urban Development Authority     | 2,852,348         | 2,694,231         | 2,621,074         | 2,683,471            | 2,991,994         | 2,991,994          | 2,302,234   | 2,406,320              | 2,472,334              |
| <b>Total Revenue by Vote</b>                          | <b>31,735,038</b> | <b>34,980,916</b> | <b>38,162,346</b> | <b>40,361,826</b>    | <b>38,912,195</b> | <b>38,912,195</b>  | <b>41,897,057</b>                                   | <b>46,488,570</b>      | <b>51,346,343</b>      |
| <b>Expenditure by Vote to be appropriated</b>         |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Vote 1 - Area-Based Service Delivery                  | 358,391           | 393,434           | 412,259           | 547,009              | 524,668           | 524,668            | 589,913   | 621,763                | 662,633                |
| Vote 2 - Assets & Facilities Management               | 1,440,741         | 1,487,231         | 1,564,514         | 1,851,509            | 1,709,767         | 1,709,777          | 1,933,989   | 2,080,989              | 2,214,480              |
| Vote 3 - Corporate Services                           | 1,292,480         | 1,380,968         | 1,439,692         | 1,741,551            | 1,600,840         | 1,600,840          | 1,698,256   | 1,834,308              | 1,966,677              |
| Vote 4 - City Manager                                 | 20,905            | 23,991            | 21,436            | 22,198               | 22,043            | 22,043             | 26,206  | 27,964                 | 29,850                 |
| Vote 5 - Directorate of the Mayor                     | 346,164           | 351,209           | 404,576           | 557,664              | 517,993           | 517,983            | 603,295   | 643,311                | 685,674                |
| Vote 6 - Energy                                       | 8,401,044         | 9,468,163         | 9,885,010         | 10,355,750           | 10,213,592        | 10,213,592         | 10,674,846  | 11,542,987             | 12,418,819             |
| Vote 7 - Finance                                      | 2,100,471         | 2,563,258         | 2,417,454         | 3,370,596            | 2,633,040         | 2,633,040          | 3,212,031   | 3,866,255              | 4,263,356              |
| Vote 8 - Informal Settlements, Water & Waste Services | 5,185,428         | 5,973,003         | 6,807,396         | 7,739,299            | 7,934,466         | 7,934,466          | 9,849,592   | 11,033,091             | 12,658,784             |
| Vote 9 - Safety & Security                            | 2,323,967         | 2,667,773         | 2,839,108         | 3,148,512            | 3,073,273         | 3,073,273          | 3,265,153   | 3,523,347              | 3,751,774              |
| Vote 10 - Social Services                             | 2,458,026         | 2,682,700         | 2,950,086         | 3,463,150            | 3,316,242         | 3,316,242          | 3,608,390   | 4,023,476              | 4,333,218              |
| Vote 11 - Transport & Urban Development Authority     | 3,427,803         | 3,699,530         | 4,116,187         | 4,560,879            | 4,864,774         | 4,864,774          | 4,424,070   | 4,669,853              | 4,837,377              |
| <b>Total Expenditure by Vote</b>                      | <b>27,355,422</b> | <b>30,691,262</b> | <b>32,857,719</b> | <b>37,358,116</b>    | <b>36,410,699</b> | <b>36,410,699</b>  | <b>39,885,739</b>                                   | <b>43,867,344</b>      | <b>47,822,642</b>      |
| <b>Surplus/(Deficit) for the year</b>                 | <b>4,379,616</b>  | <b>4,289,654</b>  | <b>5,304,628</b>  | <b>3,003,710</b>     | <b>2,501,496</b>  | <b>2,501,496</b>   | <b>2,011,318</b>                                    | <b>2,621,225</b>       | <b>3,523,702</b>       |

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

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

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

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

| Description<br>R thousand   | 2018/19 Medium Term Revenue & Expenditure Framework |                           |                           |
|---|---|---------------------------|---------------------------|
|   | Budget Year<br>2018/19                              | Budget Year<br>+1 2019/20 | Budget Year<br>+2 2020/21 |
| <b>Energy</b>   |   |                           |                           |
| Total Operating Revenue (including capital transfers and contributions) | 12,934,959  | 13,870,807                | 15,329,083                |
| Total Operating Expenditure   | 10,674,846  | 11,542,987                | 12,418,819                |
| <b>Operating Surplus/(Deficit) for the year</b>                         | <b>2,260,114</b>                                    | <b>2,327,820</b>          | <b>2,910,265</b>          |
| <b>Percentage Surplus</b>   | <b>17.5%</b>  | <b>16.8%</b>              | <b>19.0%</b>              |
| <b>Water &amp; Sanitation</b>   |   |                           |                           |
| Total Operating Revenue including capital transfers and contributions)  | 6,501,636   | 8,558,096                 | 10,144,593                |
| Total Operating Expenditure   | 6,923,277   | 7,911,406                 | 9,331,840                 |
| <b>Operating Surplus/(Deficit) for the year</b>                         | <b>(421,642)</b>                                    | <b>646,690</b>            | <b>812,753</b>            |
| <b>Percentage Surplus</b>   | <b>-6.5%</b>  | <b>7.6%</b>               | <b>8.0%</b>               |
| <b>Solid Waste Management</b>   |   |                           |                           |
| Total Operating Revenue including capital transfers and contributions)  | 1,502,390   | 1,658,557                 | 1,841,382                 |
| Total Operating Expenditure   | 968,393   | 1,025,746                 | 1,086,999                 |
| <b>Operating Surplus/(Deficit) for the year</b>                         | <b>533,997</b>                                      | <b>632,811</b>            | <b>754,383</b>            |
| <b>Percentage Surplus</b>   | <b>35.5%</b>  | <b>38.2%</b>              | <b>41.0%</b>              |

- Electricity revenue and expenditure growth fluctuates over the MTREF period. This is influenced by Eskom bulk purchases as well as the impact of City's tariff setting policy.
- The surplus/deficit reflected in the trading services (Energy, Water & Sanitation and Solid Waste Management) is based on primary revenue and expenditure items only. This does not include contributions from Energy to Rates and Rates contribution to Water & Sanitation for the drought relief or internal cost charges/recoveries. These "secondary elements" are, however, included in the tariff calculations for the various trading services. Taking the secondary budget into account, none of the Trading Services have deficit/surplus positions.



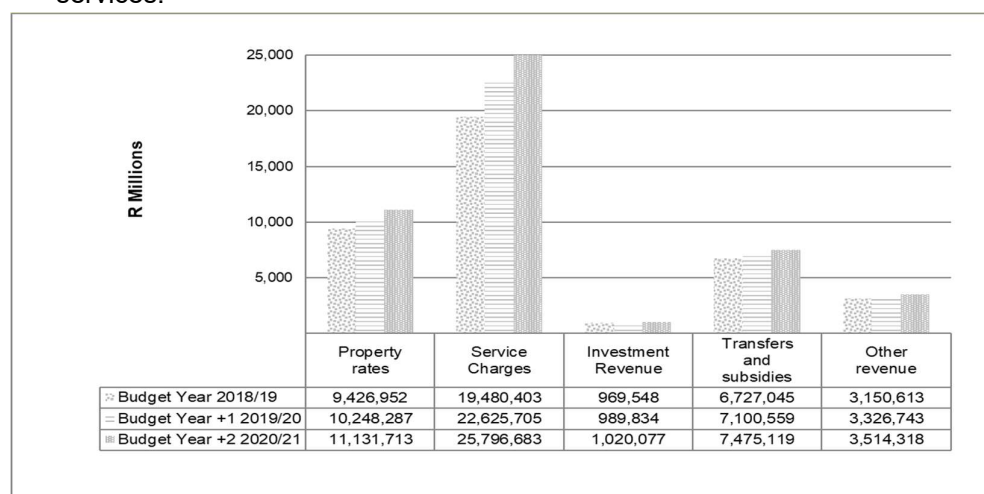
**Table 24 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

| Description  | 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 |
| <b>Revenue By Source</b>   |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Property rates   | 6,018,735         | 6,745,047         | 8,105,126         | 8,662,350            | 8,694,931         | 8,694,931          | 9,426,952   | 10,248,287             | 11,131,713             |
| Service charges - electricity revenue  | 9,981,814         | 11,202,784        | 11,763,615        | 11,942,546           | 11,942,546        | 11,942,546         | 12,591,403  | 13,519,095             | 14,865,239             |
| Service charges - water revenue  | 2,537,826         | 3,000,361         | 3,460,853         | 3,932,868            | 2,654,743         | 2,654,743          | 3,612,044   | 4,998,122              | 6,293,919              |
| Service charges - sanitation revenue   | 1,337,666         | 1,548,409         | 1,631,273         | 2,092,272            | 1,521,522         | 1,521,522          | 2,074,286   | 2,775,805              | 3,150,519              |
| Service charges - refuse revenue   | 980,257           | 1,089,812         | 1,190,778         | 1,341,882            | 1,065,173         | 1,065,173          | 1,202,096   | 1,331,946              | 1,486,110              |
| Service charges - other  | 359,808           | 522,230           | 572,588           | 573                  | 573               | 573                | 573   | 738                    | 896                    |
| Rental of facilities and equipment   | 369,121           | 350,954           | 358,497           | 418,011              | 376,191           | 376,191            | 381,262   | 402,231                | 424,570                |
| Interest earned - external investments   | 543,356           | 642,628           | 768,224           | 773,657              | 893,657           | 893,657            | 969,548   | 989,834                | 1,020,077              |
| Interest earned - outstanding debtors  | 198,230           | 221,609           | 278,063           | 284,131              | 284,131           | 284,131            | 340,970   | 362,409                | 385,462                |
| Dividends received   | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Fines, penalties and forfeits  | 988,017           | 1,112,956         | 1,241,128         | 1,146,414            | 1,243,623         | 1,243,623          | 1,280,160   | 1,350,569              | 1,425,526              |
| Licences and permits   | 43,111            | 41,494            | 47,741            | 43,749               | 43,749            | 43,749             | 46,457  | 49,012                 | 51,732                 |
| Agency services  | 168,519           | 183,260           | 188,238           | 162,771              | 162,771           | 162,771            | 201,723   | 212,818                | 224,629                |
| Transfers and subsidies  | 3,264,270         | 3,619,257         | 3,666,705         | 6,455,942            | 7,032,529         | 7,032,529          | 6,727,045   | 7,100,559              | 7,475,119              |
| Other revenue  | 2,384,151         | 2,380,489         | 2,609,040         | 709,425              | 719,686           | 719,686            | 856,170   | 903,420                | 953,546                |
| Gains on disposal of PPE   | 87,809            | 126,501           | 186,784           | 41,500               | 39,500            | 39,500             | 43,870  | 46,283                 | 48,852                 |
| <b>Total Revenue (excluding capital transfers and contributions)</b>   | <b>29,262,688</b> | <b>32,787,790</b> | <b>36,068,652</b> | <b>38,008,091</b>    | <b>36,675,324</b> | <b>36,675,324</b>  | <b>39,754,561</b>                                   | <b>44,291,128</b>      | <b>48,937,910</b>      |
| <b>Expenditure By Type</b>   |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Employee related costs   | 8,124,733         | 9,357,740         | 9,659,300         | 12,050,690           | 11,521,793        | 11,521,793         | 12,820,083  | 13,748,589             | 14,827,508             |
| Remuneration of councillors  | 128,412           | 134,637           | 138,374           | 155,787              | 155,565           | 155,565            | 169,640   | 180,666                | 192,500                |
| Debt impairment  | 1,523,784         | 1,898,476         | 2,323,482         | 2,508,738            | 2,491,185         | 2,491,185          | 2,879,937   | 3,346,843              | 3,644,602              |
| Depreciation & asset impairment  | 1,917,134         | 2,117,336         | 2,313,471         | 2,574,607            | 2,520,137         | 2,520,137          | 2,935,045   | 3,344,597              | 3,670,319              |
| Finance charges  | 774,895           | 747,256           | 731,823           | 1,131,010            | 993,252           | 993,252            | 1,438,535   | 1,952,594              | 2,204,971              |
| Bulk purchases   | 7,108,843         | 8,073,336         | 8,438,102         | 8,540,135            | 8,742,293         | 8,742,293          | 9,829,482   | 10,760,898             | 12,188,735             |
| Other materials  | 323,901           | 300,405           | 476,050           | 1,190,177            | 1,174,338         | 1,174,338          | 1,287,149   | 1,398,548              | 1,465,979              |
| Contracted services  | 3,536,355         | 3,766,255         | 4,171,123         | 6,086,610            | 6,137,933         | 6,137,933          | 6,055,113   | 6,450,117              | 6,770,730              |
| Transfers and subsidies  | 136,487           | 148,246           | 111,829           | 140,985              | 413,950           | 413,950            | 230,036   | 243,505                | 257,020                |
| Other expenditure  | 3,777,783         | 4,139,457         | 4,486,789         | 2,978,990            | 2,259,790         | 2,259,790          | 2,240,233   | 2,440,471              | 2,599,734              |
| Loss on disposal of PPE  | 3,096             | 8,118             | 7,376             | 387                  | 462               | 462                | 488   | 515                    | 543                    |
| <b>Total Expenditure</b>   | <b>27,355,422</b> | <b>30,691,262</b> | <b>32,857,719</b> | <b>37,358,116</b>    | <b>36,410,699</b> | <b>36,410,699</b>  | <b>39,885,739</b>                                   | <b>43,867,344</b>      | <b>47,822,642</b>      |
| <b>Surplus/(Deficit)</b>   | <b>1,907,266</b>  | <b>2,096,529</b>  | <b>3,210,934</b>  | <b>649,975</b>       | <b>264,625</b>    | <b>264,625</b>     | <b>(131,178)</b>                                    | <b>423,784</b>         | <b>1,115,268</b>       |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)  | 2,423,179         | 2,131,537         | 2,005,297         | 2,268,835            | 2,140,287         | 2,140,287          | 2,066,296   | 2,118,842              | 2,296,333              |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Education Institutions) | 44,219            | 61,488            | 71,882            | 84,900               | 96,585            | 96,585             | 76,200  | 78,600                 | 112,100                |
| Transfers and subsidies - capital (in-kind - all)  | 4,953             | 100               | 16,516            | -                    | -                 | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>   | <b>4,379,616</b>  | <b>4,289,654</b>  | <b>5,304,628</b>  | <b>3,003,710</b>     | <b>2,501,496</b>  | <b>2,501,496</b>   | <b>2,011,318</b>                                    | <b>2,621,225</b>       | <b>3,523,702</b>       |
| Taxation   | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) after taxation</b>  | <b>4,379,616</b>  | <b>4,289,654</b>  | <b>5,304,628</b>  | <b>3,003,710</b>     | <b>2,501,496</b>  | <b>2,501,496</b>   | <b>2,011,318</b>                                    | <b>2,621,225</b>       | <b>3,523,702</b>       |
| Attributable to minorities   | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) attributable to municipality</b>  | <b>4,379,616</b>  | <b>4,289,654</b>  | <b>5,304,628</b>  | <b>3,003,710</b>     | <b>2,501,496</b>  | <b>2,501,496</b>   | <b>2,011,318</b>                                    | <b>2,621,225</b>       | <b>3,523,702</b>       |
| Share of surplus/ (deficit) of associate   | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) for the year</b>  | <b>4,379,616</b>  | <b>4,289,654</b>  | <b>5,304,628</b>  | <b>3,003,710</b>     | <b>2,501,496</b>  | <b>2,501,496</b>   | <b>2,011,318</b>                                    | <b>2,621,225</b>       | <b>3,523,702</b>       |

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

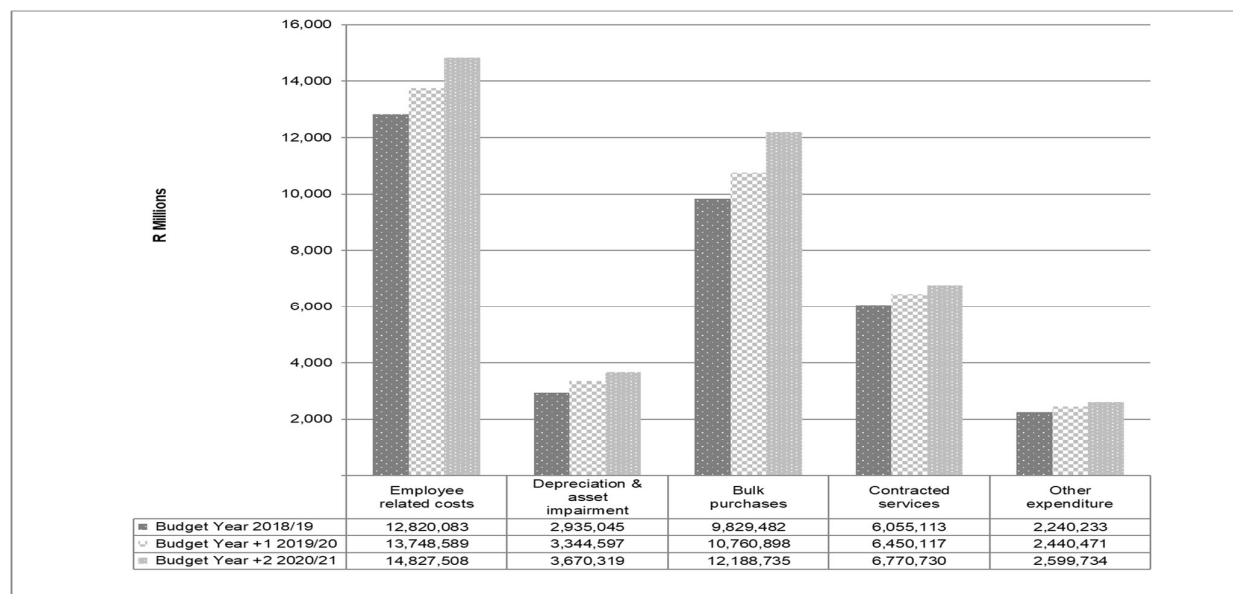
1. Table A4 is a view of the budgeted financial performance in relation to the revenue by source and expenditure by type. Total revenue is R39 755 million (excluding appropriations which are disclosed in the financial position statement) in 2018/19 and escalates to R48 938 million by 2020/21. Major contributing items are the increased operating allocations from National- and Provincial Government, the projected growth and tariff increases on Property Rates Tax and Service Charges.
2. Revenue to be generated from Property Rates amounts to R9 427 million in 2018/19 and increases to R11 132 million by 2020/21, which represents 23.7% of the operating revenue base of the City and therefore remain significant funding source for the City.
3. Service charges relating to Electricity, Water, Sanitation and Refuse Removal constitute the biggest component of the revenue basket of the City, totalling to R19 479 million in 2018/19 and increases to R25 796 million in 2020/21. For 2018/19, service charges are 49% of the total revenue base.
4. Transfers & Subsidies increases from R6 727 million in 2018/19 to R7 475 million in 2020/21. This includes external allocations received from National- and Provincial Government, private sector funding and the Fuel Levy.
5. The surpluses reflected in 2019/20 and 2020/21 are mainly within Water & Sanitation. In light of the current severe drought conditions various initiatives are planned over the next few years to ensure sustainability and resilience in the provision of water for the City, including:
  - Investment in desalination, underground extraction from aquifers and water reclamation / reuse initiatives in an effort to ensure water security;
  - Continued investment in asset replacement programmes to ensure proper asset management;
  - Acceleration of repairs and maintenance programmes as well as staffing strategy to ensure that service delivery and responsiveness expectations are met; and
  - Further roll-out of water demand management initiatives to limit the abuse of water.

This investment is required to prevent asset conditions moving past the critical tipping point on the deterioration curve, to ensure financial sustainability of the New Water Plan, and that the requirement for full cost recovery is adhered to. In addition, these surpluses will be used for replacement of externally funded capital assets within the Energy directorate and Rates Funded services.



**Figure 3 Revenue by source**

6. Bulk purchases have increased significantly over the MTREF, escalating from R9 829 million to R12 188 million in 2020/21. These increases can be attributed to substantial increases in the cost of bulk electricity from Eskom and water from the National Department of Water Affairs due to consumer behaviour
7. Employee-related costs are the main cost driver within the City’s operating expenditure i.e. from R12 820 million in 2018/19 to R14 827 million in 2020/21.
8. Budgeted appropriations for Depreciation & Asset Impairment totals R2 935 million for 2018/19 and is linked to the capitalisation rate of assets. The calculation of depreciation on new capital expenditure is based on variables such as asset class and lifespan depending on the nature of the asset. An annual capital expenditure implementation rate of 100% is assumed. Depreciation of existing assets is calculated based on simulated SAP (financial system) data that reflect actual values per annum. Assets Under Construction (AUC) are calculated based on asset class lifespan and the projected capitalisation dates.
9. Contracted Services includes budgetary provision for Repairs & Maintenance.



**Figure 4 Expenditure by type**

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

| Vote Description                                      | 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 |
| <b>R thousand</b>                                     |                  |                  |                  |                      |                  |                    |   |                        |                        |
| <b>Capital expenditure - Vote</b>                     |                  |                  |                  |                      |                  |                    |   |                        |                        |
| <b>Multi-year expenditure to be appropriated</b>      |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Vote 1 - Area-Based Service Delivery                  | 6,981            | 11,287           | 12,384           | 39,430               | 19,648           | 19,628             | 36,180  | 82,870                 | 74,870                 |
| Vote 2 - Assets & Facilities Management               | 532,726          | 311,356          | 358,089          | 395,019              | 431,322          | 430,316            | 402,141   | 291,073                | 91,372                 |
| Vote 3 - Corporate Services                           | 308,518          | 318,490          | 244,883          | 351,686              | 362,758          | 355,818            | 342,446   | 341,046                | 335,546                |
| Vote 4 - City Manager                                 | 304              | 232              | 321              | 222                  | 192              | 172                | 222   | 222                    | 222                    |
| Vote 5 - Directorate of the Mayor                     | 15,355           | 20,006           | 22,022           | 17,108               | 18,921           | 18,353             | 12,663  | 2,038                  | 1,538                  |
| Vote 6 - Energy                                       | 952,415          | 1,090,855        | 1,248,887        | 1,292,814            | 1,214,500        | 1,209,923          | 1,163,506   | 1,427,000              | 1,741,137              |
| Vote 7 - Finance                                      | 16,415           | 15,835           | 23,989           | 17,136               | 13,710           | 13,469             | 19,949  | 65,419                 | 35,411                 |
| Vote 8 - Informal Settlements, Water & Waste Services | 1,291,505        | 1,698,228        | 1,828,616        | 2,445,238            | 3,674,061        | 3,673,345          | 5,096,706   | 5,125,026              | 5,818,036              |
| Vote 9 - Safety & Security                            | 83,097           | 152,051          | 114,835          | 191,120              | 162,819          | 162,761            | 167,433   | 79,515                 | 42,115                 |
| Vote 10 - Social Services                             | 243,995          | 229,454          | 243,940          | 283,413              | 287,506          | 278,408            | 299,214   | 238,127                | 215,704                |
| Vote 11 - Transport & Urban Development Authority     | 1,800,430        | 1,642,040        | 1,806,655        | 1,942,035            | 1,666,224        | 1,655,504          | 1,736,761   | 1,591,358              | 1,595,833              |
| <b>Total Capital Expenditure - Vote</b>               | <b>5,251,742</b> | <b>5,489,834</b> | <b>5,904,621</b> | <b>6,975,220</b>     | <b>7,851,662</b> | <b>7,817,698</b>   | <b>9,277,222</b>                                    | <b>9,243,693</b>       | <b>9,951,785</b>       |
| <b>Capital Expenditure - Functional</b>               |                  |                  |                  |                      |                  |                    |   |                        |                        |
| <b>Governance and administration</b>                  | <b>626,449</b>   | <b>750,055</b>   | <b>1,073,026</b> | <b>1,244,434</b>     | <b>1,204,652</b> | <b>1,194,692</b>   | <b>970,841</b>                                      | <b>817,171</b>         | <b>856,764</b>         |
| Executive and council                                 | 4,227            | 19,672           | 9,164            | 3,594                | 4,697            | 4,677              | 27,450  | 5,180                  | 3,480                  |
| Finance and administration                            | 622,098          | 730,250          | 1,063,731        | 1,239,881            | 1,198,996        | 1,189,057          | 943,260   | 811,859                | 853,224                |
| Internal audit  | 124              | 133              | 131              | 959                  | 959              | 959                | 131   | 131                    | 60                     |
| <b>Community and public safety</b>                    | <b>1,258,375</b> | <b>640,879</b>   | <b>773,993</b>   | <b>955,697</b>       | <b>867,483</b>   | <b>850,008</b>     | <b>1,010,498</b>                                    | <b>1,001,810</b>       | <b>875,569</b>         |
| Community and social services                         | 132,294          | 160,898          | 127,329          | 151,270              | 143,575          | 143,061            | 94,684  | 107,017                | 66,323                 |
| Sport and recreation                                  | 123,797          | 113,637          | 127,927          | 105,711              | 120,085          | 112,625            | 70,502  | 23,766                 | 26,178                 |
| Public safety   | 20,011           | 12,272           | 18,865           | 46,799               | 23,045           | 23,045             | 35,064  | 7,659                  | 7,659                  |
| Housing   | 962,099          | 336,949          | 476,876          | 606,733              | 535,218          | 525,717            | 738,497   | 812,971                | 727,913                |
| Health  | 20,173           | 17,122           | 22,996           | 45,183               | 45,560           | 45,560             | 71,751  | 50,396                 | 47,496                 |
| <b>Economic and environmental services</b>            | <b>1,317,978</b> | <b>1,576,687</b> | <b>1,578,032</b> | <b>1,662,703</b>     | <b>1,499,084</b> | <b>1,497,138</b>   | <b>1,405,152</b>                                    | <b>1,211,925</b>       | <b>1,197,686</b>       |
| Planning and development                              | 59,335           | 66,962           | 70,697           | 44,786               | 37,494           | 37,129             | 39,904  | 76,795                 | 96,723                 |
| Road transport  | 1,247,713        | 1,492,691        | 1,495,384        | 1,599,888            | 1,443,983        | 1,442,401          | 1,346,953   | 1,120,251              | 1,094,021              |
| Environmental protection                              | 10,930           | 17,034           | 11,951           | 18,028               | 17,608           | 17,608             | 18,294  | 14,880                 | 6,942                  |
| <b>Trading services</b>                               | <b>2,046,941</b> | <b>2,521,327</b> | <b>2,474,957</b> | <b>3,104,956</b>     | <b>4,273,012</b> | <b>4,268,429</b>   | <b>5,881,912</b>                                    | <b>6,205,392</b>       | <b>7,016,070</b>       |
| Energy sources  | 920,376          | 1,050,923        | 1,131,636        | 1,183,872            | 1,102,924        | 1,098,348          | 1,121,737   | 1,422,800              | 1,643,542              |
| Water management                                      | 509,417          | 641,907          | 608,426          | 853,967              | 2,303,224        | 2,303,224          | 3,268,730   | 2,541,400              | 3,147,047              |
| Waste water management                                | 460,858          | 680,773          | 659,092          | 684,576              | 676,088          | 676,082            | 1,123,238   | 1,673,849              | 1,716,148              |
| Waste management                                      | 156,289          | 147,724          | 75,803           | 382,541              | 190,776          | 190,776            | 368,207   | 567,344                | 509,333                |
| <b>Other</b>  | <b>1,999</b>     | <b>886</b>       | <b>4,613</b>     | <b>7,432</b>         | <b>7,431</b>     | <b>7,431</b>       | <b>8,818</b>  | <b>7,395</b>           | <b>5,695</b>           |
| <b>Total Capital Expenditure - Functional</b>         | <b>5,251,742</b> | <b>5,489,834</b> | <b>5,904,621</b> | <b>6,975,220</b>     | <b>7,851,662</b> | <b>7,817,698</b>   | <b>9,277,222</b>                                    | <b>9,243,693</b>       | <b>9,951,785</b>       |
| <b>Funded by:</b>                                     |                  |                  |                  |                      |                  |                    |   |                        |                        |
| National Government                                   | 2,189,129        | 2,030,362        | 2,009,376        | 2,189,832            | 2,105,624        | 2,088,598          | 2,014,546   | 1,993,692              | 2,138,633              |
| Provincial Government                                 | 282,292          | 156,729          | 46,130           | 79,002               | 34,663           | 34,663             | 51,750  | 125,150                | 157,700                |
| District Municipality                                 | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Other transfers and grants                            | 1,892            | 333              | -                | -                    | -                | -                  | -   | -                      | -                      |
| <b>Transfers recognised - capital</b>                 | <b>2,473,313</b> | <b>2,187,425</b> | <b>2,055,507</b> | <b>2,268,835</b>     | <b>2,140,287</b> | <b>2,123,261</b>   | <b>2,066,296</b>                                    | <b>2,118,842</b>       | <b>2,296,333</b>       |
| <b>Public contributions &amp; donations</b>           | <b>44,219</b>    | <b>61,488</b>    | <b>71,882</b>    | <b>84,900</b>        | <b>96,585</b>    | <b>96,585</b>      | <b>76,200</b>                                       | <b>78,600</b>          | <b>112,100</b>         |
| <b>Borrowing</b>                                      | <b>2,152,377</b> | <b>2,441,423</b> | <b>2,739,196</b> | <b>2,894,482</b>     | <b>4,000,000</b> | <b>3,997,962</b>   | <b>5,000,000</b>                                    | <b>5,200,000</b>       | <b>6,000,000</b>       |
| <b>Internally generated funds</b>                     | <b>581,833</b>   | <b>799,498</b>   | <b>1,038,037</b> | <b>1,727,003</b>     | <b>1,614,790</b> | <b>1,599,891</b>   | <b>2,134,726</b>                                    | <b>1,846,252</b>       | <b>1,543,351</b>       |
| <b>Total Capital Funding</b>                          | <b>5,251,742</b> | <b>5,489,834</b> | <b>5,904,621</b> | <b>6,975,220</b>     | <b>7,851,662</b> | <b>7,817,698</b>   | <b>9,277,222</b>                                    | <b>9,243,693</b>       | <b>9,951,785</b>       |

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

1. Table A5 reflects the City's capital programme in relation to capital expenditure by municipal vote (directorate); capital expenditure by standard classification; and funding sources required to fund the capital budget, including information on capital transfers from National and Provincial Departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. The City has allocated multi-year appropriations amounting to R9 277 million for 2018/19, decreasing slightly to R9 244 million in 2019/20 and again increasing to R9 952 million in 2020/21.
3. The capital budget is funded by allocations made to the City by National- and Provincial government in the form of grants, as well as public contributions and donations, borrowings and internally generated funds.

Capital transfers from National Government, the Western Cape Government and other transfers and grants amount to R2 066 million (22.3%) in 2018/19, increasing slightly to R2 119 million in 2019/20 and R2 296 million in 2020/21.

Public contributions and donations amounts to R76.2 million, R78.6 million and R112.1 million over the respective years. Borrowings amounts to R5 000 million, R5 200 million and R6 000 million over the MTREF and has been provided for in terms of affordability levels as determined during the MTREF modelling.

Internally generated funds have been provided for over the MTREF amounting to R2 135 million, R1 846 million and R1 543 million for each of the respective financial years.

Table 26 MBRR Table A6 - Budgeted 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 | Budget Year 2018/19                                 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| <b>R thousand</b>                        |                   |                   |                   |                      |                   |                    |   |                        |                        |
| <b>ASSETS</b>                            |                   |                   |                   |                      |                   |                    |   |                        |                        |
| <b>Current assets</b>                    |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Cash                                     | 142,947           | 93,002            | 500,739           | 103,918              | 103,918           | 103,918            | 103,918   | 146,904                | 146,396                |
| Call investment deposits                 | 4,802,548         | 5,394,644         | 4,608,866         | 6,599,932            | 6,755,183         | 6,755,183          | 7,142,800   | 8,330,994              | 10,816,706             |
| Consumer debtors                         | 4,618,497         | 5,106,634         | 5,724,863         | 5,635,475            | 6,008,994         | 6,008,994          | 6,349,964   | 6,712,373              | 7,097,836              |
| Other debtors                            | 815,094           | 858,306           | 1,077,455         | 1,135,110            | 1,239,073         | 1,239,073          | 1,424,934   | 1,638,674              | 1,884,476              |
| Current portion of long-term receivables | 19,838            | 17,093            | 14,201            | 18,845               | 14,911            | 14,911             | 15,657  | 16,439                 | 17,261                 |
| Inventory                                | 280,316           | 257,273           | 324,536           | 311,300              | 356,990           | 356,990            | 392,689   | 431,957                | 475,153                |
| <b>Total current assets</b>              | <b>10,679,240</b> | <b>11,726,952</b> | <b>12,250,660</b> | <b>13,804,580</b>    | <b>14,479,069</b> | <b>14,479,069</b>  | <b>15,429,962</b>                                   | <b>17,277,343</b>      | <b>20,437,828</b>      |
| <b>Non current assets</b>                |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Long-term receivables                    | 75,324            | 51,695            | 40,973            | 46,655               | 38,924            | 38,924             | 36,978  | 35,129                 | 33,373                 |
| Investments                              | 3,753,617         | 3,966,188         | 4,877,663         | 3,842,589            | 4,664,755         | 4,664,755          | 4,903,463   | 5,171,322              | 5,469,798              |
| Investment property                      | 589,382           | 588,191           | 586,427           | 586,473              | 584,713           | 584,713            | 582,999   | 581,285                | 579,571                |
| Investment in Associate                  | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Property, plant and equipment            | 33,443,104        | 36,892,544        | 40,377,585        | 44,648,942           | 45,467,384        | 45,467,384         | 51,469,546  | 57,024,133             | 62,924,923             |
| Agricultural                             | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Biological                               | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Intangible                               | 708,383           | 629,162           | 678,871           | 522,272              | 529,946           | 529,946            | 407,814   | 291,852                | 176,652                |
| Other non-current assets                 | 9,062             | 9,049             | 8,904             | 9,049                | 8,904             | 8,904              | 8,904   | 8,904                  | 8,904                  |
| <b>Total non current assets</b>          | <b>38,578,872</b> | <b>42,136,829</b> | <b>46,570,423</b> | <b>49,655,980</b>    | <b>51,294,626</b> | <b>51,294,626</b>  | <b>57,409,704</b>                                   | <b>63,112,625</b>      | <b>69,193,221</b>      |
| <b>TOTAL ASSETS</b>                      | <b>49,258,112</b> | <b>53,863,781</b> | <b>58,821,083</b> | <b>63,460,560</b>    | <b>65,773,695</b> | <b>65,773,695</b>  | <b>72,839,666</b>                                   | <b>80,389,968</b>      | <b>89,631,049</b>      |
| <b>LIABILITIES</b>                       |                   |                   |                   |                      |                   |                    |   |                        |                        |
| <b>Current liabilities</b>               |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Bank overdraft                           | -                 | -                 | 5,298             | -                    | -                 | -                  | -   | -                      | -                      |
| Borrowing                                | 345,682           | 469,936           | 334,185           | 428,372              | 428,372           | 428,372            | 895,175   | 1,234,967              | 1,645,282              |
| Consumer deposits                        | 272,258           | 324,633           | 351,710           | 392,806              | 386,881           | 386,881            | 425,569   | 468,126                | 514,939                |
| Trade and other payables                 | 6,911,132         | 6,995,470         | 7,110,819         | 8,766,074            | 7,504,429         | 7,504,429          | 7,277,410   | 7,254,211              | 7,270,591              |
| Provisions                               | 1,127,282         | 1,069,277         | 964,292           | 1,224,215            | 1,031,792         | 1,031,792          | 1,068,525   | 1,171,019              | 1,251,623              |
| <b>Total current liabilities</b>         | <b>8,656,354</b>  | <b>8,859,316</b>  | <b>8,766,304</b>  | <b>10,811,468</b>    | <b>9,351,474</b>  | <b>9,351,474</b>   | <b>9,666,679</b>                                    | <b>10,128,323</b>      | <b>10,682,435</b>      |
| <b>Non current liabilities</b>           |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Borrowing                                | 6,415,499         | 6,036,906         | 5,789,616         | 7,770,349            | 9,311,597         | 9,311,597          | 13,404,353  | 17,333,624             | 21,927,306             |
| Provisions                               | 5,624,708         | 6,116,353         | 6,109,329         | 6,743,780            | 6,453,063         | 6,453,063          | 7,099,756   | 7,637,918              | 8,207,503              |
| <b>Total non current liabilities</b>     | <b>12,040,207</b> | <b>12,153,259</b> | <b>11,898,945</b> | <b>14,514,129</b>    | <b>15,764,660</b> | <b>15,764,660</b>  | <b>20,504,109</b>                                   | <b>24,971,542</b>      | <b>30,134,809</b>      |
| <b>TOTAL LIABILITIES</b>                 | <b>20,696,561</b> | <b>21,012,575</b> | <b>20,665,249</b> | <b>25,325,597</b>    | <b>25,116,135</b> | <b>25,116,135</b>  | <b>30,170,788</b>                                   | <b>35,099,864</b>      | <b>40,817,244</b>      |
| <b>NET ASSETS</b>                        | <b>28,561,551</b> | <b>32,851,206</b> | <b>38,155,834</b> | <b>38,134,963</b>    | <b>40,657,560</b> | <b>40,657,560</b>  | <b>42,668,878</b>                                   | <b>45,290,103</b>      | <b>48,813,805</b>      |
| <b>COMMUNITY WEALTH/EQUITY</b>           |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Accumulated Surplus/(Deficit)            | 25,771,287        | 29,846,771        | 34,382,649        | 35,341,724           | 37,183,919        | 37,183,919         | 39,282,945  | 41,112,821             | 43,432,959             |
| Reserves                                 | 2,790,264         | 3,004,435         | 3,773,185         | 2,793,239            | 3,473,642         | 3,473,642          | 3,385,933   | 4,177,283              | 5,380,846              |
| <b>TOTAL COMMUNITY WEALTH/EQUITY</b>     | <b>28,561,551</b> | <b>32,851,206</b> | <b>38,155,834</b> | <b>38,134,963</b>    | <b>40,657,560</b> | <b>40,657,560</b>  | <b>42,668,878</b>                                   | <b>45,290,103</b>      | <b>48,813,805</b>      |

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

1. The budgeted Statement of Financial Position of the City has been prepared on a basis consistent with GRAP 1 and international accounting standards and as such makes it comparable with the present Statement of Financial Position and those of previous years. This will enable all stakeholders to interpret the impact of the budget as such on the Statement of Financial Position.
2. The assets are in the order of relative liquidity and liabilities according to their priority of being met with cash and an extensive table of notes (MBRR Table SA3 on page 193) are provided with details of the major components of items, such as:
  - Call Investment Deposits
  - Consumer Debtors
  - Property, Plant and Equipment
  - Trade and Other Payables
  - Non-Current Provisions
  - Changes in Net Assets
  - Reserves
3. Movements on the Budgeted Statement of Financial Performance will impact on the Budgeted Statement of Financial Position. Assumptions made on the collection rate for instance, will affect the budgeted cash position of the City and the budgeted impairment of debtors. As such the assumptions form a critical link in determining the applicability and relevance of the budget, the determination of financial indicators, the assessment of funding compliance and the general viability of the municipality.

Table 27 MBRR Table A7 - Budgeted Cash Flow Statement

| Description                                       | 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 |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>        |                    |                    |                    |                      |                    |                    |   |                        |                        |
| <b>Receipts</b>                                   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Property rates                                    | 6,018,735          | 6,745,047          | 8,105,126          | 8,344,028            | 8,395,674          | 8,395,674          | 9,055,790   | 9,795,009              | 10,630,877             |
| Service charges                                   | 15,197,370         | 17,363,596         | 18,619,105         | 17,459,005           | 16,053,486         | 16,053,486         | 17,999,918  | 20,834,071             | 23,804,691             |
| Other revenue                                     | 1,882,754          | 1,361,513          | 617,854            | 1,357,994            | 1,406,761          | 1,406,761          | 4,295,619   | 4,455,769              | 4,674,532              |
| Government - operating                            | 3,251,460          | 3,589,931          | 3,633,883          | 6,455,942            | 7,032,299          | 7,032,299          | 4,168,909   | 4,460,909              | 4,728,817              |
| Government - capital                              | 2,423,179          | 2,131,537          | 2,014,869          | 2,353,735            | 2,227,102          | 2,227,102          | 2,142,496   | 2,197,442              | 2,408,433              |
| Interest  | 735,298            | 841,417            | 999,822            | 773,657              | 893,657            | 893,657            | 969,548   | 989,834                | 1,020,077              |
| <b>Payments</b>                                   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Suppliers and employees                           | (22,609,163)       | (24,876,319)       | (26,611,461)       | (30,121,395)         | (30,302,034)       | (30,302,034)       | (32,284,252)  | (34,852,927)           | (37,909,359)           |
| Finance charges                                   | (709,455)          | (687,263)          | (666,163)          | (981,827)            | (933,427)          | (933,427)          | (1,305,377)   | (1,828,724)            | (1,994,078)            |
| Transfers and Grants                              | (136,487)          | (148,246)          | (111,829)          | (140,985)            | -                  | -                  | (230,036)   | (243,505)              | (257,020)              |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>  | <b>6,053,691</b>   | <b>6,321,213</b>   | <b>6,601,206</b>   | <b>5,500,155</b>     | <b>4,773,518</b>   | <b>4,773,518</b>   | <b>4,812,615</b>                                    | <b>5,807,877</b>       | <b>7,106,969</b>       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>       |                    |                    |                    |                      |                    |                    |   |                        |                        |
| <b>Receipts</b>                                   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Proceeds on disposal of PPE                       | 91,419             | 130,189            | 198,742            | 41,500               | 39,500             | 39,500             | 43,870  | 46,283                 | 48,852                 |
| Decrease (Increase) in non-current debtors        | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| Decrease (increase) other non-current receivables | 28,800             | 26,374             | 13,614             | 2,456                | 10,186             | 10,186             | 1,946   | 1,849                  | 1,756                  |
| Decrease (increase) in non-current investments    | 366,983            | (621,401)          | (410,412)          | (212,908)            | (212,908)          | (212,908)          | (238,708)   | (267,859)              | (298,475)              |
| <b>Payments</b>                                   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Capital assets                                    | (5,200,493)        | (5,489,832)        | (5,904,620)        | (6,890,062)          | (6,665,608)        | (6,665,608)        | (8,349,499)   | (8,319,324)            | (8,956,606)            |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>  | <b>(4,713,291)</b> | <b>(5,954,670)</b> | <b>(6,102,676)</b> | <b>(7,059,015)</b>   | <b>(6,828,830)</b> | <b>(6,828,830)</b> | <b>(8,542,391)</b>                                  | <b>(8,539,052)</b>     | <b>(9,204,473)</b>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>       |                    |                    |                    |                      |                    |                    |   |                        |                        |
| <b>Receipts</b>                                   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Short term loans                                  | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| Borrowing long term/refinancing                   | -                  | -                  | -                  | 2,500,000            | 4,000,000          | 4,000,000          | 5,000,000   | 5,200,000              | 6,000,000              |
| Increase (decrease) in consumer deposits          | (97,959)           | 52,375             | 27,077             | 35,710               | 29,785             | 29,785             | 38,688  | 42,557                 | 46,813                 |
| <b>Payments</b>                                   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Repayment of borrowing                            | (309,852)          | (285,597)          | (407,883)          | (432,586)            | (432,586)          | (432,586)          | (682,586)   | (1,012,345)            | (1,165,628)            |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>  | <b>(407,811)</b>   | <b>(233,222)</b>   | <b>(380,806)</b>   | <b>2,103,124</b>     | <b>3,597,199</b>   | <b>3,597,199</b>   | <b>4,356,102</b>                                    | <b>4,230,212</b>       | <b>4,881,185</b>       |
| <b>NET INCREASE/ (DECREASE) IN CASH HELD</b>      | <b>932,589</b>     | <b>133,321</b>     | <b>117,724</b>     | <b>544,264</b>       | <b>1,541,886</b>   | <b>1,541,886</b>   | <b>626,325</b>                                      | <b>1,499,038</b>       | <b>2,783,680</b>       |
| Cash/cash equivalents at the year begin:          | 2,266,559          | 3,199,148          | 3,332,469          | 3,450,193            | 3,450,193          | 3,450,193          | 4,992,079   | 5,618,404              | 7,117,443              |
| Cash/cash equivalents at the year end:            | 3,199,148          | 3,332,469          | 3,450,193          | 3,994,457            | 4,992,079          | 4,992,079          | 5,618,404   | 7,117,443              | 9,901,123              |



## **Explanatory notes to Table A7 – Budgeted Cash Flow Statement**

1. The table shows the cash and cash equivalents of the City during the 2018/19 MTREF.
2. For the 2018/19 MTREF the budget has been prepared to ensure adequate levels of working capital representing cash and cash equivalents over the medium-term, with cash levels anticipated to exceed R5 618 million by 2018/19 and increasing to R9 901 million by 2020/21.
3. Certain revenue categories were reduced by the working capital bad debt provision based on past trends. As a result, the collection rate for these revenue categories have been amended as follows:
  - Property rates: 96 %
  - Electricity: 99%
  - Water: 82%
  - Sanitation: 77.6%
  - Solid waste: 90.9%
  - Rental income: 51.3%
  - Fines: 20%In addition to the above, the Fuel Levy was excluded from the operating grant total and included under Other revenue.
4. The assumptions for expenditure is 100% spend with the exception of capital which is calculated at 90% spend.

**Table 28 MBRR 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 | Budget Year 2018/19                                 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| <b>Cash and investments available</b>             |                  |                  |                  |                      |                   |                    |   |                        |                        |
| Cash/cash equivalents at the year end             | 3,199,148        | 3,332,469        | 3,450,193        | 3,994,457            | 4,992,079         | 4,992,079          | 5,618,404   | 7,117,443              | 9,901,123              |
| Other current investments > 90 days               | 1,746,347        | 2,155,177        | 1,654,114        | 2,709,393            | 1,867,022         | 1,867,022          | 1,628,314   | 1,360,455              | 1,061,979              |
| Non current assets - Investments                  | 3,753,617        | 3,966,188        | 4,877,663        | 3,842,589            | 4,664,755         | 4,664,755          | 4,903,463   | 5,171,322              | 5,469,798              |
| <b>Cash and investments available:</b>            | <b>8,699,112</b> | <b>9,453,834</b> | <b>9,981,970</b> | <b>10,546,439</b>    | <b>11,523,856</b> | <b>11,523,856</b>  | <b>12,150,181</b>                                   | <b>13,649,220</b>      | <b>16,432,900</b>      |
| <b>Application of cash and investments</b>        |                  |                  |                  |                      |                   |                    |   |                        |                        |
| Unspent conditional transfers                     | 1,527,445        | 1,199,955        | 1,054,374        | 680,263              | 1,740,079         | 1,740,079          | 1,460,987   | 1,772,177              | 2,112,823              |
| Unspent borrowing                                 | -                | -                | -                | -                    | -                 | -                  | -   | -                      | -                      |
| Statutory requirements                            | -                | -                | -                | -                    | -                 | -                  | 102,936   | 108,083                | 113,487                |
| Other working capital requirements                | 281,584          | 324,693          | 13,061           | 1,979,259            | (896,355)         | (896,355)          | (1,936,664)   | (2,764,127)            | (3,684,874)            |
| Other provisions                                  | -                | -                | -                | -                    | -                 | -                  | 1,068,525   | 1,171,019              | 1,251,623              |
| Long term investments committed                   | 1,788,477        | 1,968,829        | 2,051,869        | 2,265,047            | 2,265,047         | 2,265,047          | 2,503,755   | 2,771,615              | 3,070,090              |
| Reserves to be backed by cash/investments         | 2,790,264        | 3,004,435        | 3,773,185        | 3,100,264            | 3,421,363         | 3,421,363          | 4,714,541   | 5,851,351              | 7,465,701              |
| <b>Total Application of cash and investments:</b> | <b>6,387,770</b> | <b>6,497,912</b> | <b>6,892,489</b> | <b>8,024,834</b>     | <b>6,530,135</b>  | <b>6,530,135</b>   | <b>7,914,080</b>                                    | <b>8,910,117</b>       | <b>10,328,851</b>      |
| <b>Surplus(shortfall)</b>                         | <b>2,311,342</b> | <b>2,955,922</b> | <b>3,089,481</b> | <b>2,521,605</b>     | <b>4,993,721</b>  | <b>4,993,721</b>   | <b>4,236,101</b>                                    | <b>4,739,103</b>       | <b>6,104,049</b>       |

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. From the table it can be seen that the City remains in a surplus net cash flow position for the period 2018/19 to 2020/21.
5. Considering the requirements of section 18 of the MFMA, it can be concluded that the 2018/19 MTREF is fully funded.
6. 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/aligned to section 18 of the MFMA.
7. Table A8 reflects a surplus of R4 236 million in 2018/19 increasing to R6 104 million by 2020/21.

**Table 29 MBRR 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 |
| <b>CAPITAL EXPENDITURE</b>                          |                  |                  |                  |                      |                  |                    |   |                        |                        |
| <b>Total New Assets</b>                             | <b>2,886,738</b> | <b>2,820,243</b> | <b>3,006,491</b> | <b>3,764,497</b>     | <b>4,689,304</b> | <b>4,646,571</b>   | <b>5,624,572</b>                                    | <b>4,981,098</b>       | <b>5,512,396</b>       |
| <i>Roads Infrastructure</i>                         | 616,988          | 665,367          | 897,860          | 956,768              | 808,645          | 900,007            | 665,185   | 705,566                | 716,396                |
| <i>Storm water Infrastructure</i>                   | 200              | 2,803            | 3,845            | 124,492              | 125,752          | 3,888              | 93,818  | 120,121                | 132,265                |
| <i>Electrical Infrastructure</i>                    | 447,696          | 509,555          | 555,112          | 567,420              | 534,914          | 530,013            | 516,806   | 568,545                | 658,971                |
| <i>Water Supply Infrastructure</i>                  | 136,191          | 143,479          | 208,170          | 518,930              | 1,699,053        | 1,614,965          | 1,880,585   | 452,474                | 1,545,977              |
| <i>Sanitation Infrastructure</i>                    | 103,850          | 205,274          | 154,686          | 120,422              | 127,338          | 73,243             | 189,290   | 268,075                | 239,337                |
| <i>Solid Waste Infrastructure</i>                   | 138,914          | 68,991           | 41,370           | 194,077              | 80,929           | 80,929             | 167,300   | 290,100                | 417,140                |
| <i>Information and Communication Infrastructure</i> | 133,046          | 182,718          | 131,324          | 189,528              | 151,159          | 156,805            | 236,906   | 200,427                | 197,980                |
| <b>Infrastructure</b>                               | <b>1,576,886</b> | <b>1,778,186</b> | <b>1,992,367</b> | <b>2,671,635</b>     | <b>3,527,790</b> | <b>3,359,851</b>   | <b>3,749,891</b>                                    | <b>2,605,308</b>       | <b>3,908,066</b>       |
| Community Facilities                                | 532,831          | 262,462          | 300,144          | 342,313              | 238,104          | 237,440            | 484,192   | 318,874                | 164,952                |
| Sport and Recreation Facilities                     | 2,131            | 1,626            | 10               | 350                  | 1,243            | 1,243              | 140   | -                      | -                      |
| <b>Community Assets</b>                             | <b>534,963</b>   | <b>264,089</b>   | <b>300,154</b>   | <b>342,663</b>       | <b>239,347</b>   | <b>238,682</b>     | <b>484,332</b>                                      | <b>318,874</b>         | <b>164,952</b>         |
| <b>Heritage Assets</b>                              | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Revenue Generating                                  | -                | -                | 81               | -                    | -                | -                  | -   | -                      | -                      |
| <b>Investment properties</b>                        | -                | -                | <b>81</b>        | -                    | -                | -                  | -   | -                      | -                      |
| Operational Buildings                               | 45,365           | 100,642          | 216,943          | 216,517              | 195,657          | 204,158            | 106,898   | 68,498                 | 51,250                 |
| Housing   | 14,364           | 44,823           | 3,255            | 66,041               | 13,416           | 13,628             | 53,740  | 129,570                | 121,440                |
| <b>Other Assets</b>                                 | <b>59,728</b>    | <b>145,465</b>   | <b>220,198</b>   | <b>282,558</b>       | <b>209,073</b>   | <b>217,786</b>     | <b>160,638</b>                                      | <b>198,067</b>         | <b>172,690</b>         |
| Licences and Rights                                 | -                | 495              | 500              | 2,000                | 5,240            | 3,800              | 10,565  | 58,565                 | 31,565                 |
| <b>Intangible Assets</b>                            | -                | <b>495</b>       | <b>500</b>       | <b>2,000</b>         | <b>5,240</b>     | <b>3,800</b>       | <b>10,565</b>                                       | <b>58,565</b>          | <b>31,565</b>          |
| <b>Computer Equipment</b>                           | <b>71,679</b>    | <b>122,051</b>   | <b>144,155</b>   | <b>207,103</b>       | <b>247,821</b>   | <b>234,519</b>     | <b>156,667</b>                                      | <b>167,050</b>         | <b>93,344</b>          |
| <b>Furniture and Office Equipment</b>               | <b>252,027</b>   | <b>306,688</b>   | <b>133,346</b>   | <b>78,378</b>        | <b>134,561</b>   | <b>137,581</b>     | <b>73,293</b>                                       | <b>51,470</b>          | <b>68,087</b>          |
| <b>Machinery and Equipment</b>                      | <b>42,245</b>    | <b>97,819</b>    | <b>152,897</b>   | <b>128,188</b>       | <b>261,186</b>   | <b>261,184</b>     | <b>907,302</b>                                      | <b>1,532,900</b>       | <b>1,037,841</b>       |
| <b>Transport Assets</b>                             | <b>349,210</b>   | <b>105,449</b>   | <b>62,793</b>    | <b>51,970</b>        | <b>64,286</b>    | <b>193,168</b>     | <b>81,885</b>                                       | <b>48,863</b>          | <b>35,850</b>          |
| <b>Total Renewal of Existing Assets</b>             | <b>2,365,004</b> | <b>2,669,591</b> | <b>1,587,484</b> | <b>1,423,658</b>     | <b>1,624,771</b> | <b>1,641,283</b>   | <b>1,794,673</b>                                    | <b>2,245,776</b>       | <b>2,561,781</b>       |
| <i>Roads Infrastructure</i>                         | 278,810          | 435,911          | 254,173          | 183,678              | 180,456          | 216,785            | 220,181   | 213,908                | 254,748                |
| <i>Storm water Infrastructure</i>                   | 18,768           | 44,902           | 27,082           | 48,495               | 49,810           | 12,930             | 13,900  | 10,900                 | 15,000                 |
| <i>Electrical Infrastructure</i>                    | 358,552          | 429,547          | 305,935          | 461,479              | 360,933          | 360,933            | 427,796   | 669,300                | 673,200                |
| <i>Water Supply Infrastructure</i>                  | 306,728          | 401,675          | 318,909          | 275,892              | 423,025          | 453,025            | 437,500   | 486,500                | 570,000                |
| <i>Sanitation Infrastructure</i>                    | 348,155          | 467,650          | 182,065          | 79,595               | 99,584           | 99,584             | 339,750   | 564,500                | 653,250                |
| <i>Solid Waste Infrastructure</i>                   | 18,755           | 87,176           | 1,059            | 4,000                | 1,000            | 1,000              | 5,280   | -                      | 10,000                 |
| <i>Information and Communication Infrastructure</i> | -                | -                | 138              | 1,500                | 1,530            | 3,060              | 1,560   | 1,500                  | 2,650                  |
| <b>Infrastructure</b>                               | <b>1,329,768</b> | <b>1,866,859</b> | <b>1,089,361</b> | <b>1,054,639</b>     | <b>1,116,337</b> | <b>1,147,316</b>   | <b>1,445,967</b>                                    | <b>1,946,608</b>       | <b>2,178,848</b>       |
| Community Facilities                                | 94,584           | 93,572           | 3,493            | 40,373               | 47,816           | 13,815             | 5,522   | 800                    | 100                    |
| Sport and Recreation Facilities                     | 59,695           | 37,166           | -                | -                    | -                | -                  | -   | -                      | -                      |
| <b>Community Assets</b>                             | <b>154,279</b>   | <b>130,739</b>   | <b>3,493</b>     | <b>40,373</b>        | <b>47,816</b>    | <b>13,815</b>      | <b>5,522</b>  | <b>800</b>             | <b>100</b>             |
| <b>Heritage Assets</b>                              | <b>514</b>       | <b>6,547</b>     | -                | <b>650</b>           | <b>570</b>       | <b>476</b>         | <b>1,800</b>  | <b>1,800</b>           | <b>2,000</b>           |
| Operational Buildings                               | 224,296          | 157,526          | 83,740           | 10,150               | 27,784           | 22,035             | 14,017  | 15,417                 | 97,767                 |
| Housing   | 345,863          | 124,428          | 49,186           | 9,180                | 20,575           | 20,575             | -   | -                      | -                      |
| <b>Other Assets</b>                                 | <b>570,159</b>   | <b>281,954</b>   | <b>132,926</b>   | <b>19,330</b>        | <b>48,359</b>    | <b>42,610</b>      | <b>14,017</b>                                       | <b>15,417</b>          | <b>97,767</b>          |
| Licences and Rights                                 | -                | -                | -                | 2,500                | 7,500            | 2,500              | 5,000   | 5,000                  | 5,000                  |
| <b>Intangible Assets</b>                            | -                | -                | -                | <b>2,500</b>         | <b>7,500</b>     | <b>2,500</b>       | <b>5,000</b>  | <b>5,000</b>           | <b>5,000</b>           |
| <b>Computer Equipment</b>                           | <b>112,064</b>   | <b>98,753</b>    | <b>70,328</b>    | <b>75,080</b>        | <b>75,496</b>    | <b>80,127</b>      | <b>62,960</b>                                       | <b>65,907</b>          | <b>54,722</b>          |
| <b>Furniture and Office Equipment</b>               | <b>49,270</b>    | <b>47,862</b>    | <b>13,047</b>    | <b>18,658</b>        | <b>23,219</b>    | <b>15,671</b>      | <b>18,605</b>                                       | <b>19,972</b>          | <b>20,514</b>          |
| <b>Machinery and Equipment</b>                      | <b>20,369</b>    | <b>17,207</b>    | <b>6,318</b>     | <b>29,713</b>        | <b>53,691</b>    | <b>56,379</b>      | <b>29,100</b>                                       | <b>11,604</b>          | <b>13,350</b>          |
| <b>Transport Assets</b>                             | <b>128,582</b>   | <b>219,670</b>   | <b>272,011</b>   | <b>182,714</b>       | <b>251,782</b>   | <b>282,388</b>     | <b>211,700</b>                                      | <b>178,667</b>         | <b>189,479</b>         |

Table continues on next page.

City of Cape Town 2018/19 Tabled Budget

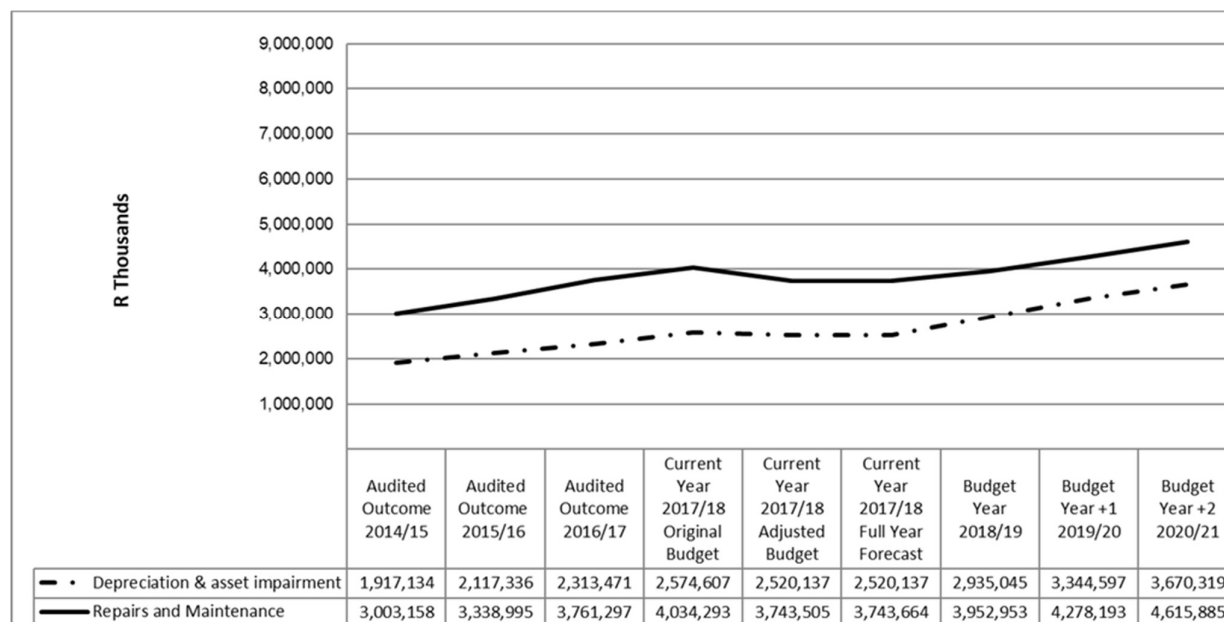
| Description   | 2014/15          | 2015/16          | 2016/17          | Current Year 2017/18 |                  |                    | 2018/19 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
|   | 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 |
| <b>Total Upgrading of Existing Assets</b>           | -                | -                | 1,310,647        | 1,787,066            | 1,537,586        | 1,529,844          | 1,857,977   | 2,016,820              | 1,877,607              |
| <i>Roads Infrastructure</i>                         | -                | -                | 270,595          | 292,589              | 255,554          | 268,360            | 300,438   | 210,632                | 239,813                |
| <i>Storm water Infrastructure</i>                   | -                | -                | 25,054           | 12,925               | 45,169           | 39,292             | 9,200   | 122,000                | 47,400                 |
| <i>Electrical Infrastructure</i>                    | -                | -                | 208,812          | 86,976               | 116,255          | 116,255            | 142,738   | 145,693                | 232,196                |
| <i>Water Supply Infrastructure</i>                  | -                | -                | 52,702           | 106,645              | 92,790           | 89,164             | 36,500  | 37,500                 | 25,000                 |
| <i>Sanitation Infrastructure</i>                    | -                | -                | 288,558          | 494,930              | 376,653          | 373,126            | 674,202   | 846,750                | 875,905                |
| <i>Solid Waste Infrastructure</i>                   | -                | -                | 10,933           | 25,000               | 15,683           | 25,533             | 54,426  | 91,628                 | 32,742                 |
| <i>Information and Communication Infrastructure</i> | -                | -                | 2,497            | -                    | -                | -                  | -   | -                      | 351                    |
| <b>Infrastructure</b>                               | -                | -                | <b>859,151</b>   | <b>1,019,065</b>     | <b>902,104</b>   | <b>911,730</b>     | <b>1,217,504</b>                                    | <b>1,454,202</b>       | <b>1,453,408</b>       |
| Community Facilities                                | -                | -                | 148,344          | 164,694              | 144,548          | 140,323            | 191,151   | 169,122                | 154,654                |
| Sport and Recreation Facilities                     | -                | -                | 57,234           | 53,849               | 47,248           | 43,474             | 35,943  | 17,731                 | 31,209                 |
| <b>Community Assets</b>                             | -                | -                | <b>205,578</b>   | <b>218,543</b>       | <b>191,797</b>   | <b>183,797</b>     | <b>227,094</b>                                      | <b>186,853</b>         | <b>185,863</b>         |
| <b>Heritage Assets</b>                              | -                | -                | <b>38,955</b>    | <b>6,800</b>         | <b>7,530</b>     | <b>7,530</b>       | -   | -                      | -                      |
| Operational Buildings                               | -                | -                | 163,823          | 385,433              | 312,722          | 301,638            | 263,902   | 248,215                | 189,186                |
| Housing   | -                | -                | 24,283           | 91,717               | 80,779           | 80,779             | 101,406   | 98,000                 | 22,150                 |
| <b>Other Assets</b>                                 | -                | -                | <b>188,106</b>   | <b>477,151</b>       | <b>393,501</b>   | <b>382,417</b>     | <b>365,307</b>                                      | <b>346,215</b>         | <b>211,336</b>         |
| Licences and Rights                                 | -                | -                | 3,931            | 29,756               | 9,269            | 9,269              | 12,450  | 11,450                 | 6,250                  |
| <b>Intangible Assets</b>                            | -                | -                | <b>3,931</b>     | <b>29,756</b>        | <b>9,269</b>     | <b>9,269</b>       | <b>12,450</b>                                       | <b>11,450</b>          | <b>6,250</b>           |
| <b>Computer Equipment</b>                           | -                | -                | <b>1,355</b>     | <b>6,100</b>         | <b>12,673</b>    | <b>13,765</b>      | <b>8,952</b>  | -                      | -                      |
| <b>Furniture and Office Equipment</b>               | -                | -                | <b>9,037</b>     | <b>19,651</b>        | <b>17,296</b>    | <b>17,918</b>      | <b>17,451</b>                                       | <b>12,100</b>          | <b>11,000</b>          |
| <b>Machinery and Equipment</b>                      | -                | -                | <b>4,534</b>     | <b>10,000</b>        | <b>3,417</b>     | <b>3,417</b>       | <b>9,218</b>  | <b>6,000</b>           | <b>9,750</b>           |
| <b>Total Capital Expenditure</b>                    | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <i>Roads Infrastructure</i>                         | 895,797          | 1,101,277        | 1,422,628        | 1,433,035            | 1,244,655        | 1,385,152          | 1,185,804   | 1,130,106              | 1,210,958              |
| <i>Storm water Infrastructure</i>                   | 18,968           | 47,705           | 55,981           | 185,912              | 220,732          | 56,110             | 116,918   | 253,021                | 194,665                |
| <i>Electrical Infrastructure</i>                    | 806,249          | 939,102          | 1,069,858        | 1,115,875            | 1,012,102        | 1,007,201          | 1,087,340   | 1,383,538              | 1,564,367              |
| <i>Water Supply Infrastructure</i>                  | 442,919          | 545,153          | 579,781          | 901,467              | 2,214,868        | 2,157,154          | 2,354,585   | 976,474                | 2,140,977              |
| <i>Sanitation Infrastructure</i>                    | 452,005          | 672,924          | 625,309          | 694,946              | 603,574          | 545,953            | 1,203,243   | 1,679,325              | 1,768,492              |
| <i>Solid Waste Infrastructure</i>                   | 157,670          | 156,167          | 53,361           | 223,077              | 97,611           | 107,461            | 227,006   | 381,728                | 459,882                |
| <i>Information and Communication Infrastructure</i> | 133,046          | 182,718          | 133,959          | 191,028              | 152,689          | 159,865            | 238,466   | 201,927                | 200,981                |
| <b>Infrastructure</b>                               | <b>2,906,654</b> | <b>3,645,045</b> | <b>3,940,879</b> | <b>4,745,340</b>     | <b>5,546,231</b> | <b>5,418,897</b>   | <b>6,413,362</b>                                    | <b>6,006,119</b>       | <b>7,540,323</b>       |
| Community Facilities                                | 627,415          | 356,035          | 451,981          | 547,380              | 430,469          | 391,578            | 680,865   | 488,796                | 319,706                |
| Sport and Recreation Facilities                     | 61,826           | 38,793           | 57,244           | 54,199               | 48,491           | 44,717             | 36,083  | 17,731                 | 31,209                 |
| <b>Community Assets</b>                             | <b>689,241</b>   | <b>394,827</b>   | <b>509,225</b>   | <b>601,580</b>       | <b>478,960</b>   | <b>436,295</b>     | <b>716,948</b>                                      | <b>506,527</b>         | <b>350,915</b>         |
| <b>Heritage Assets</b>                              | <b>514</b>       | <b>6,547</b>     | <b>38,955</b>    | <b>7,450</b>         | <b>8,100</b>     | <b>8,006</b>       | <b>1,800</b>  | <b>1,800</b>           | <b>2,000</b>           |
| Revenue Generating                                  | -                | -                | 81               | -                    | -                | -                  | -   | -                      | -                      |
| <b>Investment properties</b>                        | -                | -                | <b>81</b>        | -                    | -                | -                  | -   | -                      | -                      |
| Operational Buildings                               | 269,661          | 258,169          | 464,506          | 612,100              | 536,164          | 527,831            | 384,817   | 332,130                | 338,204                |
| Housing   | 360,226          | 169,251          | 76,724           | 166,938              | 114,770          | 114,982            | 155,146   | 227,570                | 143,590                |
| <b>Other Assets</b>                                 | <b>629,887</b>   | <b>427,420</b>   | <b>541,230</b>   | <b>779,039</b>       | <b>650,934</b>   | <b>642,813</b>     | <b>539,963</b>                                      | <b>559,699</b>         | <b>481,794</b>         |
| Licences and Rights                                 | -                | 495              | 4,431            | 34,256               | 22,009           | 15,569             | 28,015  | 75,015                 | 42,815                 |
| <b>Intangible Assets</b>                            | -                | <b>495</b>       | <b>4,431</b>     | <b>34,256</b>        | <b>22,009</b>    | <b>15,569</b>      | <b>28,015</b>                                       | <b>75,015</b>          | <b>42,815</b>          |
| <b>Computer Equipment</b>                           | <b>183,743</b>   | <b>220,804</b>   | <b>215,837</b>   | <b>288,284</b>       | <b>335,990</b>   | <b>328,411</b>     | <b>228,579</b>                                      | <b>232,957</b>         | <b>148,067</b>         |
| <b>Furniture and Office Equipment</b>               | <b>301,297</b>   | <b>354,551</b>   | <b>155,430</b>   | <b>116,687</b>       | <b>175,076</b>   | <b>171,170</b>     | <b>109,349</b>                                      | <b>83,542</b>          | <b>99,601</b>          |
| <b>Machinery and Equipment</b>                      | <b>62,614</b>    | <b>115,027</b>   | <b>163,750</b>   | <b>167,902</b>       | <b>318,295</b>   | <b>320,980</b>     | <b>945,620</b>                                      | <b>1,550,504</b>       | <b>1,060,941</b>       |
| <b>Transport Assets</b>                             | <b>477,791</b>   | <b>325,119</b>   | <b>334,804</b>   | <b>234,684</b>       | <b>316,068</b>   | <b>475,556</b>     | <b>293,585</b>                                      | <b>227,530</b>         | <b>225,329</b>         |
| <b>TOTAL CAPITAL EXPENDITURE - Asset class</b>      | <b>5,251,742</b> | <b>5,489,834</b> | <b>5,904,621</b> | <b>6,975,220</b>     | <b>7,851,662</b> | <b>7,817,698</b>   | <b>9,277,222</b>                                    | <b>9,243,693</b>       | <b>9,951,785</b>       |

Table continues on next page.



### Explanatory notes to Table A9 – Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. The section on ‘Upgrading of Existing Assets’ in table A9 was introduced via Version 6.1 of the MBRR Schedule A - refer NT Budget Circular 85 (dated 9 December 2016). Records older than 2016/17 cannot be split into this category as the indicator does not exist on older records.
3. The following chart provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the City’s strategy to address the maintenance backlog. To ensure compliance the City will embark on an asset creation project which will be finalised over a couple of years.



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

Table 30 MBRR Table A10 - Basic Service Delivery Measurement

| Description  | 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 |
| <b>Household service targets</b>                         |                  |                  |                  |                      |                  |                    |   |                        |                        |
| <b>Water:</b>  |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Piped water inside dwelling                              | 989,239          | 978,170          | 988,643          | 1,132,666            | 1,132,666        | 1,132,666          | 1,190,854   | 1,214,760              | 1,239,353              |
| Piped water inside yard (but not in dwelling)            | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Using public tap (at least min.service level)            | 153,853          | 156,755          | 158,433          | 157,038              | 157,038          | 157,038            | 165,105   | 168,419                | 171,829                |
| Other water supply (at least min.service level)          | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <i>Minimum Service Level and Above sub-total</i>         | 1,143,092        | 1,134,925        | 1,147,076        | 1,289,704            | 1,289,704        | 1,289,704          | 1,355,959   | 1,383,179              | 1,411,182              |
| Using public tap (< min.service level)                   | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Other water supply (< min.service level)                 | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| No water supply  | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <i>Below Minimum Service Level sub-total</i>             | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <b>Total number of households</b>                        | <b>1,143,092</b> | <b>1,134,925</b> | <b>1,147,076</b> | <b>1,289,704</b>     | <b>1,289,704</b> | <b>1,289,704</b>   | <b>1,355,959</b>                                    | <b>1,383,179</b>       | <b>1,411,182</b>       |
| <b>Sanitation/sewerage:</b>                              |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Flush toilet (connected to sewerage)                     | 1,043,129        | 1,053,765        | 1,070,076        | 1,211,917            | 1,211,917        | 1,211,917          | 1,275,391   | 1,303,497              | 1,332,490              |
| Flush toilet (with septic tank)                          | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Chemical toilet  | 29,080           | 23,964           | 23,964           | 24,460               | 24,460           | 24,460             | 26,392  | 26,392                 | 26,392                 |
| Pit toilet (ventilated)                                  | -                | -                | 65               | 197                  | 197              | 197                | 197   | 197                    | -                      |
| Other toilet provisions (> min.service level)            | 70,506           | 57,196           | 52,754           | 52,913               | 52,913           | 52,913             | 53,830  | 52,993                 | 52,300                 |
| <i>Minimum Service Level and Above sub-total</i>         | 1,142,715        | 1,134,925        | 1,146,859        | 1,289,487            | 1,289,487        | 1,289,487          | 1,355,810   | 1,383,079              | 1,411,182              |
| Bucket toilet  | 377              | -                | 217              | 217                  | 217              | 217                | 149   | 100                    | -                      |
| Other toilet provisions (< min.service level)            | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| No toilet provisions                                     | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <i>Below Minimum Service Level sub-total</i>             | 377              | -                | 217              | 217                  | 217              | 217                | 149   | 100                    | -                      |
| <b>Total number of households</b>                        | <b>1,143,092</b> | <b>1,134,925</b> | <b>1,147,076</b> | <b>1,289,704</b>     | <b>1,289,704</b> | <b>1,289,704</b>   | <b>1,355,959</b>                                    | <b>1,383,179</b>       | <b>1,411,182</b>       |
| <b>Energy:</b>   |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Electricity (at least min.service level)                 | 855,171          | 853,402          | 853,402          | 853,298              | 815,813          | 817,313            | 818,813   | 820,313                | 821,813                |
| Electricity - prepaid (min.service level)                | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <i>Minimum Service Level and Above sub-total</i>         | 855,171          | 853,402          | 853,402          | 853,298              | 815,813          | 817,313            | 818,813   | 820,313                | 821,813                |
| Electricity (< min.service level)                        | 29,429           | 26,464           | 35,341           | 29,429               | 32,341           | 30,841             | 29,341  | 27,841                 | 26,341                 |
| Electricity - prepaid (< min. service level)             | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Other energy sources                                     | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <i>Below Minimum Service Level sub-total</i>             | 29,429           | 26,464           | 35,341           | 29,429               | 32,341           | 30,841             | 29,341  | 27,841                 | 26,341                 |
| <b>Total number of households</b>                        | <b>884,600</b>   | <b>879,866</b>   | <b>888,743</b>   | <b>882,727</b>       | <b>848,154</b>   | <b>848,154</b>     | <b>848,154</b>                                      | <b>848,154</b>         | <b>848,154</b>         |
| <b>Refuse:</b>   |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Removed at least once a week                             | 938,280          | 965,781          | 975,507          | 995,017              | 931,820          | 931,820            | 944,597   | 963,489                | 982,759                |
| <i>Minimum Service Level and Above sub-total</i>         | 938,280          | 965,781          | 975,507          | 995,017              | 931,820          | 931,820            | 944,597   | 963,489                | 982,759                |
| Removed less frequently than once a week                 | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Using communal refuse dump                               | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Using own refuse dump                                    | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Other rubbish disposal                                   | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| No rubbish disposal                                      | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <i>Below Minimum Service Level sub-total</i>             | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <b>Total number of households</b>                        | <b>938,280</b>   | <b>965,781</b>   | <b>975,507</b>   | <b>995,017</b>       | <b>931,820</b>   | <b>931,820</b>     | <b>944,597</b>                                      | <b>963,489</b>         | <b>982,759</b>         |
| <b>Households receiving Free Basic Service</b>           |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Water (6 kilolitres per household per month)             | -                | 231,793          | 222,098          | 255,733              | 255,733          | 255,733            | 267,325   | 267,325                | 267,325                |
| Sanitation (free minimum level service)                  | -                | 231,793          | 222,098          | 255,733              | 255,733          | 255,733            | 267,325   | 267,325                | 267,325                |
| Electricity/other energy (50kwh per household per month) | 229,385          | 229,217          | 236,941          | 194,597              | 194,597          | 194,597            | 194,597   | 194,597                | 194,597                |
| Refuse (removed at least once a week)                    | 278,431          | 295,543          | 302,957          | 232,534              | 317,665          | 317,665            | 324,018   | 330,499                | 337,109                |

Table continues on next page.

City of Cape Town 2018/19 Tabled Budget

| 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 |
| <b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>                                    |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Water (6 kilolitres per indigent household per month)   | -                | 202,773          | 212,041          | 314,306              | 314,306          | 314,306            | 412,857   | 538,572                | 657,273                |
| Sanitation (free sanitation service to indigent households)   | -                | 141,824          | 143,728          | 178,254              | 178,254          | 178,254            | 240,766   | 314,079                | 383,302                |
| Electricity/other energy (50kwh per indigent household per month)   | 149,860          | 177,255          | 160,638          | 81,713               | 81,713           | 81,713             | 160,638   | 160,638                | 160,638                |
| Refuse (removed once a week for indigent households)  | 227,951          | 234,084          | 235,401          | 276,709              | 276,709          | 276,709            | 291,928   | 307,984                | 324,924                |
| <b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>                           | <b>225,043</b>   | <b>614,543</b>   | <b>616,199</b>   | <b>692,625</b>       | <b>692,625</b>   | <b>692,625</b>     | <b>805,601</b>                                      | <b>951,619</b>         | <b>1,101,065</b>       |
| <b>Total cost of FBS provided</b>   | <b>602,855</b>   | <b>1,370,479</b> | <b>1,368,006</b> | <b>1,543,608</b>     | <b>1,543,608</b> | <b>1,543,608</b>   | <b>1,911,789</b>                                    | <b>2,272,892</b>       | <b>2,627,201</b>       |
| <b>Highest level of free service provided per household</b>   |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Property rates (R value threshold)  | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Water (kilolitres per household per month)  | 6                | 6                | 6                | 6                    | 6                | 6                  | 11  | 11                     | 11                     |
| Sanitation (kilolitres per household per month)   | 4                | 4                | 4                | 4                    | 4                | 4                  | 7   | 7                      | 7                      |
| Sanitation (Rand per household per month)   | 65               | 79               | 102              | 132                  | 151              | 151                | -   | -                      | -                      |
| Electricity (kwh per household per month)   | 60               | 60               | 60               | 60                   | 60               | 60                 | 60  | 60                     | 60                     |
| Refuse (average litres per week)  | 240              | 240              | 240              | 240                  | 240              | 240                | 240   | 240                    | 240                    |
| <b>Revenue cost of subsidised services provided (R'000)</b>   |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Property rates (tariff adjustment) ( impermissable values per section 17 of MPRA)                           | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA) | 1,159,647        | 1,171,275        | 1,227,820        | 1,297,571            | 1,277,924        | 1,277,924          | 1,415,801   | 1,539,066              | 1,674,064              |
| Water (in excess of 6 kilolitres per indigent household per month)  | -                | -                | 159,031          | 235,730              | 235,730          | 235,730            | 309,643   | 403,929                | 492,955                |
| Sanitation (in excess of free sanitation service to indigent households)                                    | -                | -                | 107,796          | 133,691              | 133,691          | 133,691            | 180,574   | 235,559                | 287,476                |
| Electricity/other energy (in excess of 50 kwh per indigent household per month)                             | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Refuse (in excess of one removal a week for indigent households)  | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Municipal Housing - rental rebates  | 30,379           | 22,102           | 25,175           | 26,843               | 26,843           | 26,843             | 31,060  | 32,614                 | 34,245                 |
| Housing - top structure subsidies   | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Other   | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <b>Total revenue cost of subsidised services provided</b>   | <b>1,190,026</b> | <b>1,193,377</b> | <b>1,519,822</b> | <b>1,693,834</b>     | <b>1,674,187</b> | <b>1,674,187</b>   | <b>1,937,078</b>                                    | <b>2,211,167</b>       | <b>2,488,740</b>       |



## **Explanatory notes to Table A10 – Basic Service Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The City is persistently striving to eradicate backlogs. The City's backlog status are as follows:
  - a) Water services: Cape Town's population, both formal and informal settlements, receives potable water in accordance with the National minimum standards as required by the Water Services Act 108 (of 1997). Backlogs reflected in the 2013/14 financial year was based on the City's standards and not National standards.
  - b) Sanitation services: Cape Town's population, both formal and informal settlements, receives sanitation services in accordance with the National minimum standards. Funding is still provided to further improve the service levels in Informal Settlements in line with the City's strategy. The bucket toilet value of 149 households reflected in the 'below minimum standards' category in the 2018/19 financial year is not seen as a backlog as these households using the bucket system do so despite being offered and encouraged to use alternative sanitation services which are available and accessible. It was intended to remove the remaining bucket systems in 2015/16, however it did not realise due to various challenges which included community resistance. Some of the 25 $\text{l}$  bucket toilets could be removed, bringing the total down from 377 during 2015 to the current 149. Initiatives to remove the remaining ones are ongoing, including a settlement upgrade as part of a new housing development project.
  - c) Electricity services: The electrification strategy is to reduce the backlog by 1 500 annually over the 2018/19 MTREF.
  - d) Refuse services: This service does not have any backlogs.
3. The increase in the number of households receiving free basic services increase the cost for providing the services. The associated cost of providing free basic services is projected to escalate from R1 912 million in 2018/19 to R2 627 million in 2020/21.

## Part 2 – Supporting Documentation

### 2.1 Overview of annual budget process

#### 2.1.1 Mayoral oversight and responsibility

Section 53 of the MFMA requires the Mayor of a municipality to provide general political guidance over the budget process and the priorities that guide the preparation of the budget. In addition, Regulation 4 of the MBRR states that:

- 1) *The mayor of a municipality must establish a budget steering committee to provide technical assistance to the mayor in discharging the responsibilities set out in section 53 of the Act.*
- 2) *The steering committee must consist of at least the following persons:*
  - a) *the councillor responsible for financial matters;*
  - b) *the municipal manager;*
  - c) *the chief financial officer;*
  - d) *the senior managers responsible for at least the three largest votes in the municipality;*
  - e) *the manager responsible for budgeting;*
  - f) *the manager responsible for planning; and*
  - g) *any technical experts on infrastructure.*

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

#### 2.1.2 Budget process overview

Section 21 of the MFMA requires the Mayor to table a time schedule, which sets out the process to draft the IDP and prepare the budget, ten months before the start of the new financial year. The IDP- and budget cycle time schedule was tabled at Council on 30 May 2017.

The 2017/18 financial year heralded a shift in focus by the City as Cape Town experiences its worst drought in 100 years. Although the Water & Sanitation department designed its water tariffs to discourage high water usage, not all initiatives were taken into account or envisaged when compiling the 2017/18 budget. The 2017/18 financial year therefore focused on securing alternative water sources and restricting water demand as outlined in the City's New Water Plan. This required the reprioritisation of the City's 2017/18 budget to accommodate its requirements and remains the main theme of the 2018/19 MTREF.

The City adopted the Strategic Management Framework (SMF); a product of the Organisational Development and Transformation Plan (ODTP) endorsed by the Mayor and the EMT. The SMF aims to integrate the strategic planning activities and deliverables across directorates to bring together a holistic shared strategy, which enables integrated decision making.

The SMF consisted of 4 review stages:

- Strategic Review, which resulted in updated City Strategies of the City Development Strategy (CDS), Economic Growth Strategy (EGS) and Social Development Strategy (SDS);
- Programme Review: to ensure alignment with City strategies, executive directors presented their directorates' sector management plans, projects and programmes to feed into the Updated Municipal Spatial Development Framework (MSDF) and Integrated Development Plan (IDP). These sessions took place in November 2017;
- The Item Review required the assessment of funding and budget (operating and capital) flowing from the Programme Review. This process took place in December 2017 to feed into the 2018/19 MTREF; and
- The Strategy and Budget Review, which assesses the outcome of the above processes in terms of the 2018/19 MTREF.

The budget process for the 2018/19 MTREF has/will proceed according to the following timeline:

#### **May 2017**

- The 2018/19 IDP and Budget timetable was tabled at Council.

#### **July to August 2017**

- Long Term Financial Plan (LTFP) modelling and BSM sessions focussed on the New Water Plan requirements and its impact on outer years; and
- Financial impact discussions at various Water-related fora i.e. Water Resilience Financial Strategy workgroup, Water Resilience Steering Committee and BSM.

#### **September to November 2017**

- BSM guidance on key parameters including financial and economic assumptions applied to the LTFP model and New Water Plan requirements;
- Budget brief issued by Executive Mayor to all Mayoral committee members and executive directors;
- Programme Review with the SMF core team and all executive directors to assess adherence to City strategies; and
- Budget consultation with subcouncils, where a report was submitted to September 2017 cycle of subcouncil meetings. The process included prioritisation per subcouncil in the 4-area model approach, as set out in the ODTP. Requirements stemming from subcouncils were submitted to line departments for consideration.
- Issue of Mayor's Budget Brief, which provided political direction to formulation of functional budget considerations.

#### **December 2017 to February 2018**

- Iterative interactions with BSC and BSM. Refinements of the LTFP model to ensure a credible, affordable and sustainable budget over the medium term;
- Item review and consideration of its impact on the capital- and operating budget; and
- Preparation of detailed capital- and operating budget.

#### **March to April 2018**

- 2018/19 capital- and operating budget and IDP review scheduled to be tabled at Council on 28 March 2018.
- Publication of budget, IDP and tariff proposals for comment and consultation as part of the public participation process. 2018 LG MTEC engagement scheduled for 24 April 2018.

### **April to May 2018**

- Comments received as a result of the public participation process will be submitted to Mayco for consideration.
- The 2018 Municipal Benchmark Engagement with National Treasury scheduled for 14 and 15 May 2018.
- 2018/19 MTREF budget, IDP review and BEPP scheduled for consideration and adoption by Council on 30 May 2018.

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

The City's IDP is its principal strategic planning instrument, which guides and informs its on-going planning, management and development actions. The IDP represents the City administration's commitment to exercise its executive authority. This 5-Year Term of Office Plan, is in line with National- and Provincial government legislation and is effectively the local government's blueprint by which it strives to realise its vision for Cape Town in the short-, medium- and long term.

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

#### **IDP Review**

Section 34(a) of the abovementioned legislation requires a municipal council to review its IDP:

- i) *annually, in accordance with an assessment of its performance measurements;*
- ii) *and to the extent that changing circumstances so demand.*

#### **IDP Amendment**

Section 34(b) of the legislation states that a municipal council may amend its IDP in accordance with the prescribed process.

The prescribed process for amending an IDP is contained in Section 3 of the Municipal Planning and Performance Management Regulations, 2001. The main steps in the process can be summarised as follows:

- i) Only a member or committee of a municipal council may introduce a proposal for amending the IDP;
- ii) Any proposal for amending the IDP must be accompanied by:
  - a memorandum setting out the reasons for the proposal
- iii) The proposed amendment must be published for public comment for a minimum period of 21 days
- iv) An amendment to the IDP is adopted by a decision taken by a municipal council in accordance with the rules and orders of council.

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

The City's priority objectives are set out in its IDP, which provides the strategic framework that guides the City's planning and budgeting over the course of the 5-year political term.

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

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

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

**The vision of the City**

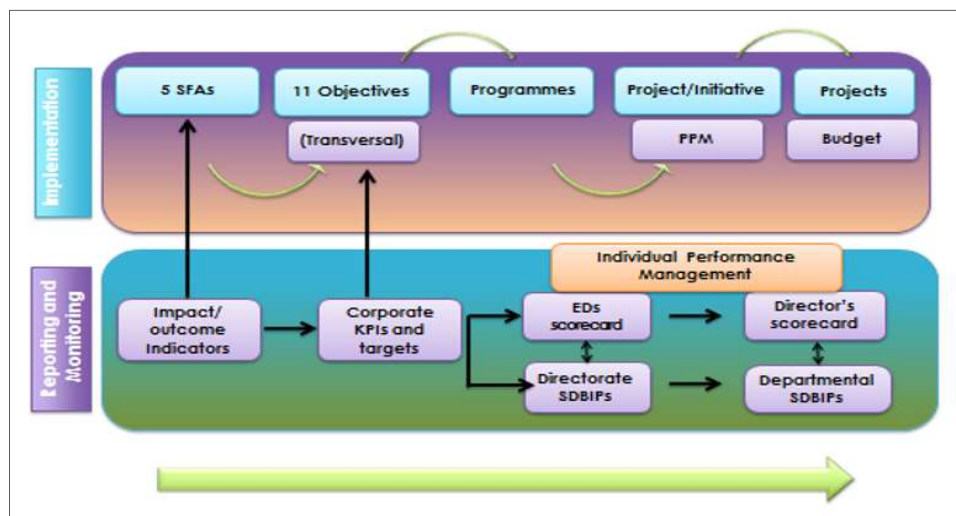
To be an opportunity City that creates an enabling environment for economic growth and job creation, and to provide assistance to those who need it most. To deliver quality services to all residents. To serve the citizens of Cape Town as a well-governed and corruption free administration.

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

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

The budget is allocated against the five strategic focus areas at a corporate level. This visionary framework is rolled out into objectives, key performance indicators (KPI) and targets for implementation. These are then broken down into the SDBIP that reflects the detailed projects. Each of these projects is allocated budgetary and other resources.

The figure below visually represents the link between the IDP and the budget and demonstrates how corporate strategy is cascaded through the organisation, and how it influences and shapes the operating and capital budgets of the various directorates and departments within the City.



**Figure 6 IDP and Budget link**

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

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

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

| Strategic Objective  | Goal   | Goal Code | 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 |
| <b>R thousand</b>  |  |           |                   |                   |                   |                      |                   |                    |   |                        |                        |
| The Opportunity City   | Attract investment for econ growth/jobs              | 1.1       | 96,645            | 103,191           | 124,616           | -                    | -                 | -                  | -   | -                      | -                      |
|  | Prov of economic & social infrastructure             | 1.2       | 15,446,992        | 17,291,668        | 18,541,175        | -                    | -                 | -                  | -   | -                      | -                      |
|  | Sustainable environment through resource             | 1.3       | 8,066             | 20,632            | 263               | -                    | -                 | -                  | -   | -                      | -                      |
|  | Mobility via effective public transport              | 1.4       | 460,775           | 482,891           | 482,850           | -                    | -                 | -                  | -   | -                      | -                      |
|  | City Assets for econ growth & developmnt             | 1.5       | 135,549           | 151,412           | 170,236           | -                    | -                 | -                  | -   | -                      | -                      |
| The Safe City  | Expand resources for safety and security             | 2.1       | 1                 | 1                 | 0                 | -                    | -                 | -                  | -   | -                      | -                      |
|  | Resource depts for optimum operations                | 2.2       | 57,044            | 66,958            | 76,909            | -                    | -                 | -                  | -   | -                      | -                      |
|  | Enhance intelligence-driven policing                 | 2.3       | 1,032,064         | 1,128,735         | 1,273,961         | -                    | -                 | -                  | -   | -                      | -                      |
|  | Improve emergency staff through training             | 2.4       | 16,118            | 16,602            | 20,848            | -                    | -                 | -                  | -   | -                      | -                      |
|  | Safety and security through partnerships             | 2.5       | 1,398             | 1,316             | 206               | -                    | -                 | -                  | -   | -                      | -                      |
| The Caring City  | Human settlements for increased access               | 3.2       | 709,330           | 790,774           | 756,678           | -                    | -                 | -                  | -   | -                      | -                      |
|  | Assess rental stock to beneficiaries                 | 3.3       | 222,964           | 233,092           | 247,133           | -                    | -                 | -                  | -   | -                      | -                      |
|  | Innovative human settlements access                  | 3.4       | 849,916           | 940,332           | 1,128,382         | -                    | -                 | -                  | -   | -                      | -                      |
|  | Effective environmental health services              | 3.5       | 1,398             | 3,140             | 6,679             | -                    | -                 | -                  | -   | -                      | -                      |
|  | Provide effective air quality management & pollution | 3.6       | 340               | 225               | 362               | -                    | -                 | -                  | -   | -                      | -                      |
|  | Effective primary health care services               | 3.7       | 485,148           | 521,117           | 581,820           | -                    | -                 | -                  | -   | -                      | -                      |
|  | Substance abuse treatment/rehabilitation             | 3.8       | 0                 | 1                 | 0                 | -                    | -                 | -                  | -   | -                      | -                      |
|  | Response for citizens to be communicated             | 4.1       | 67                | 132               | 250               | -                    | -                 | -                  | -   | -                      | -                      |
| The Inclusive City   | Facilities that make citizens feel home              | 4.2       | 134,868           | 114,618           | 116,472           | -                    | -                 | -                  | -   | -                      | -                      |
|  | Transparent & corruption free government             | 5.1       | 4,620             | 2,690             | 1,443             | -                    | -                 | -                  | -   | -                      | -                      |
| The Well-Run City  | Efficient & productive administration                | 5.2       | 50,347            | 144,598           | 69,629            | -                    | -                 | -                  | -   | -                      | -                      |
|  | Ensure unqualified audits by AG                      | 5.3       | 9,549,039         | 10,773,663        | 12,468,739        | -                    | -                 | -                  | -   | -                      | -                      |
|  |  |           |                   |                   |                   |                      |                   |                    |   |                        |                        |
| The Opportunity City   | Position CT as globally competitive City             | 1.1       | -                 | -                 | -                 | 6,508,985            | 323,807           | 323,807            | 477,413   | 525,265                | 568,902                |
|  | Leveraging Technology for Progress                   | 1.2       | -                 | -                 | -                 | 27,905               | 22,916            | 22,916             | 24,177  | 25,506                 | 26,922                 |
|  | Economic Inclusion                                   | 1.3       | -                 | -                 | -                 | -                    | -                 | -                  | 9,226   | 0                      | 0                      |
|  | Resource Efficiency and Security                     | 1.4       | -                 | -                 | -                 | 1,685                | 13,844            | 13,844             | 8,812   | 7,918                  | 8,068                  |
| The Safe City  | Safe Communities                                     | 2.1       | -                 | -                 | -                 | 1,242,927            | 1,275,141         | 1,275,141          | 1,373,715   | 1,447,663              | 1,527,174              |
| The Caring City  | Excellence in Basic Service delivery                 | 3.1       | -                 | -                 | -                 | 14,208,408           | 19,444,596        | 19,444,596         | 20,718,015  | 23,937,483             | 27,087,999             |
|  | Mstr basic service to infsettl bkyard                | 3.2       | -                 | -                 | -                 | 42,443               | 40,197            | 40,197             | 29,427  | 53,005                 | 66,047                 |
| The Inclusive City   | Dense_Transit Oriented Growth and Dev                | 4.1       | -                 | -                 | -                 | 16,423               | 25,040            | 25,040             | 9,374   | 6,519                  | 0                      |
|  | An Efficient Integrated Transport System             | 4.2       | -                 | -                 | -                 | 498,583              | 670,976           | 670,976            | 555,579   | 562,427                | 582,490                |
|  | Building Integrated Communities                      | 4.3       | -                 | -                 | -                 | 655,175              | 12,594,141        | 12,594,141         | 13,539,732  | 14,543,628             | 15,705,205             |
| The Well-Run City  | Operational sustainability                           | 5.1       | -                 | -                 | -                 | 14,805,558           | 2,264,666         | 2,264,666          | 3,009,090   | 3,181,715              | 3,365,103              |
| <b>Total Revenue (excluding capital transfers and contributions)</b> |  |           | <b>29,262,688</b> | <b>32,787,790</b> | <b>36,068,652</b> | <b>38,008,091</b>    | <b>36,675,324</b> | <b>36,675,324</b>  | <b>39,754,561</b>                                   | <b>44,291,128</b>      | <b>48,937,910</b>      |

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

| Strategic Objective      | Goal   | Goal Code | 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 |
| <b>R thousand</b>        |  |           |                   |                   |                   |                      |                   |                    |   |                        |                        |
| The Opportunity City     | Attract investment for econ growth/jobs  | 1.1       | 310,504           | 377,461           | 390,057           | -                    | -                 | -                  | -   | -                      | -                      |
|                          | Prov of economic & social infrastructure   | 1.2       | 13,960,905        | 15,675,219        | 16,965,420        | -                    | -                 | -                  | -   | -                      | -                      |
|                          | Sustainable environment through resource   | 1.3       | 567,615           | 614,946           | 687,365           | -                    | -                 | -                  | -   | -                      | -                      |
|                          | Mobility via effective public transport  | 1.4       | 1,261,152         | 1,402,283         | 1,583,295         | -                    | -                 | -                  | -   | -                      | -                      |
|                          | City Assets for econ growth & developmnt   | 1.5       | 142,435           | 162,107           | 180,785           | -                    | -                 | -                  | -   | -                      | -                      |
| The Safe City            | Expand resources for safety and security   | 2.1       | 2,211             | 2,037             | 1,964             | -                    | -                 | -                  | -   | -                      | -                      |
|                          | Resource depts for optimum operations  | 2.2       | 1,101,195         | 1,184,757         | 1,283,881         | -                    | -                 | -                  | -   | -                      | -                      |
|                          | Enhance intelligence-driven policing   | 2.3       | 1,045,475         | 1,230,838         | 1,331,916         | -                    | -                 | -                  | -   | -                      | -                      |
|                          | Improve emergency staff through training   | 2.4       | 104,572           | 115,038           | 119,111           | -                    | -                 | -                  | -   | -                      | -                      |
|                          | Safety and security through partnerships   | 2.5       | 79,986            | 97,779            | 82,468            | -                    | -                 | -                  | -   | -                      | -                      |
|                          | Human settlements for increased access   | 3.2       | 778,242           | 825,902           | 934,350           | -                    | -                 | -                  | -   | -                      | -                      |
|                          | Assess rental stock to beneficiaries   | 3.3       | 491,242           | 512,796           | 504,042           | -                    | -                 | -                  | -   | -                      | -                      |
|                          | Innovative human settlements access  | 3.4       | 816,162           | 920,180           | 1,046,640         | -                    | -                 | -                  | -   | -                      | -                      |
|                          | Effective environmental health services  | 3.5       | 146,430           | 252,915           | 254,687           | -                    | -                 | -                  | -   | -                      | -                      |
|                          | Provide effective air quality management & pollution                               | 3.6       | 9,252             | 9,968             | 10,621            | -                    | -                 | -                  | -   | -                      | -                      |
| The Inclusive City       | Effective primary health care services   | 3.7       | 757,490           | 815,161           | 948,710           | -                    | -                 | -                  | -   | -                      | -                      |
|                          | Substance abuse treatment/rehabilitation   | 3.8       | 6,264             | 6,833             | 6,750             | -                    | -                 | -                  | -   | -                      | -                      |
|                          | Response for citizens to be communicated   | 4.1       | 42,904            | 51,304            | 58,380            | -                    | -                 | -                  | -   | -                      | -                      |
|                          | Facilities that make citizens feel home  | 4.2       | 1,878,537         | 2,012,810         | 2,152,276         | -                    | -                 | -                  | -   | -                      | -                      |
| The Well-Run City        | Transparent & corruption free government   | 5.1       | 465,376           | 490,610           | 536,561           | -                    | -                 | -                  | -   | -                      | -                      |
|                          | Efficient & productive administration  | 5.2       | 1,534,251         | 1,653,791         | 1,786,314         | -                    | -                 | -                  | -   | -                      | -                      |
|                          | Ensure unqualified audits by AG  | 5.3       | 1,853,222         | 2,276,539         | 1,992,125         | -                    | -                 | -                  | -   | -                      | -                      |
| An Opportunity City      | Position CT as globally competitive City   | 1.1       | -                 | -                 | -                 | 8,088,602            | 5,283,729         | 5,283,729          | 5,948,304   | 6,289,738              | 6,700,497              |
|                          | Leveraging Technology for Progress   | 1.2       | -                 | -                 | -                 | 328,799              | 590,400           | 590,400            | 571,621   | 625,818                | 672,659                |
|                          | Economic Inclusion   | 1.3       | -                 | -                 | -                 | 73,396               | 54,821            | 54,821             | 78,862  | 166,422                | 180,002                |
|                          | Resource Efficiency and Security   | 1.4       | -                 | -                 | -                 | 190,149              | 583,407           | 583,407            | 1,452,795   | 1,878,455              | 2,692,391              |
| The Safe City            | Safe Communities   | 2.1       | -                 | -                 | -                 | 3,197,496            | 3,166,154         | 3,166,154          | 3,349,129   | 3,640,114              | 3,881,484              |
| The Caring City          | Excellence in Basic Service delivery   | 3.1       | -                 | -                 | -                 | 15,159,946           | 17,642,851        | 17,642,851         | 18,354,524  | 20,088,590             | 21,652,516             |
|                          | Mainstreaming basic service delivery to informal settlements and backyard dwellers | 3.2       | -                 | -                 | -                 | 591,017              | 588,048           | 588,048            | 623,514   | 677,070                | 726,127                |
| An Inclusive City        | Dense and Transit Orientated Growth and Development                                | 4.1       | -                 | -                 | -                 | 89,896               | 111,030           | 111,030            | 46,974  | 44,131                 | 46,118                 |
|                          | An Efficient Integrated Transport System   | 4.2       | -                 | -                 | -                 | 1,575,064            | 1,805,124         | 1,805,124          | 1,724,131   | 1,801,523              | 1,878,170              |
|                          | Building Integrated Communities  | 4.3       | -                 | -                 | -                 | 1,272,778            | 1,797,685         | 1,797,685          | 1,964,389   | 2,113,321              | 2,278,933              |
| The Well-Run City        | Operational sustainability   | 5.1       | -                 | -                 | -                 | 6,790,975            | 4,787,449         | 4,787,449          | 5,771,495   | 6,542,163              | 7,113,746              |
| <b>Total Expenditure</b> |  |           | <b>27,355,422</b> | <b>30,691,275</b> | <b>32,857,719</b> | <b>37,358,116</b>    | <b>36,410,699</b> | <b>36,410,699</b>  | <b>39,885,739</b>                                   | <b>43,867,344</b>      | <b>47,822,642</b>      |

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

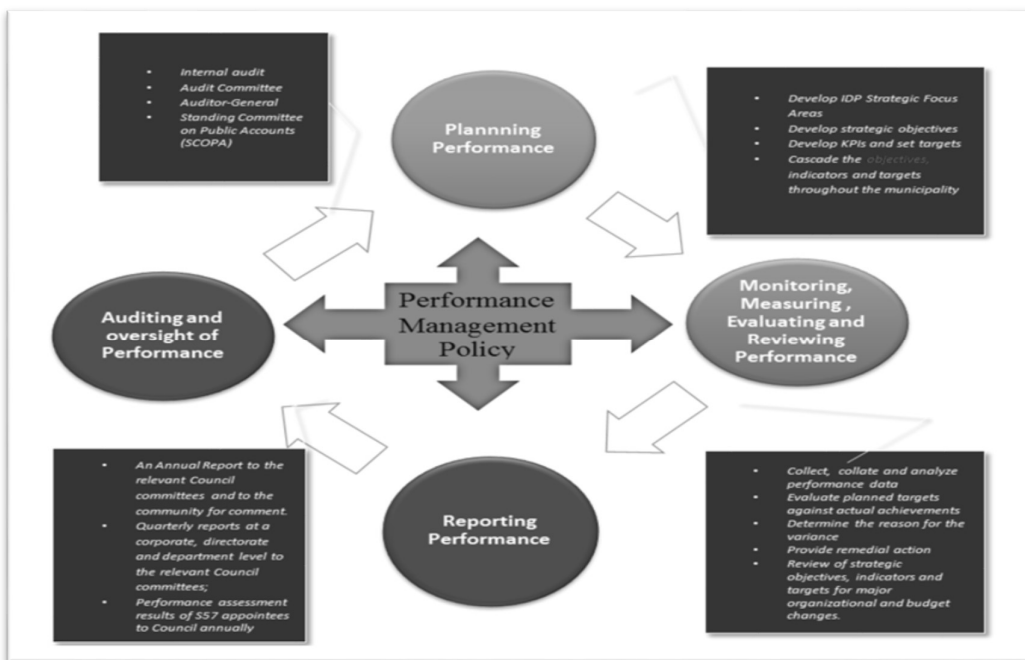
| Strategic Objective              | Goal  | Goal Code | 2014/15          | 2015/16          | 2016/17          | Current Year 2017/18 |                  |                    | 2018/19 Medium Term Revenue & Expenditure Framework |                        |                        |
|----------------------------------|---|-----------|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
|                                  |   |           | 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 |
| The Opportunity City             | Attract investment for economic growth/jobs                 | 1.1       | 20,909           | 7,929            | 7,079            | -                    | -                | -                  | -   | -                      | -                      |
|                                  | Provision of economic & social infrastructure               | 1.2       | 2,942,073        | 3,315,688        | 3,642,069        | -                    | -                | -                  | -   | -                      | -                      |
|                                  | Sustainable environment through resource                    | 1.3       | 84,313           | 78,246           | 200,021          | -                    | -                | -                  | -   | -                      | -                      |
|                                  | Mobility via effective public transport                     | 1.4       | 462,606          | 719,500          | 571,990          | -                    | -                | -                  | -   | -                      | -                      |
|                                  | City Assets for economic growth & development               | 1.5       | 75,305           | 32,309           | 97,282           | -                    | -                | -                  | -   | -                      | -                      |
| The Safe City                    | Expand resources for safety and security                    | 2.1       | 29               | 13,332           | 11,270           | -                    | -                | -                  | -   | -                      | -                      |
|                                  | Enhance intelligence-driven policing                        | 2.3       | 48,940           | 100,466          | 74,687           | -                    | -                | -                  | -   | -                      | -                      |
|                                  | Improve emergency staff through training                    | 2.4       | 498              | 260              | -                | -                    | -                | -                  | -   | -                      | -                      |
|                                  | Safety and security through partnerships                    | 2.5       | 14,439           | 30,359           | 29,189           | -                    | -                | -                  | -   | -                      | -                      |
|                                  | Access to social services                                   | 3.1       | 63,357           | 47,786           | 25,607           | -                    | -                | -                  | -   | -                      | -                      |
|                                  | Human settlements for increased access                      | 3.2       | 589,313          | 340,780          | 352,643          | -                    | -                | -                  | -   | -                      | -                      |
|                                  | Assess rental stock to beneficiaries                        | 3.3       | 344,872          | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
|                                  | Innovative human settlements access                         | 3.4       | 127,461          | 128,220          | 163,178          | -                    | -                | -                  | -   | -                      | -                      |
|                                  | Effective environmental health services                     | 3.5       | 10,962           | 11,011           | 5,395            | -                    | -                | -                  | -   | -                      | -                      |
|                                  | Provide effective air quality management & policy           | 3.6       | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
|                                  | Effective primary health care services                      | 3.7       | 17,600           | 16,598           | 24,439           | -                    | -                | -                  | -   | -                      | -                      |
|                                  | Substance abuse treatment/rehabilitation                    | 3.8       | -                | -                | 924              | -                    | -                | -                  | -   | -                      | -                      |
| The Inclusive City               | Response for citizens to be communicated                    | 4.1       | 39,571           | 57,004           | 2,842            | -                    | -                | -                  | -   | -                      | -                      |
|                                  | Facilities that make citizens feel home                     | 4.2       | 213,847          | 212,677          | 213,589          | -                    | -                | -                  | -   | -                      | -                      |
| The Well-Run City                | Transparent & corruption free government                    | 5.1       | 3,514            | 5,686            | -                | -                    | -                | -                  | -   | -                      | -                      |
|                                  | Efficient & productive administration                       | 5.2       | 19,212           | 46,891           | 71,325           | -                    | -                | -                  | -   | -                      | -                      |
|                                  | Ensure unqualified audits by Auditor General                | 5.3       | 172,920          | 325,093          | 411,092          | -                    | -                | -                  | -   | -                      | -                      |
| The Opportunity City             | Position Cape Town as globally competitive City             | 1.1       | -                | -                | -                | 2,363,359            | 2,342,198        | 2,381,255          | 3,125,051   | 2,160,274              | 2,606,158              |
|                                  | Leveraging technology for progress                          | 1.2       | -                | -                | -                | 287,185              | 286,437          | 284,479            | 198,046   | 199,596                | 197,142                |
|                                  | Economic inclusion  | 1.3       | -                | -                | -                | -                    | -                | -                  | 18,730  | 15,341                 | 18,306                 |
|                                  | Resource efficiency and security                            | 1.4       | -                | -                | -                | 344,005              | 1,508,656        | 1,468,649          | 1,488,375   | 1,796,496              | 2,188,817              |
| The Safe City                    | Safe communities  | 2.1       | -                | -                | -                | 208,464              | 178,098          | 178,040            | 161,703   | 101,074                | 59,546                 |
| The Caring City                  | Excellence in basic Service delivery                        | 3.1       | -                | -                | -                | 1,470,888            | 1,220,735        | 1,203,475          | 1,438,960   | 1,648,304              | 1,600,885              |
|                                  | Master basic service to informal settlement and backyarders | 3.2       | -                | -                | -                | 308,578              | 314,325          | 314,325            | 579,093   | 677,925                | 807,816                |
| The Inclusive City               | Dense transit-orientated growth and development             | 4.1       | -                | -                | -                | 36,000               | 6,700            | 6,700              | 133,470   | 246,885                | 209,380                |
|                                  | An efficient integrated transport system                    | 4.2       | -                | -                | -                | 866,482              | 703,896          | 702,874            | 596,367   | 480,561                | 487,598                |
|                                  | Building integrated communities                             | 4.3       | -                | -                | -                | 56,784               | 52,597           | 52,509             | 805,529   | 888,054                | 959,308                |
| The Well-run City                | Operational sustainability                                  | 5.1       | -                | -                | -                | 1,033,476            | 1,238,021        | 1,225,393          | 731,897   | 1,029,184              | 816,829                |
| <b>Total Capital Expenditure</b> |   |           | <b>5,251,742</b> | <b>5,489,834</b> | <b>5,904,621</b> | <b>6,975,220</b>     | <b>7,851,662</b> | <b>7,817,698</b>   | <b>9,277,222</b>                                    | <b>9,243,693</b>       | <b>9,951,785</b>       |



### 2.3 Measurable performance objectives and indicators

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

The City's cycle and process of performance management system can be graphically illustrated below:



**Figure 7 Planning, budgeting and reporting cycle**

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

The planning cycle delivers a 5-year and annually reviewed IDP (including a Corporate Scorecard with definitions), annual corporate, directorate and departmental SDBIP, performance indicator measurement sheets, Section 57 performance plans and individual performance assessments.

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

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

The IDP is set for the 5-year term of office of the elected council and reviewed annually. It includes the SFA, corporate objectives (strategic objectives), corporate indicators and targets. There will be a direct relationship between the SFA, corporate objective, corporate indicator and target. The actual achievements of targets set for the objectives will be reported on quarterly bases, where appropriate. They will form the platform for the quarterly and annual reports on performance.

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

### **Monitoring, Measuring, Evaluating and Reviewing performance**

Monitoring and measuring are the processes and procedures to collect, collate and analyse organisational performance data on an on-going basis to determine whether planned performance targets have been met, exceeded or not met. This takes place on a quarterly and an annual basis.

The performance evaluation results are determined by regular management meetings to establish:

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

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

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

### **Auditing and Oversight**

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

The final measurable performance indicators to be accomplished in 2018/19 will be approved by the Executive Mayor as part of the Corporate SDBIP in June 2018.

Table 34 MBRR Table SA7 - Measureable performance objectives

| Description   | Unit of measurement | 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 |
| <b>SFA 1: OPPORTUNITY CITY</b>  |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>1.1. Positioning Cape Town as a forward - looking, globally competitive City</b>   |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| 1.A Percentage of building plans approved within 30-60 days   | Percentage          | 91.30%          | 94.1%           | 97.3%           | 90%                  | 90%             | 90%                | 92%   | 94%                    | 95%                    |
| 1.B Percentage of rates clearance certificate issued within 10 days [C] 2   | Percentage          | New             | New             | New             | 95%                  | 95%             | 95%                | 96%   | 96%                    | 97%                    |
| 1.C Number of outstanding valid applications for commercial electricity services expressed as a percentage of commercial customers                      | Number              | New             | New             | New             | 0.2%                 | 0.2%            | 0.2%               | 0.2%  | 0.2%                   | 0.2%                   |
| <b>1.2. Leveraging technology for progress</b>  |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| 1.D Number of public Wi-Fi locations  | Number              | New             | New             | New             | 60                   | 60              | 60                 | 60  | 60                     | 60                     |
| 1.E Number of public Wi-Fi access points  | Number              | New             | New             | New             | 150                  | 150             | 150                | 150   | 150                    | 150                    |
| <b>1.3. Economic inclusion</b>  |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| 1.F Number of Mayoral Job Creation Programme (MJCP) opportunities created [C] - NKPI  | Number              | New             | New             | 45370           | 34500                | 34500           | 34500              | 35500   | 35500                  | 35500                  |
| 1.G Percentage budget spent on implementation of Workplace Skills Plan (WSP) (NKPI)   | Percentage          | 92.82%          | 104.85%         | 92.30%          | 95%                  | 95%             | 95%                | 95%   | 95%                    | 95%                    |
| <b>1.4. Resource efficiency and security</b>  |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| 1.H Percentage compliance with drinking water quality standards   | Percentage          | 99.76%          | 99.67%          | 99.65%          | 98%                  | 98%             | 98%                | 98%   | 98%                    | 98%                    |
| 1.I Small Scale Embedded Generation (SSEG) capacity legally installed and grid-tied measured in mega-volt ampere (MVA)                                  | Megawatts           | New             | New             | New             | 3.2                  | 3.2             | 3.2                | 3.5   | 4.0                    | 4.5                    |
| <b>SFA 2: SAFE CITY</b>   |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>2.1. Safe communities</b>  |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| 2.A Number of new areas with CCTV Surveillance camera   | Number              | New             | New             | New             | 3                    | 3               | 3                  | 3   | 3                      | 3                      |
| 2.B Community satisfaction survey (Score 1 - 5) - safety and security   | Ratio               | 2.9             | 2.9             | 2.9             | 2.9                  | 2.9             | 2.9                | 2.9   | 3.0                    | 3.0                    |
| <b>SFA 3: CARING CITY</b>   |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>3.1. Excellence in basic service delivery</b>  |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| 3.A Community satisfaction survey (Score 1 - 5) - City-wide   | Ratio               | 2.8             | 2.8             | 2.8             | 2.9                  | 2.9             | 2.9                | 2.9   | 3.0                    | 3.0                    |
| 3.B Number of outstanding valid applications for water services expressed as a percentage of total number of billings for the service (NKPI)            | Number              | 0.61%           | 0.29%           | 0.33%           | <0.7%                | <0.7%           | <0.7%              | <0.7%   | <0.7%                  | <0.7%                  |
| 3.C Number of outstanding valid applications for sewerage services expressed as a percentage of total number of billings for the service (NKPI)         | Number              | 0.54%           | 0.24%           | 0.37%           | <0.7%                | <0.7%           | <0.7%              | <0.7%   | <0.7%                  | <0.7%                  |
| 3.D Number of outstanding valid applications for electricity services expressed as a percentage of total number of billings for the service (NKPI)      | Number              | 0.13%           | 0.12%           | 0.08%           | <0.6%                | <0.6%           | <0.6%              | <0.5%   | <0.4%                  | <0.3%                  |
| 3.E Number of outstanding valid applications for refuse collection service expressed as a percentage of total number of billings for the service (NKPI) | Number              | 0.01%           | 0.01%           | 0.01%           | <0.6%                | <0.6%           | <0.6%              | <0.5%   | <0.4%                  | <0.3%                  |
| 3.F Percentage adherence to City-wide service requests  | Percentage          | 103.40%         | 81.75%          | 81.75%          | 90%                  | 90%             | 90%                | 90%   | 90%                    | 90%                    |

Table continues on next page.

| Description  | Unit of measurement | 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       |
| <b>3.2. Mainstreaming basic service delivery to informal settlements and backyard dwellers</b>   |                     |   |                               |                                 |                        |                        |                        |   |                              |                              |
| 3.G Number of water service points (taps) provided to informal settlements (NKPI)  | Number              | 948                                     | 919                           | 676                             | 600                    | 600                    | 600                    | 700   | 700                          | 700                          |
| 3.H Number of sanitation service points (toilets) provided to informal settlements (NKPI)  | Number              | 3091                                    | 3058                          | 2085                            | 2800                   | 2800                   | 2800                   | 2600  | 2500                         | 2500                         |
| 3.I Percentage of informal settlements receiving a door-to-door refuse collection service (NKPI)   | Percentage          | 99.74%                                  | 99.74%                        | 99.74%                          | 99%                    | 99%                    | 99%                    | 99%   | 99%                          | 99%                          |
| 3.J Number of service points (toilet and tap with hand basin) provided to backyarders  | Number              | New                                     | New                           | New                             | 1000                   | 1000                   | 1000                   | 1200  | 1600                         | 1100                         |
| 3.K Number of electricity subsidised connections installed (NKPI)  | Number              | 5096                                    | 2909                          | 1747                            | 1500                   | 1500                   | 1500                   | 1500  | 1500                         | 1500                         |
| 3.L Percentage progress made in establishing a verifiable database that determines housing needs   | Percentage          | New                                     | New                           | New                             | 50%                    | 50%                    | 50%                    | 100%  | -                            | -                            |
| 3.M Percentage of allocated housing opportunity budget spent   | Percentage          | New                                     | New                           | New                             | 90%                    | 90%                    | 90%                    | 90%   | 90%                          | 90%                          |
| 3.N Number of deeds of sale agreements signed with identified beneficiaries per annum  | Number              | 1283                                    | 1065                          | 760                             | 1000                   | 1000                   | 1000                   | 2000  | 2500                         | 2500                         |
| 3.O Number of sites serviced in the informal settlements (incremental housing & reblocking)  | Number              | New                                     | New                           | New                             | 2000                   | 2000                   | 2000                   | 2000  | 1800                         | 2500                         |
| 3.P Number of community services facilities within informal settlements  | Number              | New                                     | New                           | New                             | -                      | -                      | -                      | -   | 1                            | 2                            |
| <b>SFA 4: INCLUSIVE CITY</b>   |                     |   |                               |                                 |                        |                        |                        |   |                              |                              |
| <b>4.1. Dense and transit oriented growth and development</b>  |                     |   |                               |                                 |                        |                        |                        |   |                              |                              |
| 4.A Number of passenger journeys per kilometre operated (MyCiti)   | Number              | New                                     | New                           | New                             | 1.07                   | 1.07                   | 1.07                   | 1.09  | 1.11                         | 1.14                         |
| 4.B Percentage identified priority projects moved out of pre-projects to inception phase   | Percentage          | New                                     | New                           | New                             | 10%                    | 10%                    | 10%                    | -   | 25%                          | -                            |
| 4.C Percentage identified priority projects moved out of inception to implementation phase (To be implemented in 2021/22)  | Percentage          | New                                     | New                           | New                             | -                      | -                      | -                      | To be implemented in 2021/22                        | To be implemented in 2021/22 | To be implemented in 2021/22 |
| <b>4.2. An efficient, integrated transport system</b>  |                     |   |                               |                                 |                        |                        |                        |   |                              |                              |
| 4.D Total number of passenger journeys on MyCiti   | Number              | 15.4 Million                            | 18.5 Million                  | 19.9 Million                    | 19.1 Million           | 19.1 Million           | 19.1 Million           | 19.5 million  | 19.9 million                 | 20.3 million                 |
| <b>4.3. Building integrated communities</b>  |                     |   |                               |                                 |                        |                        |                        |   |                              |                              |
| 4.E Percentage of people from employment equity target groups employed in the three highest levels of management in compliance with the City's approved employment equity plan (EE) (NKPI) | Percentage          | 66%                                     | 66.34%                        | 69.86%                          | 75%                    | 75%                    | 75%                    | 75%   | 75%                          | 75%                          |
| 4.F Number of strengthening families programmes implemented  | Number              | New                                     | New                           | New                             | 18                     | 18                     | 18                     | 18  | 18                           | 18                           |
| <b>SFA 5: WELL-RUN CITY</b>  |                     |   |                               |                                 |                        |                        |                        |   |                              |                              |
| <b>5.1. Operational sustainability</b>   |                     |   |                               |                                 |                        |                        |                        |   |                              |                              |
| 5.A Opinion of independent rating agency   | Opinion             | High investment rating reaffirmed A1.za | High investment rating Aaa.za | High investment rating (Aaa.za) | High investment rating | High investment rating | High investment rating | High investment rating                              | High investment rating       | High investment rating       |
| 5.B Opinion of the Auditor-General   | Opinion             | Clean Audit                             | Clean Audit                   | Unqualified with findings       | Clean Audit            | Clean Audit            | Clean Audit            | Clean Audit   | Clean Audit                  | Clean Audit                  |
| 5.C Percentage spend of capital budget (NKPI)  | Percentage          | 85.70%                                  | 89.57%                        | 92.85%                          | 90%                    | 90%                    | 90%                    | 90%   | 90%                          | 90%                          |
| 5.D Percentage spend on Repairs and Maintenance  | Percentage          | 95.81%                                  | 94%                           | 99.52%                          | 95%                    | 95%                    | 95%                    | 95%   | 95%                          | 95%                          |
| 5.E Cash/cost coverage ratio (excluding unspent conditional grants) (NKPI)   | Ratio               | 1.88:1                                  | 2.021:1                       | 2.28:1                          | 2:1                    | 2:1                    | 2:1                    | 2:1   | 2:1                          | 2:1                          |
| 5.F Net Debtors to annual income (NKPI)  | Percentage          | 20.44%                                  | 20.39%                        | 21.15%                          | 21.5%                  | 21.5%                  | 21.5%                  | 21.50%  | 21.50%                       | 21.50%                       |
| 5.G Debt (total borrowings) to total operating revenue (NKPI)  | Percentage          | 4.91:1                                  | 5.83:1                        | New                             | 27%                    | 27%                    | 27%                    | 30%   | 34%                          | 35%                          |

The following table sets out the municipalities main performance indicators and benchmarks for the 2018/19 MTREF.

**Table 35 MBRR Table SA8 - Performance indicators and benchmarks**

| Description of financial indicator   | Basis of calculation   | 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 |
| <b>Borrowing Management</b>  |  |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Credit Rating  |  | A1.za           | A1.za           | Aaa.za          | Aaa.za               | -               | -                  | -   | -                      | -                      |
| Capital Charges to Operating Expenditure                                       | Interest & Principal Paid /Operating Expenditure   | 4.0%            | 3.4%            | 3.5%            | 4.2%                 | 3.9%            | 3.9%               | 5.3%  | 6.8%                   | 7.0%                   |
| Capital Charges to Own Revenue   | Finance charges & Repayment of borrowing /Own Revenue  | 4.2%            | 3.5%            | 3.5%            | 5.0%                 | 4.8%            | 4.8%               | 6.4%  | 8.0%                   | 8.1%                   |
| Borrowed funding of 'own' capital expenditure                                  | Borrowing/Capital expenditure excl. transfers and grants and contributions                   | 0.0%            | 0.0%            | 0.0%            | 54.1%                | 71.2%           | 71.5%              | 70.1%   | 73.8%                  | 79.5%                  |
| <b>Safety of Capital</b>   |  |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Gearing  | Long Term Borrowing/ Funds & Reserves  | 229.9%          | 200.9%          | 153.4%          | 278.2%               | 268.1%          | 268.1%             | 395.9%  | 414.9%                 | 407.5%                 |
| <b>Liquidity</b>   |  |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Current Ratio  | Current assets/current liabilities   | 1.2             | 1.3             | 1.4             | 1.3                  | 1.5             | 1.5                | 1.6   | 1.7                    | 1.9                    |
| Current Ratio adjusted for aged debtors  | Current assets less debtors > 90 days/current liabilities                                    | 1.2             | 1.3             | 1.4             | 1.3                  | 1.5             | 1.5                | 1.6   | 1.7                    | 1.9                    |
| Liquidity Ratio  | Monetary Assets/Current Liabilities  | 0.6             | 0.6             | 0.6             | 0.6                  | 0.7             | 0.7                | 0.7   | 0.8                    | 1.0                    |
| <b>Revenue Management</b>  |  |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Annual Debtors Collection Rate (Payment Level %)                               | Last 12 Mths Receipts/Last 12 Mths Billing   | 0.0%            | 100.1%          | 100.1%          | 100.1%               | 92.3%           | 94.5%              | 0.0%  | 93.6%                  | 93.2%                  |
| Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue) |  | 100.0%          | 100.0%          | 100.0%          | 92.2%                | 94.5%           | 94.5%              | 93.6%   | 93.2%                  | 93.2%                  |
| Outstanding Debtors to Revenue   | Total Outstanding Debtors to Annual Revenue  | 18.9%           | 18.4%           | 19.0%           | 18.0%                | 19.9%           | 19.9%              | 19.7%   | 19.0%                  | 18.5%                  |
| <b>Creditors Management</b>  |  |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Creditors System Efficiency  | % of Creditors Paid Within Terms (within MFMA' s 65(e))                                      | 96.2%           | 96.4%           | 96.5%           | 97%                  | 97.2%           | 97.5%              | 97.5%   | 98%                    | 98%                    |
| Creditors to Cash and Investments  |  | 165.6%          | 171.7%          | 172.8%          | 200.4%               | 113.5%          | 113.5%             | 101.7%  | 75.5%                  | 50.9%                  |
| <b>Other Indicators</b>  |  |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Electricity Distribution Losses (2)  | Total Volume Losses (kW)   | 1,134,334,700   | 1,157,007,605   | 1,075,357,226   | 1,075,357,226        | 1,075,357,226   | 1,075,357,226      | 1,075,357,226                                       | 1,075,357,226          | 1,075,357,226          |
|  | Total Cost of Losses (Rand '000)   | 755,580         | 871,875         | 877,599         | 880,287              | 880,287         | 880,287            | 950,723   | 1,026,781              | 1,108,924              |
|  | % Volume (units purchased and generated less units sold)/units purchased and generated       | 11.25%          | 11.42%          | 10.9%           | 10.89%               | 10.89%          | 10.89%             | 10.89%  | 10.89%                 | 10.89%                 |
| Water Distribution Losses (2)  | Total Volume Losses (kℓ)   | 65,468          | 61,960          | 63,571          | 73,029               | 73,029          | 48,400             | 41,900  | 41,900                 | 41,900                 |
|  | Total Cost of Losses (Rand '000)   | 228,484,452     | 247,841,000     | 317,696,518     | 303,557,000          | 303,557,000     | 283,785,333        | 466,766,000   | 466,766,000            | 466,766,000            |
|  | % Volume (units purchased and generated less units sold)/units purchased and generated       | 19.10%          | 18.83%          | 22.05%          | 21.35%               | 21.35%          | 22.51%             | 22.85%  | 22.85%                 | 22.85%                 |
| Employee costs   | Employee costs/(Total Revenue - capital revenue)   | 27.8%           | 28.5%           | 26.8%           | 31.7%                | 31.4%           | 31.4%              | 32.2%   | 31.0%                  | 30.3%                  |
| Remuneration   | Total remuneration/(Total Revenue - capital revenue)   | 28.2%           | 29.0%           | 27.2%           | 32.1%                | 31.8%           | 31.8%              | 32.7%   | 31.4%                  | 30.7%                  |
| Repairs & Maintenance  | R&M/(Total Revenue excluding capital revenue)  | 10.3%           | 10.2%           | 10.4%           | 10.6%                | 10.2%           | 10.2%              | 9.9%  | 9.7%                   | 9.4%                   |
| Finance charges & Depreciation   | FC&D/(Total Revenue - capital revenue)   | 9.2%            | 8.7%            | 8.4%            | 9.7%                 | 9.6%            | 9.6%               | 11.0%   | 12.0%                  | 12.0%                  |
| <b>IDP regulation financial viability indicators</b>                           |  |                 |                 |                 |                      |                 |                    |   |                        |                        |
| i. Debt coverage   | (Total Operating Revenue - Operating Grants)/Debt service payments due within financial year | 23.1            | 20.7            | 26.9            | 23.8                 | 23.8            | 23.8               | 16.5  | 17.0                   | 19.0                   |
| ii. O/S Service Debtors to Revenue   | Total outstanding service debtors/annual revenue received for services                       | 25.3%           | 24.5%           | 25.2%           | 23.9%                | 27.7%           | 27.7%              | 26.6%   | 25.1%                  | 24.1%                  |
| iii. Cost coverage   | (Available cash + Investments)/monthly fixed operational expenditure                         | 1.7             | 1.6             | 1.5             | 1.5                  | 1.9             | 1.9                | 2.0   | 2.3                    | 2.9                    |

## 2.3.1 Performance indicators and benchmarks

### 2.3.1.1 *Borrowing Management*

The City's capital expenditure is funded from four sources, namely, government grants, public contributions and donations, borrowing and internally generated funds. The City's borrowing is done in terms of Chapter 6 of the MFMA and the City's Borrowing Policy, where long-term loans will only be entered into based on affordability and sustainability. This is influenced by the capital investment requirement over the 2018/19 MTREF.

The City needs a credit rating to demonstrate its ability to meet its short- and long-term financial obligations. Potential lenders also use it to assess the City's credit risk, which in turn affects the pricing of any subsequent loans taken. Factors used to evaluate the creditworthiness of municipalities include the economy, debt, finances, politics, management and institutional framework.

On 15 February 2018, Moody's Investors Service provided an update to the City's credit analysis. The City's global scale rating is currently on review for possible downgrade, mirroring the status of National Government, which was placed on review for downgrade in November 2017. The review was sighted as a result of economic and fiscal challenges, such as growth and budgetary revenue shortfalls. Currently South Africa maintains credit strengths that still support its Baa3 rating.

The City's rating currently is at Aaa.za/P-1.za which reflects the City's credit profile of stable financial performance, strong financial debt management, low debt and diverse economic profile. The City's credit profile is, however, constrained by the water shortage, the impact it has on water revenue and the increase in capital expenditure required to ensure water supply.

The following financial performance indicators formed part of the compilation of the 2018/19 MTREF:

- Capital charges to operating expenditure, which is the measure of the cost of borrowing in relation to the operating expenditure. This ratio averages 6.4% over the 2018/19 MTREF indicating that the City spends an average of 6.4% of its operating expenditure budget on finance charges annually, which is considered feasible and sustainable.
- Borrowing funding as a ratio of own capital expenditure reflects the degree to which own capital expenditure (excluding government grants and public contributions) has been funded by way of borrowing. The ratio shows 71% for 2018/19 and averages 78% over the two outer years of the MTREF. This ratio outcome is as a result of the accelerated investment in sustainable water supply initiatives.

### 2.3.1.2 *Safety of Capital*

The gearing ratio is a measure of the total long-term borrowings over funds and reserves. The City does not agree with the methodology applied to calculate this ratio. The preferred calculation is borrowing less cash and bank balances divided by community wealth/equity, of which the City's outcome over the 2018/19 MTREF averages 19%. The gearing rate outcome is also as a result of the higher borrowing pursued over the MTREF.

### 2.3.1.3 Liquidity

- Current ratio  
The current ratio is used to assess the City's ability to pay back its short-term liabilities (debt and payables) with short-term assets (cash, inventory, and receivables). According to National Treasury Circular 71, the higher the current ratio, the more capable the municipality will be to pay its current or short-term obligations and provide for risk cover to enable it to continue operations at desired levels. It is preferable that the ratio is at least above 1. This ratio for the City averages 1.7 over the MTREF period.
- Liquidity ratio  
The liquidity ratio is a measure of the ability of the City to utilise cash and cash equivalents to extinguish or retire its current liabilities immediately. Anything below 1 indicates a shortage in cash to meet creditor obligations. The City also does not agree with the methodology applied to calculate this ratio. The preferred calculation is current assets less inventory divided by current liabilities. This ratio averages 1.7 for the City over the MTREF period.

### 2.3.1.4 Revenue Management

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

- Council has approved the writing off of all interest charges as well as the suspension of interest charges on indigent properties, until the water leaks have been repaired, the WDMs and the pre-paid electricity meters have been installed and applicable outstanding debts have been written off.

#### 2.3.1.5 Creditors Management

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

#### 2.3.1.6 Other Indicators

- Electricity distribution losses  
Performance in the 2016/17 financial year has shown that Electricity distribution losses was 10.89%. The City's strategy to address these included the appointment of additional revenue protection teams, which compared to the 2015/16 financial year where performance was 11.42%, have shown significant success. Losses have been growing over the last number of years while still within the benchmark, budgeting for a loss factor is therefore prudent.
- Water distribution losses  
High priority is being given to a comprehensive water loss reduction strategy with detailed action plans to address and reduce each of the physical or real losses and apparent losses. The Water & Sanitation department are applying the resources required to implement Water Demand Management interventions, which has been accelerated during the current drought. These include:
  - Education and awareness programmes;
  - Leak Detection and repair;
  - Pressure Management Systems to minimise leakage in the system and reduce night flows;
  - Pipe replacement programme (priority areas as well as alignment with the pressure management system);
  - Meter Replacement programme to improve accuracy of meters.

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

The social package for indigent households is based on the blanket approach i.e. where rebates are provided for indigent households based on property value of R0 to R400 000 as well as the targeted approach.



The following rebates are provided to the indigent based property value:

**Table 36 Basic social package rebates**

| Property Value      | Refuse Removal charges | Water             | Sanitation             | Rates |
|---------------------|------------------------|-------------------|------------------------|-------|
| R350 001 – R400 000 | 25%                    | 10.5kl free water | 7.35kl free sanitation | -     |
| R300 001 – R350 000 | 50%                    | 10.5kl free water | 7.35kl free sanitation | -     |
| R200 001 – R300 000 | 50%                    | 10.5kl free water | 7.35kl free sanitation | -     |
| R150 001 – R200 000 | 50%                    | 10.5kl free water | 7.35kl free sanitation | 100%  |
| R100 001 – R150 000 | 75%                    | 10.5kl free water | 7.35kl free sanitation | 100%  |
| R100 000 and below  | 100%                   | 10.5kl free water | 7.35kl free sanitation | 100%  |

With the targeted approach any resident who is required to pay for the municipal services and whose gross monthly household income is R4 000 or below registers as indigent to receive the same benefits as if their property values were below R100 000.

The current number of indigent registered at the end of January 2018 is 3 092. This number varies monthly as registration is valid for 12 months where after re-application is required.

In addition, property rates rebates are granted to residents based on their gross monthly household income as follows:

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

The current number of beneficiaries in the above categories is 11 as at end January 2018.

### **2.3.3 Providing potable water and managing waste water**

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

#### **Blue Drop Status**

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

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

Major Water Projects included in the future Capital Programme are:

- Bulk Water Augmentation Scheme- It is required to augment, refurbish and maintain the City's bulk water supply system, to ensure a safe, reliable and sustainable supply of water to Cape Town and its surrounding region. The Bulk Water Augmentation Scheme includes new major reservoirs as well as a new water treatment plant and distribution bulk mains.
- Water supply Baden Powell to Khayelitsha- New bulk supply main (1000mmØ) off the existing Faure 2400mmØ pipeline to supplement the water supply to the Khayelitsha area. This will increase the supply to the area which will accommodate the formalisation of various areas within Khayelitsha.
- In light of the current climatic condition in the greater Cape Town Region, drastic water saving measures have also been implemented. The following projects form part of the New Water Plan to ensure the security of water:
  - Drilling of boreholes into the Atlantis, Cape Flats and Table Mountain Group (TMG) Aquifers
  - Implementation of water re-use for drinking use at Zandvliet, Macassar and Potsdam Treatment Plants
  - Small-scale desalination plants are already being installed during this financial year with the intent of larger plants in the future.

### **Green Drop Status**

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

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

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

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

Additional challenges include significant financial investment requirements:

- for new infrastructure to cater for the rapidly developing city; and
- to improve on the existing wastewater effluent quality.

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

Some of the major wastewater projects are:

- Zandvliet Ext (WWTW) - increase in treatment capacity;
- Bellville Ext (WWTW) - increase in treatment capacity; and
- Borchards Quarry (WWTW) - Replacement of Centrifuges with Belt Presses

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

2018/19 Budget and MTREF proposed allocations

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

The proposed 2018/19 budget is shown on the table below.

**Table 37 Wastewater Treatment Facility Budget**

| Wastewater Treatment Facility Capital Budget                            |                     |                  |                     |                  |                     |
|---|---------------------|------------------|---------------------|------------------|---------------------|
| Wastewater Treatment Facility   | Budget Year 2016/17 |                  | Budget Year 2017/18 |                  | Budget Year 2018/19 |
|   | Original budget     | Adjusted Budget  | Original budget     | Adjusted Budget  |                     |
| R Thousand  |                     |                  |                     |                  |                     |
| Bellville - 20 ML/d increase in treatment capacity                      | 60,500              | 43,650           | 71,650              | 73,578           | 113,700             |
| Athlone: Capacity Extension-phase 1                                     | 10,000              | 6,000            | 6,000               | 6,000            | 10,000              |
| Cape Flats: Disinfection of Effluent                                    | 40,000              | 28,000           | 36,000              | 18,800           | 80,000              |
| Zandvliet 18 ML/d increase in treatment capacity                        | 187,757             | 108,862          | 199,080             | 91,000           | 366,500             |
| Gordons Bay WWTW-Improvements: Upgrade                                  | 500                 | 500              | -                   | -                | -                   |
| Borchards Quarry: Replacement of Centrifuges with Belt Presses          | 50,000              | 99,900           | 95,500              | 95,500           | 59,086              |
| Mitchells Plain: Replacement of Centrifuges with Belt Presses           | 50,500              | 50,000           | 10,800              | 10,800           | 2,000               |
| Scottsdale: Capacity extension  | 13,000              | 4,500            | 12,100              | 14,969           | 20,017              |
| Hout Bay: Refurbishment   |                     | 14,500           |                     | 4,387            |                     |
| Potsdam: Extension  | 8,000               | 2,120            | 4,000               | 4,000            | 35,100              |
| Melkbos: Effluent Disinfection  | 10,000              | 3,000            | 6,000               | 1,200            | 12,000              |
| Wesfleur WWTW: Capacity Extension                                       | 1,000               | 1,000            | 20,000              | 10,000           | 40,000              |
| Macassar WWTW: Capacity Extension                                       | 5,000               | 290              | 15,050              | 10,000           | 25,000              |
| Northern Regional Sludge Facility: Centralized sludge handling facility | -                   | -                | -                   | -                | 21,285              |
| Infrastructure Replace / Refurbish: Replace & Refurbish WWTW Plants     | 14,110              | 29,605           | 6,200               | 11,007           | 30,000              |
| <b>TOTAL</b>  | <b>450,367</b>      | <b>391,927</b>   | <b>482,380</b>      | <b>351,240</b>   | <b>814,688</b>      |
| Wastewater Treatment Facility Operating Budget                          |                     |                  |                     |                  |                     |
| Category  | Budget Year 2016/17 |                  | Budget Year 2017/18 |                  | Budget Year 2018/19 |
|   | Original budget     | Adjusted Budget  | Original budget     | Adjusted Budget  |                     |
| R Thousand  |                     |                  |                     |                  |                     |
| Remuneration  | 124,656             | 124,253          | 140,708             | 119,499          | 136,543             |
| Depreciation  | 97,515              | 109,930          | 117,821             | 124,083          | 133,219             |
| Repairs & Maintenance   | 202,803             | 114,927          | 127,515             | 127,454          | 131,181             |
| Contracted Services   | 72,534              | 74,467           | 162,297             | 164,083          | 172,747             |
| General Expenses  | 174,396             | 159,157          | 101,730             | 90,491           | 102,302             |
| Interest Internal Borrowings  | 80,742              | 73,930           | 79,939              | 74,347           | 80,359              |
| Appropriation Account   | 228,045             | 200,699          | 327,576             | 201,916          | 345,970             |
| Internal Utilities Expenditure  | 113,541             | 113,541          | 98,010              | 110,453          | 109,581             |
| Insurance Departmental  | 5,924               | 5,924            | 5,412               | 5,412            | 5,671               |
| Activity Based Costs  | -76,222             | 15,491           | 28,735              | 27,822           | 29,625              |
| Support Services  | 53,806              | 48,917           | 70,414              | 61,344           | 69,453              |
| <b>TOTAL</b>  | <b>1,077,740</b>    | <b>1,041,236</b> | <b>1,260,157</b>    | <b>1,106,903</b> | <b>1,316,652</b>    |

## **2.4 Overview of budget related-policies**

### **2.4.1 Approved policies**

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

- Supply Chain Management Policy (Approved July 2013)
- Management and Investment Policy (Approved October 2015. Currently in the process of being amended; to be submitted for approval to Council in May 2018.)
  - Asset Management Policy (Approved February 2013)

### **2.4.2 Policies reviewed and not amended**

The following policy was reviewed at the budget-related policy workshops held during the year but was not amended. It is available on the City's website.

- Ward Allocation Policy (Approved January 2014)

### **2.4.3 Policies amended and annexed to this document**

The following policies were reviewed and amended at the budget-related policy workshops during the year.

- Draft Property (Tax) Rates – Annexure 2
- Draft City Improvement Districts (CIDs) - Additional Rates - Annexure 3
- Draft Revised Consumptive Tariffs, Rates and Basic Charges for Electricity Services, Water Services and Waste Management Services - Annexure 4
- Draft Rates Policy – Annexure 5
- Draft Tariffs, Fees and Charges Book – Annexure 6
- Draft Tariff Policies – Annexure 7
- Draft Credit Control and Debt Collection Policy – Annexure 8
- Draft Grants-in-Aid Policy – Annexure 9
- Draft Policy On Accounts Payable – Annexure 10
- Draft Funding and Reserves Policy – Annexure 11
- Draft Virement Policy – Annexure 12
- Draft Budget Management and Oversight Policy – Annexure 13
- Draft Long Term Financial Plan Policy – Annexure 14
- Draft Policy Governing Adjustment Budgets – Annexure 15
- Draft Unforeseen and Unavoidable Expenditure Policy – Annexure 16
- Draft Policy Governing Planning and Approval of Capital Projects – Annexure 17

### **2.4.4 Credit control and debt collection procedures/policies**

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

## **2.4.5 Tariff Policy**

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

## **2.5 Overview of budget assumptions applied to the 2018/19 MTREF**

### **Introduction**

The key budget assumptions of the 2018/19 MTREF include a discussion of the sources of information used to develop assumptions for revenue and expenditure that drive the 3-year MTREF of the City under the following headings:

- Financial Strategic Approach
- Financial Modelling and Key Planning Drivers
- Economic outlook / external factors
  - National and Provincial influences
- Expenditure analysis – a three-year preview
- Revenue analysis – a three-year preview
- Local Government Equitable Share and Fuel Levy

### **2.5.1 Financial Strategic Approach**

The preparation of the 2018/19 MTREF was in the midst of the City facing a critical challenge in the water crisis which created significant impact on the organisation's operations. This coupled with a fairly new implementation of the Organisation Development Transformation Plan (ODTP), which requires investment, ensuring alignment with the IDP and affordable revenue parameters made this MTREF a difficult balancing act.

The Budget brief issued by the Executive Mayor in November 2017 highlighted this and stressed that the year's planning cycle is definitely not business as usual. Budgetary proposals had to demonstrate alignment of the City's 11 transformational priorities as set out in the IDP as well as alignment to the City's strategies all the while remaining financially sustainable.

The New Water Plan required capital and operating investment over a few years starting with the 2017/18 financial year. During this year, the City Manager issued a directive calling for a budget intervention to support the financial impact of the drought relief actions. This was followed through into the 2018/19 financial year with further reprioritisation of the operating expenditure budget across the organisation from Rates and Other Trading Services to Water & Sanitation.

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

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

- Measures to absorb the financial impact of the New Water Plan, which included:
  - Permanent reduction to certain expenditure items – operating efficiencies implemented to absorb reductions;
  - Introduction of a budget principle of only providing 95% for employee costs; and
  - Savings identified by introducing these measures contributed to Water Service.

- A 100% capital expenditure implementation rate assumed.
- Credible collection rates based on collection achievements to date and incorporating improved success anticipated in selected revenue items.
- National- and Provincial allocations as per the 2018 Division of Revenue Bill and 2018 Provincial Government gazette.

### 2.5.3 Economic outlook / external factors

Developments on the political front triggered a series of events that favourably influenced the domestic economy over the last few months. These changes led to an improvement in the current economic position. National Treasury, however, highlighted that there are various risks which may still influence the economic outlook. These risks include policy uncertainty and the impact of the drought on agriculture, tourism and jobs in these sectors.

The Rand strengthened against the US Dollar amidst the unfolding political transition; it is currently fluctuating at levels below R12/US\$. According to BER, the R/\$ exchange rate is expected to end 2018 at levels of R12.10/US\$.

The average Brent Crude oil price increased over the last few months reaching a three-year high of \$70/bbl during January. The price increase is mainly due to reduced output by OPEC in order to prevent US exports flooding their core market. The strong R/\$ exchange rate shielded consumers from this higher cost of oil. According to the Department of Energy a change might be on the cards with prices expecting to retreat in the near future. The cost of Brent crude oil is expected to average R63/US\$ over the next three years.

Real GDP is expected to grow by an average of 1.8% over the next three years. The 2018 Budget Review indicated that the improved outlook flows from strong growth in agriculture, higher commodity prices and recovery in investor sentiments.

The Minister of Finance's announcement of the one percentage point increase in VAT is expected to have an impact on the future inflation outlook. According to BER this increase should raise the average price of consumer goods and services but estimating that consumer inflation will remain below the 6% upper ceiling of the South African Reserve Bank's (SARB) range. The outlook on CPI fluctuated over the last few months. The City's CPI projection was based on BER projection during the budget planning phase and is 5.50% for the first two years of the MTREF and 5.55% for 2020/21 per municipal financial year.

#### National and Provincial influences

a) National Treasury **MFMA Circular No. 89**, issued in December 2017

The objectives of this budget circular is to demonstrate how municipalities should undertake annual budget preparation in accordance with the budget and financial reform agenda and associated "game changers". Some of the key points from the circular:

- 2018/19 MTREF to be drafted in version 6.2 of mSCOA;
- Municipalities must reconcile data on the valuation roll, billing system and Deeds office – this may become a formal disclosure item in the near future;

- Water tariff increases – important to improve demand management, infrastructure maintenance, loss management, meter reading and tariff setting iro water services and ensure tariffs charged are able to cover the cost of bulk purchases, ongoing operations and provision of future infrastructure; and
  - Ability for customers to pay for services are declining, municipalities **must** consider:
    - Improving the effectiveness of revenue management processes and procedures;
    - Pay special attention to cost containment measures;
    - The affordability of providing free basic services to all households;
    - Curb consumption of water and electricity by indigents to not exceed their allocation; and
    - ensuring value for money through the procurement process.
- b) National Treasury **MFMA circular No. 91** issued in March 2018
- This circular was the follow-up to the Circular No. 89 issued in December. It reiterated guidelines provided in the previous circular with the main focus being the grant allocations per the 2018 Budget Review and the 2018 DORb. Circular highlights:
- A review of the economic outlook and inflation targets;
  - Local government grants were reprioritised and reduced. The average reduction over the medium term is 3.5% of the local government allocations;
  - That government is committed to managing available water supply to ensure basic needs are met and is prepared to provide financial assistance;
  - Section 22 of the 2017 DoRA requires that unspent conditional grants must revert back to the National Revenue Fund unless the unspent funds is proved to be committed in which case the funds may be rolled over. This circular provides the criteria for such roll overs and unspent grant funds;
  - Application to the Office of the Chief Procurement Officer (OCPO) to participate in the RT15-2016 transversal contract account management service offering for smart meters should comply with the required process which will be communicated via a circular;
  - To remind municipalities that VAT will increase from 14% to 15% and that it's a tax increase as a result of tax legislation that municipalities must implement, not an increase of tariffs by municipalities; and
  - That the budget document should be aligned to the requirements of the MBRR Schedule A (mSCOA) format and that mSCOA data strings should be uploaded to the LG upload portal.
- c) National Treasury released version 6.2 of the mSCOA grid for preparation of the 2018/19 MTREF in December 2017.
- d) The latest **Division of Revenue Bill (DoRB)** and **Provincial Gazette** as well as **Fuel Levy** allocation was incorporated in the 2018/19 MTREF.

#### **2.5.4 Expenditure analysis – a three-year preview**

The required expenditure investment to provide a sustainable provision of water led to a full review of the City's expenditure budget. The budget was prepared with a combination of interventions that aimed to ensure that the City give effect to its strategies and the crucial new reality of sourcing alternative water supply. The interventions included budget reprioritisation, budget cuts, applying differentiated parameters and budgeting for salaries at 95%.



**a) General inflation outlook and its impact on municipal activities**

The City's budget was not primarily driven by CPI this year given the budget cuts and the differentiated parameters applied.

The annual consumer price inflation ended 2017 with an average of 5.3%. This outcome was mainly due to a decrease in food & non-alcoholic beverages, which can be attributed to the recovery in agriculture. The City's CPI projection is 5.50% for the first two years of the MTREF and 5.55% for 2020/21, per municipal financial year. National Treasury's CPI projection was reviewed to 5.3% for 2018/19, and 5.4% and 5.5% for 2019/20 and 2020/21 respectively over the national financial years. These levels are within the SARB inflation targeting range of between 3% to 6%.

**b) Contracted Services, Overtime and Operational Cost**

The underlying budget theme remains cost containment and budget efficiencies and to give effect to this a combination of a zero-based budgeting and a differentiated approach was adopted based on the nature of expenditure and previous years' expenditure performance. This approach included reducing the base and applying differentiated parameters to elements in the above mentioned categories of expenditure over the 2018/19 MTREF. In addition, budget reprioritisation was also implemented to assist with the cost of providing new sources of water supply.

**c) Interest rates for borrowing and investment of funds**

The City's investments are done in terms of the Cash Management and Investment policy, which aims to secure the sound and sustainable management of the City's surplus cash and investments. An average investment rate of 7% is forecasted over the 2018/19 MTREF.

**d) Collection rate for Property Rates and Service charges****Table 38 Collection Rates**

| Service     | Base Budget<br>2017/18 | Budget Year<br>2018/19 | Budget Year +1<br>2019/20 | Budget Year +2<br>2020/21 |
|-------------|------------------------|------------------------|---------------------------|---------------------------|
| Rates       | 96.0%                  | 96.0%                  | 96.0%                     | 96.0%                     |
| Electricity | 98.0%                  | 98.0%                  | 98.0%                     | 98.0%                     |
| Water       | 82.0%                  | 73.0%                  | 73.0%                     | 82.0%                     |
| Sanitation  | 86.0%                  | 86.0%                  | 86.0%                     | 86.0%                     |
| Refuse      | 93.0%                  | 93.0%                  | 93.0%                     | 93.0%                     |

The **Property Rates** collection rate remains at 96%, which is supported by previous years' outcomes.

**Electricity** collection rate remains at 98% over the 2018/19 MTREF. This is mainly attributed to the continuous role out of prepaid meters and revenue protection initiatives.

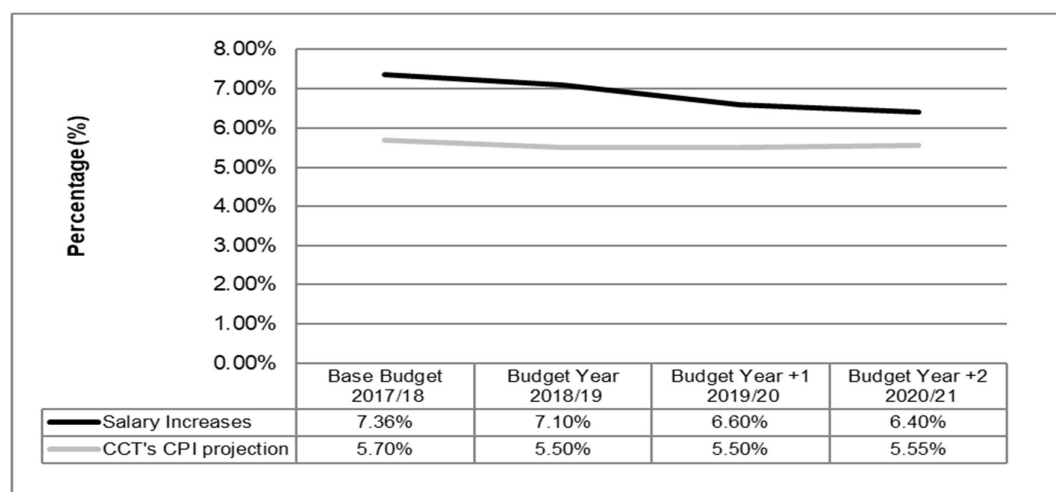
The actual collection rate outcome for **Water and Sanitation** over the past years was lower than anticipated. The projected budgeted collection rate was therefore reduced to a more realistic collection rates for the 2018/19 MTREF. The projected collection rate for Water is 73% for the first two years of the MTREF, in 2020/21 it is expected to improve to 82%. Sanitation collection rate is projected at 86% over the 3-year MTREF. The lower collection rate is predominantly driven by non-paying high water users during the period of water restriction where tariffs are much higher than the standard tariff (to reduce consumption).

The projected **Refuse** collection rate for the 2018/19 MTREF remains constant at 93%. This is due to ongoing debt management initiatives implemented.

**e) Salary increases**

There is currently no salary and wage collective agreement in place for the 2018/19 MTREF period. The process is currently under consultation; no finality on the matter has been reached to date. In the absence of an agreement the same methodology as per the previous agreement was applied to project the salary increases for future years.

In terms of the agreement, the salary and wage increases are to be annually calculated using the average CPI for the period 1 February of the previous year to 31 January with a 2% added in the first year and 1% for the subsequent years. This formula was used in determining the staff cost provisions over the MTREF. A further provision of 2% was made for an incremental allowance to cater for performance and other notch increases. The salary increases included in the budget are as follows:



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

In addition to the above, the City instituted a change in the method of budgeting for salaries. Previous years’ outcome showed a constant under performance on salaries. Based on this it was decided that salaries will be budgeted at 95% over the MTREF period.

**f) Ensuring maintenance of existing assets**

As per 2017/18, a differentiated approach was applied to the expenditure elements relating to repairs and maintenance for the 2018/19 MTREF. This approach considered the nature of the work that individual services provide. The following varying parameters were applied:

- 10% reduction to 2017/18 base with no increase over the 2018/19 MTREF for services that are supportive in nature;
- A CPI increase to services whose main function is not providing repairs & maintenance, however the nature of their business and facilities is such that it requires a proper maintenance provision; and
- CPI + 1% applied to services who needs to secure the health of their assets.

National Treasury Circular 55 and Circular 70 set the ratio of operational repairs and maintenance to asset value (write down value of the municipality’s property, plant and equipment (PPE) at 8%. The City averages 7.5% over the 2018/19 MTREF. The lower ratio outcome is as a result of the reprioritisation of the budget and the accelerated capital investment in new water supply initiatives. This new capital investment would not require immediate repairs and maintenance.

**g) Operational financing for capital****Depreciation**

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

**Credit rating outlook and borrowing**

The City needs a credit rating to demonstrate its ability to meet its short- and long-term financial obligations. Potential lenders also use it to assess the City's credit risk, which in turn affects the pricing of any subsequent loans taken. Factors used to evaluate the creditworthiness of municipalities include the economy, debt, finances, politics, management and institutional framework.

On 15 February 2018, Moody's Investors Service provided an update to the City's credit analysis. The City's global scale rating is currently on review for possible downgrade, mirroring the status of National Government, who was placed on review for downgrade in November 2017. The review was sighted as a result of economic and fiscal challenges, such as growth and budgetary revenue shortfalls. Currently South Africa maintains credit strengths that still support its Baa3 rating.

The City's rating currently is at Aaa.za/P-1.za, which reflects the City's credit profile of stable financial performance, strong financial debt management, low debt and diverse economic profile. The City's credit profile is, however, constrained by the water shortage, the impact it has on water revenue and the increased capital expenditure required to ensure the supply of water. The City's rating over the last period was as follows:

**Table 39 Credit rating outlook**

| Category             | Current Rating<br>15 February<br>2018 | Previous Rating<br>1 December<br>2017 Following<br>action on<br>sovereign rating | Previous Rating<br>14 June 2017<br>Following<br>action on<br>sovereign rating | Previous Rating<br>6 April 2017<br>Following<br>action on<br>sovereign rating |
|----------------------|---------------------------------------|--|---|---|
| Outlook              | Global rating<br>under review         | Global rating<br>under review  | Negative  | Global rating<br>under review   |
| NSR Issuer Rating    | Aaa.za                                | Aaa.za   | Aaa.za  | Aaa.za  |
| NSR ST Issuer Rating | P-1.za                                | P-1.za   | P-1.za  | P-1.za  |
| NSR Senior Unsecured | Aaa.za                                | Aaa.za   | Aaa.za  | Aaa.za  |

The City's borrowing is done in terms of chapter 6 of the MFMA as well as the City's borrowing policy, in terms of which a long-term loan will only be entered into if it's affordable and sustainable. The City's loan requirements are determined by the capital investment requirement (excl. transfers recognised: capital) and the projected cash position. The City primarily borrows against future revenue generating assets.

Over the 2018/19 MTREF it is projected that the City will have a favourable cash position thus reducing the borrowing requirement vs. the capital requirement. Borrowing over the MTREF is calculated on an interest rate of 11% based on the annuity method.

The table below reflects the proposed borrowing over the 2018/19 MTREF.

|                             | 2018/19   | 2019/20   | 2020/21   |
|-----------------------------|-----------|-----------|-----------|
| Borrowing (R' 000)          | 5,000,000 | 5,200,000 | 6,000,000 |
| Borrowing Interest Rate (%) | 11%       | 11%       | 11%       |

## 2.5.5 Revenue analysis – a three-year preview

### a) Growth

#### Electricity

Electricity projected shrinkage in sales revenue over the 2018/19 MTREF; 2.68% for 2018/19 and 2% for the two outer years. The shrinkage is as a result of continued energy saving plans, which resulted in reduced consumption.

#### Property Rates

Service growth for Rates is projected at 0.5% for 2018/19, 1% for 2019/20 and 0.5% for 2020/21. The projected growth is based on the current property valuations. A one percent is projected in 2019/20 to account for the change expected as a result of the 2018 General Valuation (GV) to be implemented in 2019/20.

#### Water and Sanitation

Water volumetric growth for base calculations is expected to shrink by 20% in 2018/19. The projected shrinkage is due to the expected permanent reduction in water usage as a result of the water restrictions and permanent water saving measures implemented by consumers. The Sanitation revenue budget is aligned to water volumes; thus the same water shrinkage projections was applied for Sanitation.

No growth is projected for the two outer years of the MTREF as it is expected that consumer's ability to save water would have plateaued out. It would also be prudent for the new base to be established before making further projections.

#### Refuse

The average growth over the last 3 years shows that a 2% service growth for Refuse is sustainable over the 2018/19 MTREF. The growth is driven by the growth in the requirement for this service.

### b) Major tariffs and charges: Rates and Trading services

MFMA Circular 89 and Circular 91 states that "National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation is forecasted to be within the upper limit of the 3 to 6 per cent target band; therefore, municipalities are required to justify all increases in excess of the projected inflation target for 2018/19 in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer groups. In addition, municipalities should include a detail of their revenue growth assumptions for the different service charges in the budget narrative."

The circular further acknowledged that “municipal own revenue sources are shrinking due to widespread drought and households opting for alternative sources of energy”. Electricity services are urged to work towards achieving fully cost-reflective tariffs and Water tariffs should cover for the cost of bulk purchases, ongoing operations as well as provision for future infrastructure.

Considering the above and to ensure future financial sustainability, the following revenue increases are applied for 2018/19 MTREF.

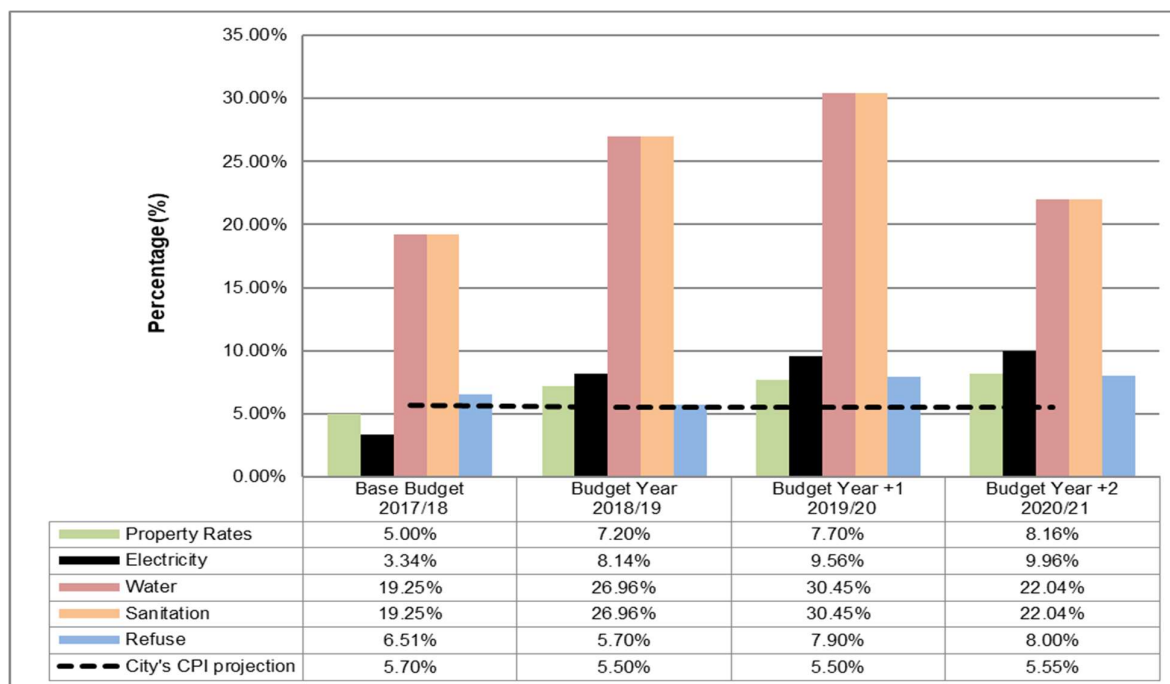


Figure 9 Revenue parameters for over the MTREF period

### Electricity

Last year was the end of the Multi-Year Price Determination (MYPD) agreement. Eskom thus applied to the National Energy Regulator of South Africa (NERSA) for an increase for the 2018/19 financial year. In this regard, NERSA approved an average percentage price increase of 5.23% to Eskom for the 2018/19 financial year, which translated into a 7.32% increase for municipalities. There is currently no longer term price increase agreement in place i.e. only an increase for the 2018/19 financial year of the MTREF was approved.

The nature of business for the Electricity service is the purchasing and redistribution of electricity, where bulk purchases averages 61% of the service’s total budget. The Electricity revenue increase is therefore partly attributed to the NERSA-approved Eskom increase on bulk purchases, which is 7.32% for the 2018/19 financial year. In the absence of a longer term price increase agreement, a 10% increase was applied for the two outer years. In addition, the higher than CPI increases on other expenditure items, the reducing Electricity sales and investments in new infrastructure further contribute to the revenue increase requirement.

Based on the above, the electricity average revenue increases are 8.14%, 9.56% and 9.96%, respectively over the 2018/19 MTREF.

## **Rates**

A revenue increase of 7.2% is proposed for the 2018/19 financial year, 7.7% and 8.16% is projected for the 2019/20 and 2020/21 years respectively. The higher than CPI increase is as a result of reduced revenue received from the sharing of the Fuel Levy, higher capital cost, new budget realities and the increased cost of capital investment.

## **Water and Sanitation**

MFMA Circular 89 states that “municipalities must ensure that the tariffs charged are able to cover for the cost of bulk purchases, ongoing operations as well as provision for future infrastructure”. The subsequent MFMA Circular 91 reiterated this view stating that “the full costs of new schemes will eventually have to be recovered from water users through tariffs”.

In light of the above, the average revenue increase for Water and Sanitation, based primarily on the negative volumetric growth and other factors, is projected at 26.96% for 2018/19, 30.45% and 22.04% for the two outer of the MTREF respectively.

The revenue base for Water and Sanitation was calculated from a level 1 volumetric consumption level, as adjusted for growth, to ensure stability in the forecasting, obtaining a revenue neutral position on the restriction levels and to prevent commitments been created, which cannot be sustained at the projected volumetric consumption levels.

Factors contributing to the high revenue parameters include:

- Various initiatives are planned over the next few years in light of the current severe drought condition to ensure sustainability and resilience in the provision of water for the City, which in an effort to ensure water security includes investment in desalination, underground extraction from aquifers and water reclamation/re-use initiatives;
- The continued investment in asset replacement programmes to ensure proper asset management;
- Acceleration of repairs and maintenance programmes as well as staffing strategy to ensure that service delivery and responsiveness expectations are met;
- Further roll-out of water demand management initiatives to limit the abuse of water; and
- Significantly lower collection rate.

In addition, due to the current climatic conditions, level 6b water restriction will continue for the 2018/19 financial year and level 6 restrictions tariff will still be applicable from 1 July 2018.

## **Refuse**

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

- The Disposal average increase for 2018/19 is at 14.83% while the increase for the two outer years are 10.87% and 14.24% respectively. This increase is required for capital investment and its related operating expenses. The capital investment includes the development of material recovery facilities and regional landfill sites, upgrading of transfer stations and landfill sites, and the purchasing of land for the regional land fill site.
- The Refuse average increase is 5.7% for 2018/19 and 7.9% and 8% for the two outer years respectively. The average increase will allow, inter alia, for the service to comply with the NEMWA waste minimisation requirements by increasing the removal of recycling at the source and upgrading of solid waste depot facilities.

### **Housing rental (Council rental properties)**

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

Through addressing the economic challenges faced by many poorer communities residing in, particularly, the City's rental stock, the average total monthly rental charge percentage increase associated with the City's rental properties has been retained at an affordable level and is based on an annual increase of 7.02% (where the unit has a separate water meter) or 14.30% (for those units which include water in the rental charge) for 2018/19.

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

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

The proposed 2018/19 housing rental charge is in line with previous annual rental increases and is again aimed at ensuring affordability for the City's poorer communities. The rental rate (per square meter per month) is R10.37 (where the unit has a separate water meter) or a rental charge (including water charge where applicable) of R16.87 per square meter per month.

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

#### *Discounts on account*

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

#### *Premiums on account*

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

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

### c) Capital funding

The total capital budget included for the MTREF is:

**Table 40 Capital Budget over MTREF**

| <b>Capital funding</b>           | <b>Budget Year<br/>2018/19</b> | <b>Budget Year +1<br/>2019/20</b> | <b>Budget Year +2<br/>2020/21</b> |
|----------------------------------|--------------------------------|-----------------------------------|-----------------------------------|
| <b>R thousands</b>               |                                |                                   |                                   |
| Transfers recognised - capital   | 2,066,296                      | 2,118,842                         | 2,296,333                         |
| Public contributions & donations | 76,200                         | 78,600                            | 112,100                           |
| Borrowing                        | 5,000,000                      | 5,200,000                         | 6,000,000                         |
| Internally generated funds       | 2,134,726                      | 1,846,252                         | 1,543,351                         |
| <b>TOTAL</b>                     | <b>9,277,222</b>               | <b>9,243,694</b>                  | <b>9,951,784</b>                  |

## 2.5.6 2018 Division of Revenue Bill (DoRB) and Fuel Levy

### Equitable Share

In terms of section 227 of the Constitution, local government is entitled to an equitable share of nationally raised revenue to enable it to provide basic services and perform its allocated functions. The local government equitable share is an unconditional transfer that supplements the revenue that municipalities can raise themselves (including revenue raised through property rates and service charges).

The equitable share provision included in the budget is based on the 2018 DoRB. The equitable share amounts allocated to the City are:

2018/19 – R2 575 million

2019/20 – R2 816 million

2020/21 – R3 092 million

### Sharing of the Fuel Levy

The sharing of the general Fuel Levy with metropolitan municipalities was introduced in 2008/09 as a replacement for the RSC levies previously collected by municipalities. The general Fuel Levy is legislated by the Taxation Laws Amendment Act (Act 17 of 2009), which provides that each metropolitan's share should be announced in the government gazette.

The Fuel Levy allocation is based on the 2016 fuel volume sales. The following amounts were allocated to the City as per the 2018/19 allocation letter (subject to the approval of the Minister of Finance):

2018/19 – R2 558 million

2019/20 – R2 640 million

2020/21 – R2 746 million



## 2.5.7 Major parameters

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

**Table 41 Summary of parameters applied to Operating Budget**

|                                    | Budget Year<br>2018/19 | Budget Year +1<br>2019/20 | Budget Year +2<br>2020/21 |
|------------------------------------|------------------------|---------------------------|---------------------------|
| CPI                                | 5.50%                  | 5.50%                     | 5.55%                     |
| <b>COLLECTION RATES</b>            |                        |                           |                           |
| Rates                              | 96.00%                 | 96.00%                    | 96.00%                    |
| Electricity                        | 98.00%                 | 98.00%                    | 98.00%                    |
| Water                              | 73.00%                 | 73.00%                    | 82.00%                    |
| Sanitation                         | 86.00%                 | 86.00%                    | 86.00%                    |
| Refuse                             | 93.00%                 | 93.00%                    | 93.00%                    |
| <b>REVENUE PARAMETERS</b>          |                        |                           |                           |
| Rates                              | 7.20%                  | 7.70%                     | 8.16%                     |
| Electricity                        | 8.14%                  | 9.56%                     | 9.96%                     |
| Water                              | 26.96%                 | 30.45%                    | 22.04%                    |
| Sanitation                         | 26.96%                 | 30.45%                    | 22.04%                    |
| Refuse                             | 5.70%                  | 7.90%                     | 8.00%                     |
| Disposal                           | 14.83%                 | 10.87%                    | 14.24%                    |
| <b>GROWTH PARAMETERS</b>           |                        |                           |                           |
| Rates                              | 0.50%                  | 1.00%                     | 0.50%                     |
| Electricity                        | -2.68%                 | -2.00%                    | -2.00%                    |
| Water                              | -20.00%                | 0.00%                     | 0.00%                     |
| Sanitation                         | -20.00%                | 0.00%                     | 0.00%                     |
| Refuse                             | 2.00%                  | 2.00%                     | 2.00%                     |
| <b>EXPENDITURE PARAMETERS</b>      |                        |                           |                           |
| Salary increase                    |                        |                           |                           |
| Salary increase (SALGBC Agreement) | 7.10%                  | 6.60%                     | 6.40%                     |
| Increment provision                | 2.00%                  | 2.00%                     | 2.00%                     |
| Operational cost                   | Differentiated         | Differentiated            | Differentiated            |
| Repairs & Maintenance              | Differentiated         | Differentiated            | Differentiated            |
| Interest Rates                     |                        |                           |                           |
| Interest paid                      | 11.00%                 | 11.00%                    | 11.00%                    |
| Interest on investment             | 7.00%                  | 7.00%                     | 7.00%                     |
| <b>OTHER</b>                       |                        |                           |                           |
| Capital Borrowing expenditure      | R5 000 million         | R5 200 million            | R6 000 million            |
| Equitable Share Allocation         | R2 575 million         | R2 816 million            | R3 092 million            |
| Fuel levy                          | R2 558 million         | R2 640 million            | R2 746 million            |

## 2.6 Overview of budget funding

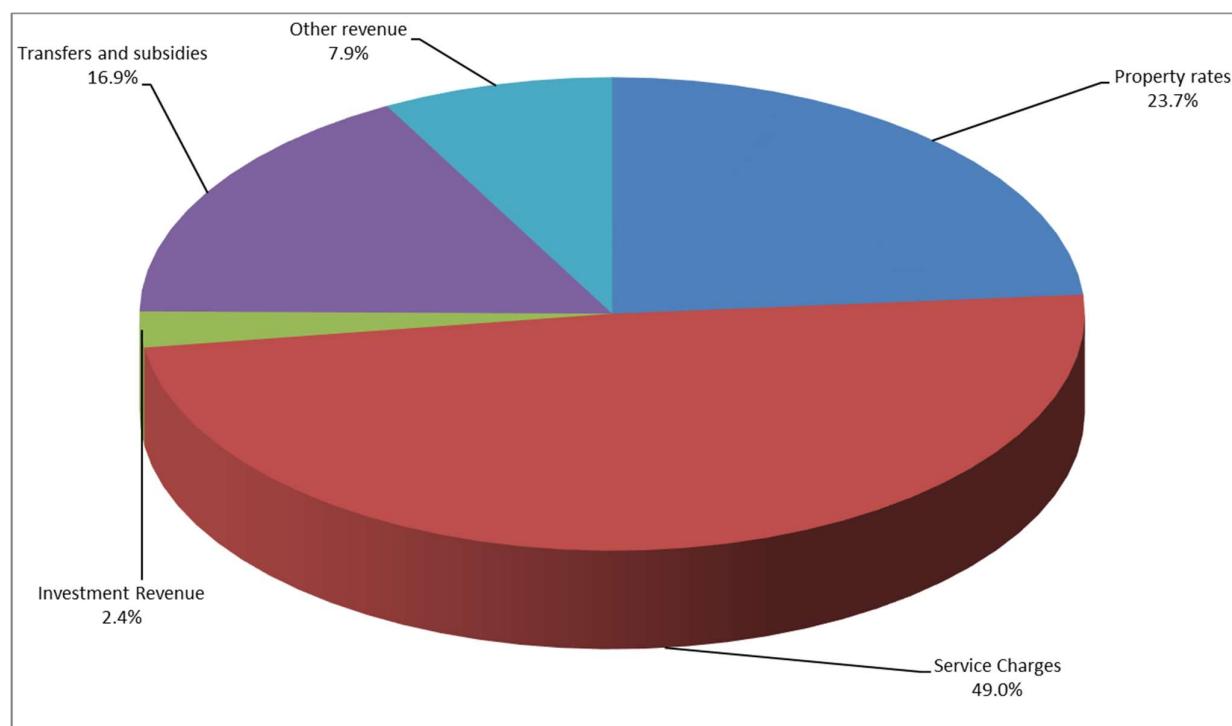
### 2.6.1 Medium-term outlook: operating revenue

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

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

| Description<br>R thousand  | 2018/19 Medium Term Revenue & Expenditure Framework |             |                           |             |                           |             |
|--|---|-------------|---------------------------|-------------|---------------------------|-------------|
|  | Budget Year<br>2018/19                              | %           | Budget Year +1<br>2019/20 | %           | Budget Year +2<br>2020/21 | %           |
| Property Rates   | 9,426,952   | 23.7%       | 10,248,287                | 23.1%       | 11,131,713                | 22.7%       |
| Service Charges  | 19,480,403  | 49.0%       | 22,625,705                | 51.1%       | 25,796,683                | 52.7%       |
| Investment Revenue   | 969,548   | 2.4%        | 989,834                   | 2.2%        | 1,020,077                 | 2.1%        |
| Transfers & Subsidies  | 6,727,045   | 16.9%       | 7,100,559                 | 16.0%       | 7,475,119                 | 15.3%       |
| Other own revenue  | 3,150,613   | 7.9%        | 3,326,743                 | 7.5%        | 3,514,318                 | 7.2%        |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>39,754,561</b>                                   | <b>100%</b> | <b>44,291,128</b>         | <b>100%</b> | <b>48,937,910</b>         | <b>100%</b> |

The following graph is a breakdown of the operational revenue per main category for 2018/19.



**Figure 10 Breakdown of operating revenue over the 2018/19 MTREF**

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

The City derives most of its operational revenue from its service charges (49.0% of total revenue) i.e. provision of services such as water, electricity, sanitation and solid waste removal. Property Rates (23.7%), Transfers & Subsidies (16.9%), Investment revenue (2.4%) and Other own revenue (minor charges i.e. building plan fees, licences, permits etc.) (7.9%) forms part of the 2018/19 revenue base.

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

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

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

Revenue to be generated from Property Rates in 2018/19 amounts to R9 427 million and represents 23.7% of the operating revenue base of the City. It increases to R11 132 million in 2020/21.

Service Charges relating to electricity, water, sanitation and refuse removal constitute the biggest component of the revenue basket of the City totalling R19 480 million in 2018/19. For 2018/19, Service Charges are 49% of the total revenue base.

Transfers & Subsidies increases from R6 727 in 2018/19 to R7 475 million in 2020/21. This includes external allocations received from National- and Provincial Government, private sector funding and the Fuel Levy.

**Table 43 MBRR Table SA15 - Detailed investment information**

| Investment type                            | 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 |
| <b>Parent municipality</b>                 |                  |                  |                  |                      |                   |                    |   |                        |                        |
| Securities - National Government           | 69,820           | 76,655           | 84,240           | 84,240               | 84,240            | 84,240             | 84,240  | 84,240                 | 84,240                 |
| Listed Corporate Bonds                     | -                | -                | -                | -                    | -                 | -                  | -   | -                      | -                      |
| Deposits - Bank                            | 6,854,595        | 7,495,700        | 7,350,420        | 8,093,233            | 9,070,650         | 9,070,650          | 9,458,267   | 10,646,461             | 13,132,174             |
| Deposits - Public Investment Commissioners | -                | -                | -                | -                    | -                 | -                  | -   | -                      | -                      |
| Deposits - Corporation for Public Deposits | -                | -                | -                | -                    | -                 | -                  | -   | -                      | -                      |
| Bankers Acceptance Certificates            | -                | -                | -                | -                    | -                 | -                  | -   | -                      | -                      |
| Negotiable Certificates of Deposit - Banks | -                | -                | -                | -                    | -                 | -                  | -   | -                      | -                      |
| Guaranteed Endowment Policies (sinking)    | 1,631,750        | 1,788,477        | 2,051,869        | 2,265,047            | 2,265,047         | 2,265,047          | 2,503,755   | 2,771,615              | 3,070,090              |
| Repurchase Agreements - Banks              | -                | -                | -                | -                    | -                 | -                  | -   | -                      | -                      |
| Municipal Bonds                            | -                | -                | -                | -                    | -                 | -                  | -   | -                      | -                      |
| <b>TOTAL</b>                               | <b>8,556,165</b> | <b>9,360,832</b> | <b>9,486,529</b> | <b>10,442,521</b>    | <b>11,419,938</b> | <b>11,419,938</b>  | <b>12,046,263</b>                                   | <b>13,502,316</b>      | <b>16,286,504</b>      |

Table 44 MBRR Table SA16 - Investment particulars by maturity

| Investments by Maturity<br>Name of institution & investment ID | Period of Investment | Type of Investment | Capital Guarantee (Yes/ No) | Variable or Fixed interest rate | Interest Rate | Commission Paid (Rands) | Commission Recipient | Expiry date of investment | Opening balance | Interest to be realised | Closing Balance |
|--|----------------------|--------------------|-----------------------------|---------------------------------|---------------|-------------------------|----------------------|---------------------------|-----------------|-------------------------|-----------------|
|  | Days                 |                    |                             |                                 |               |                         |                      |                           |                 |                         |                 |
| ABSA Bank  | 45                   | Fixed Deposit      | No                          | Fixed                           | 7.1%          | N/A                     | N/A                  | 13-Apr-18                 | 15,000          | 130                     | 15,130          |
| ABSA Bank  | 35                   | Fixed Deposit      | No                          | Fixed                           | 7.0%          | N/A                     | N/A                  | 13-Apr-18                 | 10,000          | 67                      | 10,067          |
| ABSA Bank  | 59                   | Fixed Deposit      | No                          | Fixed                           | 7.1%          | N/A                     | N/A                  | 13-Apr-18                 | 45,000          | 516                     | 45,516          |
| ABSA Bank  | 50                   | Fixed Deposit      | No                          | Fixed                           | 7.1%          | N/A                     | N/A                  | 13-Apr-18                 | 25,000          | 242                     | 25,242          |
| ABSA Bank  | 46                   | Fixed Deposit      | No                          | Fixed                           | 7.1%          | N/A                     | N/A                  | 13-Apr-18                 | 30,000          | 267                     | 30,267          |
| ABSA Bank  | 38                   | Fixed Deposit      | No                          | Fixed                           | 7.0%          | N/A                     | N/A                  | 13-Apr-18                 | 30,000          | 219                     | 30,219          |
| ABSA Bank  | 63                   | Fixed Deposit      | No                          | Fixed                           | 7.1%          | N/A                     | N/A                  | 20-Apr-18                 | 25,000          | 308                     | 25,308          |
| ABSA Bank  | 40                   | Fixed Deposit      | No                          | Fixed                           | 7.1%          | N/A                     | N/A                  | 25-Apr-18                 | 15,000          | 116                     | 15,116          |
| ABSA Bank  | 40                   | Fixed Deposit      | No                          | Fixed                           | 7.1%          | N/A                     | N/A                  | 25-Apr-18                 | 25,000          | 193                     | 25,193          |
| ABSA Bank  | 40                   | Fixed Deposit      | No                          | Fixed                           | 7.1%          | N/A                     | N/A                  | 25-Apr-18                 | 30,000          | 232                     | 30,232          |
| ABSA Bank  | 66                   | Fixed Deposit      | No                          | Fixed                           | 7.1%          | N/A                     | N/A                  | 26-Apr-18                 | 25,000          | 322                     | 25,322          |
| ABSA Bank  | 51                   | Fixed Deposit      | No                          | Fixed                           | 7.1%          | N/A                     | N/A                  | 26-Apr-18                 | 60,000          | 591                     | 60,591          |
| ABSA Bank  | 49                   | Fixed Deposit      | No                          | Fixed                           | 7.1%          | N/A                     | N/A                  | 30-Apr-18                 | 20,000          | 189                     | 20,189          |
| ABSA Bank  | 53                   | Fixed Deposit      | No                          | Fixed                           | 7.1%          | N/A                     | N/A                  | 11-May-18                 | 35,000          | 361                     | 35,361          |
| ABSA Bank  | 70                   | Fixed Deposit      | No                          | Fixed                           | 7.2%          | N/A                     | N/A                  | 15-May-18                 | 120,000         | 1,645                   | 121,645         |
| ABSA Bank  | 73                   | Fixed Deposit      | No                          | Fixed                           | 7.2%          | N/A                     | N/A                  | 25-May-18                 | 25,000          | 358                     | 25,358          |
| ABSA Bank  | 70                   | Fixed Deposit      | No                          | Fixed                           | 7.2%          | N/A                     | N/A                  | 25-May-18                 | 150,000         | 2,057                   | 152,057         |
| ABSA Bank  | 70                   | Fixed Deposit      | No                          | Fixed                           | 7.2%          | N/A                     | N/A                  | 31-May-18                 | 25,000          | 343                     | 25,343          |
| ABSA Bank  | 87                   | Fixed Deposit      | No                          | Fixed                           | 7.3%          | N/A                     | N/A                  | 15-Jun-18                 | 155,000         | 2,679                   | 157,679         |
| Firststrand  | 50                   | Fixed Deposit      | No                          | Fixed                           | 6.9%          | N/A                     | N/A                  | 6-Apr-18                  | 10,000          | 94                      | 10,094          |
| Firststrand  | 45                   | Fixed Deposit      | No                          | Fixed                           | 6.9%          | N/A                     | N/A                  | 13-Apr-18                 | 30,000          | 253                     | 30,253          |
| Firststrand  | 59                   | Fixed Deposit      | No                          | Fixed                           | 6.9%          | N/A                     | N/A                  | 13-Apr-18                 | 50,000          | 556                     | 50,556          |
| Firststrand  | 50                   | Fixed Deposit      | No                          | Fixed                           | 6.8%          | N/A                     | N/A                  | 13-Apr-18                 | 20,000          | 187                     | 20,187          |
| Firststrand  | 46                   | Fixed Deposit      | No                          | Fixed                           | 6.9%          | N/A                     | N/A                  | 13-Apr-18                 | 30,000          | 259                     | 30,259          |
| Firststrand  | 38                   | Fixed Deposit      | No                          | Fixed                           | 6.8%          | N/A                     | N/A                  | 13-Apr-18                 | 30,000          | 212                     | 30,212          |
| Firststrand  | 63                   | Fixed Deposit      | No                          | Fixed                           | 6.9%          | N/A                     | N/A                  | 20-Apr-18                 | 30,000          | 356                     | 30,356          |
| Firststrand  | 40                   | Fixed Deposit      | No                          | Fixed                           | 6.8%          | N/A                     | N/A                  | 25-Apr-18                 | 55,000          | 411                     | 55,411          |
| Firststrand  | 40                   | Fixed Deposit      | No                          | Fixed                           | 6.8%          | N/A                     | N/A                  | 25-Apr-18                 | 35,000          | 262                     | 35,262          |
| Firststrand  | 66                   | Fixed Deposit      | No                          | Fixed                           | 6.9%          | N/A                     | N/A                  | 26-Apr-18                 | 30,000          | 373                     | 30,373          |
| Firststrand  | 51                   | Fixed Deposit      | No                          | Fixed                           | 6.8%          | N/A                     | N/A                  | 26-Apr-18                 | 70,000          | 669                     | 70,669          |
| Firststrand  | 49                   | Fixed Deposit      | No                          | Fixed                           | 6.8%          | N/A                     | N/A                  | 30-Apr-18                 | 50,000          | 459                     | 50,459          |
| Firststrand  | 53                   | Fixed Deposit      | No                          | Fixed                           | 6.8%          | N/A                     | N/A                  | 11-May-18                 | 45,000          | 447                     | 45,447          |
| Firststrand  | 70                   | Fixed Deposit      | No                          | Fixed                           | 6.9%          | N/A                     | N/A                  | 15-May-18                 | 120,000         | 1,582                   | 121,582         |
| Firststrand  | 73                   | Fixed Deposit      | No                          | Fixed                           | 6.9%          | N/A                     | N/A                  | 25-May-18                 | 20,000          | 276                     | 20,276          |
| Firststrand  | 70                   | Fixed Deposit      | No                          | Fixed                           | 6.9%          | N/A                     | N/A                  | 25-May-18                 | 165,000         | 2,176                   | 167,176         |
| Firststrand  | 70                   | Fixed Deposit      | No                          | Fixed                           | 6.9%          | N/A                     | N/A                  | 31-May-18                 | 25,000          | 330                     | 25,330          |
| Firststrand  | 87                   | Fixed Deposit      | No                          | Fixed                           | 7.1%          | N/A                     | N/A                  | 15-Jun-18                 | 165,000         | 2,773                   | 167,773         |
| Investec Bank  | 50                   | Fixed Deposit      | No                          | Fixed                           | 7.2%          | N/A                     | N/A                  | 6-Apr-18                  | 30,000          | 296                     | 30,296          |
| Investec Bank  | 35                   | Fixed Deposit      | No                          | Fixed                           | 7.1%          | N/A                     | N/A                  | 13-Apr-18                 | 35,000          | 238                     | 35,238          |
| Investec Bank  | 59                   | Fixed Deposit      | No                          | Fixed                           | 7.2%          | N/A                     | N/A                  | 13-Apr-18                 | 15,000          | 175                     | 15,175          |
| Investec Bank  | 46                   | Fixed Deposit      | No                          | Fixed                           | 7.2%          | N/A                     | N/A                  | 13-Apr-18                 | 10,000          | 90                      | 10,090          |
| Investec Bank  | 38                   | Fixed Deposit      | No                          | Fixed                           | 7.1%          | N/A                     | N/A                  | 13-Apr-18                 | 20,000          | 148                     | 20,148          |
| Investec Bank  | 63                   | Fixed Deposit      | No                          | Fixed                           | 7.2%          | N/A                     | N/A                  | 20-Apr-18                 | 10,000          | 124                     | 10,124          |
| Investec Bank  | 40                   | Fixed Deposit      | No                          | Fixed                           | 7.3%          | N/A                     | N/A                  | 25-Apr-18                 | 10,000          | 79                      | 10,079          |
| Investec Bank  | 40                   | Fixed Deposit      | No                          | Fixed                           | 7.3%          | N/A                     | N/A                  | 25-Apr-18                 | 20,000          | 159                     | 20,159          |
| Investec Bank  | 66                   | Fixed Deposit      | No                          | Fixed                           | 7.3%          | N/A                     | N/A                  | 26-Apr-18                 | 20,000          | 262                     | 20,262          |
| Investec Bank  | 70                   | Fixed Deposit      | No                          | Fixed                           | 7.2%          | N/A                     | N/A                  | 15-May-18                 | 75,000          | 1,036                   | 76,036          |
| Investec Bank  | 70                   | Fixed Deposit      | No                          | Fixed                           | 7.4%          | N/A                     | N/A                  | 25-May-18                 | 50,000          | 705                     | 50,705          |
| Investec Bank  | 70                   | Fixed Deposit      | No                          | Fixed                           | 7.2%          | N/A                     | N/A                  | 31-May-18                 | 10,000          | 137                     | 10,137          |
| Investec Bank  | 87                   | Fixed Deposit      | No                          | Fixed                           | 7.4%          | N/A                     | N/A                  | 15-Jun-18                 | 55,000          | 964                     | 55,964          |
| Nedbank  | 50                   | Fixed Deposit      | No                          | Fixed                           | 7.0%          | N/A                     | N/A                  | 6-Apr-18                  | 55,000          | 527                     | 55,527          |
| Nedbank  | 45                   | Fixed Deposit      | No                          | Fixed                           | 7.0%          | N/A                     | N/A                  | 13-Apr-18                 | 15,000          | 129                     | 15,129          |
| Nedbank  | 45                   | Fixed Deposit      | No                          | Fixed                           | 7.0%          | N/A                     | N/A                  | 13-Apr-18                 | 10,000          | 86                      | 10,086          |
| Nedbank  | 35                   | Fixed Deposit      | No                          | Fixed                           | 7.0%          | N/A                     | N/A                  | 13-Apr-18                 | 10,000          | 67                      | 10,067          |
| Nedbank  | 59                   | Fixed Deposit      | No                          | Fixed                           | 7.1%          | N/A                     | N/A                  | 13-Apr-18                 | 45,000          | 513                     | 45,513          |
| Nedbank  | 50                   | Fixed Deposit      | No                          | Fixed                           | 7.0%          | N/A                     | N/A                  | 13-Apr-18                 | 20,000          | 192                     | 20,192          |
| Nedbank  | 46                   | Fixed Deposit      | No                          | Fixed                           | 7.0%          | N/A                     | N/A                  | 13-Apr-18                 | 20,000          | 176                     | 20,176          |
| Nedbank  | 38                   | Fixed Deposit      | No                          | Fixed                           | 7.0%          | N/A                     | N/A                  | 13-Apr-18                 | 30,000          | 217                     | 30,217          |
| Nedbank  | 63                   | Fixed Deposit      | No                          | Fixed                           | 7.1%          | N/A                     | N/A                  | 20-Apr-18                 | 70,000          | 852                     | 70,852          |
| Nedbank  | 40                   | Fixed Deposit      | No                          | Fixed                           | 7.0%          | N/A                     | N/A                  | 25-Apr-18                 | 25,000          | 190                     | 25,190          |
| Nedbank  | 40                   | Fixed Deposit      | No                          | Fixed                           | 7.0%          | N/A                     | N/A                  | 25-Apr-18                 | 30,000          | 228                     | 30,228          |
| Nedbank  | 66                   | Fixed Deposit      | No                          | Fixed                           | 7.1%          | N/A                     | N/A                  | 26-Apr-18                 | 40,000          | 510                     | 40,510          |
| Nedbank  | 51                   | Fixed Deposit      | No                          | Fixed                           | 7.0%          | N/A                     | N/A                  | 26-Apr-18                 | 50,000          | 489                     | 50,489          |
| Nedbank  | 49                   | Fixed Deposit      | No                          | Fixed                           | 7.0%          | N/A                     | N/A                  | 30-Apr-18                 | 25,000          | 235                     | 25,235          |
| Nedbank  | 53                   | Fixed Deposit      | No                          | Fixed                           | 7.0%          | N/A                     | N/A                  | 11-May-18                 | 35,000          | 356                     | 35,356          |
| Nedbank  | 70                   | Fixed Deposit      | No                          | Fixed                           | 7.1%          | N/A                     | N/A                  | 15-May-18                 | 120,000         | 1,622                   | 121,622         |
| Nedbank  | 71                   | Fixed Deposit      | No                          | Fixed                           | 7.1%          | N/A                     | N/A                  | 25-May-18                 | 15,000          | 207                     | 15,207          |
| Nedbank  | 73                   | Fixed Deposit      | No                          | Fixed                           | 7.1%          | N/A                     | N/A                  | 25-May-18                 | 20,000          | 284                     | 20,284          |
| Nedbank  | 70                   | Fixed Deposit      | No                          | Fixed                           | 7.1%          | N/A                     | N/A                  | 25-May-18                 | 100,000         | 1,362                   | 101,362         |
| Nedbank  | 70                   | Fixed Deposit      | No                          | Fixed                           | 7.2%          | N/A                     | N/A                  | 31-May-18                 | 25,000          | 343                     | 25,343          |
| Nedbank  | 87                   | Fixed Deposit      | No                          | Fixed                           | 7.3%          | N/A                     | N/A                  | 15-Jun-18                 | 145,000         | 2,506                   | 147,506         |

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| Investments by Maturity<br>Name of institution & investment ID | Period of Investment | Type of Investment | Capital Guarantee (Yes/ No) | Variable or Fixed interest rate | Interest Rate | Commission Paid (Rands) | Commission Recipient | Expiry date of investment | Opening balance   | Interest to be realised | Closing Balance   |
|--|----------------------|--------------------|-----------------------------|---------------------------------|---------------|-------------------------|----------------------|---------------------------|-------------------|-------------------------|-------------------|
|  | Days                 |                    |                             |                                 |               |                         |                      |                           |                   |                         |                   |
| Standard Bank  | 45                   | Fixed Deposit      | No                          | Fixed                           | 6.9%          | N / A                   | N / A                | 13-Apr-18                 | 40,000            | 339                     | 40,339            |
| Standard Bank  | 59                   | Fixed Deposit      | No                          | Fixed                           | 6.9%          | N / A                   | N / A                | 13-Apr-18                 | 50,000            | 558                     | 50,558            |
| Standard Bank  | 50                   | Fixed Deposit      | No                          | Fixed                           | 6.9%          | N / A                   | N / A                | 13-Apr-18                 | 20,000            | 189                     | 20,189            |
| Standard Bank  | 46                   | Fixed Deposit      | No                          | Fixed                           | 6.9%          | N / A                   | N / A                | 13-Apr-18                 | 55,000            | 477                     | 55,477            |
| Standard Bank  | 38                   | Fixed Deposit      | No                          | Fixed                           | 6.9%          | N / A                   | N / A                | 13-Apr-18                 | 30,000            | 214                     | 30,214            |
| Standard Bank  | 40                   | Fixed Deposit      | No                          | Fixed                           | 6.9%          | N / A                   | N / A                | 25-Apr-18                 | 60,000            | 452                     | 60,452            |
| Standard Bank  | 40                   | Fixed Deposit      | No                          | Fixed                           | 6.9%          | N / A                   | N / A                | 25-Apr-18                 | 50,000            | 377                     | 50,377            |
| Standard Bank  | 66                   | Fixed Deposit      | No                          | Fixed                           | 7.1%          | N / A                   | N / A                | 26-Apr-18                 | 30,000            | 385                     | 30,385            |
| Standard Bank  | 51                   | Fixed Deposit      | No                          | Fixed                           | 6.9%          | N / A                   | N / A                | 26-Apr-18                 | 70,000            | 670                     | 70,670            |
| Standard Bank  | 49                   | Fixed Deposit      | No                          | Fixed                           | 6.9%          | N / A                   | N / A                | 30-Apr-18                 | 40,000            | 369                     | 40,369            |
| Standard Bank  | 53                   | Fixed Deposit      | No                          | Fixed                           | 6.9%          | N / A                   | N / A                | 11-May-18                 | 45,000            | 451                     | 45,451            |
| Standard Bank  | 70                   | Fixed Deposit      | No                          | Fixed                           | 7.0%          | N / A                   | N / A                | 15-May-18                 | 120,000           | 1,611                   | 121,611           |
| Standard Bank  | 73                   | Fixed Deposit      | No                          | Fixed                           | 7.0%          | N / A                   | N / A                | 25-May-18                 | 20,000            | 278                     | 20,278            |
| Standard Bank  | 70                   | Fixed Deposit      | No                          | Fixed                           | 7.0%          | N / A                   | N / A                | 25-May-18                 | 150,000           | 2,010                   | 152,010           |
| Standard Bank  | 70                   | Fixed Deposit      | No                          | Fixed                           | 7.0%          | N / A                   | N / A                | 31-May-18                 | 25,000            | 335                     | 25,335            |
| Standard Bank  | 87                   | Fixed Deposit      | No                          | Fixed                           | 7.2%          | N / A                   | N / A                | 15-Jun-18                 | 165,000           | 2,812                   | 167,812           |
| ABSA Bank Call   |                      |                    |                             |                                 |               |                         |                      |                           | 108,183           | 1,500                   | 109,683           |
| Firststrand Bank Call  |                      |                    |                             |                                 |               |                         |                      |                           | 140,000           | 936                     | 140,936           |
| Investec Bank Call   |                      |                    |                             |                                 |               |                         |                      |                           | 55,000            | 285                     | 55,285            |
| Nedbank Call   |                      |                    |                             |                                 |               |                         |                      |                           | 135,000           | 624                     | 135,624           |
| Standard Bank Call   |                      |                    |                             |                                 |               |                         |                      |                           | 205,000           | 1,263                   | 206,263           |
| ABSA current account   |                      |                    |                             |                                 |               |                         |                      |                           | 86,285            | 527                     | 86,812            |
| Fund Managers  |                      |                    |                             |                                 |               |                         |                      |                           | 4,945,351         | 33,017                  | 4,978,368         |
| Liberty, RMB and Nedbank sinking fund                          |                      |                    |                             |                                 |               |                         |                      |                           | 2,174,618         | 16,633                  | 2,191,251         |
| Cash in transit  |                      |                    |                             |                                 |               |                         |                      |                           | 34,729            | -                       | 34,729            |
| Government bonds   |                      |                    |                             |                                 |               |                         |                      |                           | 82,729            | (41)                    | 82,688            |
| <b>TOTAL INVESTMENTS AND INTEREST</b>                          |                      |                    |                             |                                 |               |                         |                      |                           | <b>12,046,895</b> |                         | <b>12,151,181</b> |

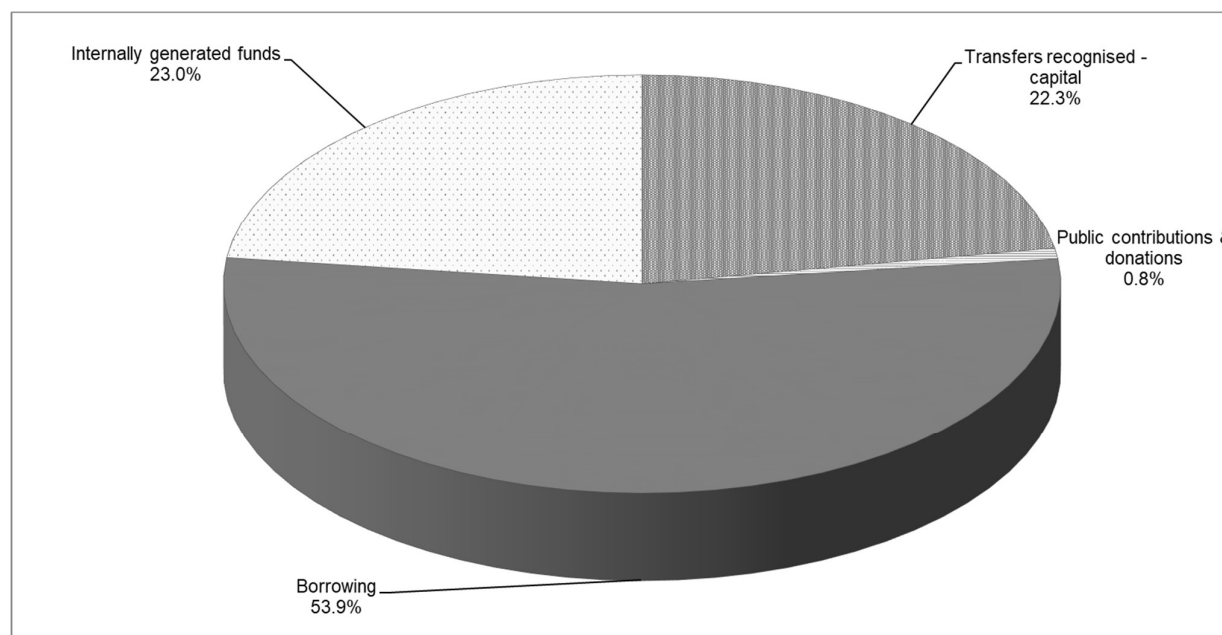
## 2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2018/19 medium-term capital programme:

**Table 45 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 +1 2019/20 | %             | Budget Year +2 2020/21 | %             |
| <b>Funded by:</b>                           |                      |               |   |               |                        |               |                        |               |
| National Government                         | 2,105,624            |               | 2,014,546   |               | 1,993,692              |               | 2,138,633              |               |
| Provincial Government                       | 34,663               |               | 51,750  |               | 125,150                |               | 157,700                |               |
| Other transfers and grants                  | -                    |               | -   |               | -                      |               | -                      |               |
| <b>Transfers recognised - capital</b>       | <b>2,140,287</b>     | <b>27.3%</b>  | <b>2,066,296</b>                                    | <b>22.3%</b>  | <b>2,118,842</b>       | <b>22.9%</b>  | <b>2,296,333</b>       | <b>23.1%</b>  |
| <b>Public contributions &amp; donations</b> | <b>96,585</b>        | <b>1.2%</b>   | <b>76,200</b>                                       | <b>0.8%</b>   | <b>78,600</b>          | <b>0.9%</b>   | <b>112,100</b>         | <b>1.1%</b>   |
| <b>Borrowing</b>                            | <b>4,000,000</b>     | <b>50.9%</b>  | <b>5,000,000</b>                                    | <b>53.9%</b>  | <b>5,200,000</b>       | <b>56.3%</b>  | <b>6,000,000</b>       | <b>60.3%</b>  |
| <b>Internally generated funds</b>           | <b>1,614,790</b>     | <b>20.6%</b>  | <b>2,134,726</b>                                    | <b>23.0%</b>  | <b>1,846,252</b>       | <b>20.0%</b>  | <b>1,543,351</b>       | <b>15.5%</b>  |
| <b>Total Capital Funding</b>                | <b>7,851,662</b>     | <b>100.0%</b> | <b>9,277,222</b>                                    | <b>100.0%</b> | <b>9,243,693</b>       | <b>100.0%</b> | <b>9,951,785</b>       | <b>100.0%</b> |

Sources of capital revenue for the 2018/19 financial year are graphically represented below.



**Figure 11 Sources of capital revenue for the 2018/19 financial year**

Grants from national and provincial governments as well as other external sources still remain a significant funding source for the 2018/19 - 2012/21 capital budget. Transfers recognised – capital represents R2 066 million in 2018/19, R2 119 million in 2019/20 and R2 296 million in 2020/21, increases slightly from 22.3% to 23.1% as a percentage of the total capital budget over the MTREF. Borrowing continues to be a major source of funding of the 2017/18 - 2019/20 capital budget. The borrowing amount reflected in the table above for the 2018/19 financial year includes certain rollovers where directorates have already indicated that they will not be able to spend the full 2017/18 budgetary allocation by year-end. The additional amount has, however, been included during the modelling phase of the MTREF.

**Table 46 MBRR Table SA18 - Capital transfers and grants 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 +1 2019/20 | Budget Year +2 2020/21 |
| <b>Capital Transfers and Grants</b>  |                  |                  |                 |                      |                  |                    |   |                        |                        |
| <b>National Government:</b>  | <b>2,520,974</b> | <b>2,381,397</b> | <b>25,180</b>   | <b>2,189,832</b>     | <b>2,105,624</b> | <b>2,088,598</b>   | <b>2,014,546</b>                                    | <b>1,993,692</b>       | <b>2,138,633</b>       |
| Cooperative Governance: Emergency Disaster Relief Grant                              | -                | -                | -               | -                    | 20,812           | 20,812             | -   | -                      | -                      |
| Minerals and Energy: Energy Efficiency and Demand Side Management Grant              | -                | 12,000           | -               | 9,600                | 9,600            | 9,600              | 9,400   | 10,000                 | 15,000                 |
| Minerals and Energy: Integrated National Electrification Programme (Municipal) Grant | 5,000            | 5,000            | -               | 5,000                | 5,000            | 5,000              | 10,000  | 25,600                 | 12,800                 |
| National Treasury: Expanded Public Works Programme                                   | -                | -                | -               | 400                  | 400              | 400                | 1,000   | -                      | -                      |
| National Treasury: Infrastructure Skills Development Grant                           | -                | -                | -               | 1,000                | 1,103            | 1,103              | 1,000   | -                      | -                      |
| National Treasury: Integrated City Development Grant                                 | 57,171           | 50,826           | -               | 52,319               | 51,319           | 51,319             | 56,740  | 51,529                 | 51,529                 |
| National Treasury: Local Government Restructuring Grant                              | -                | -                | -               | 50                   | 128              | 128                | -   | -                      | -                      |
| National Treasury: Neighbourhood Development Partnership Grant                       | 30,784           | 44,310           | 25,180          | 2,109                | 2,109            | 2,109              | -   | 35,200                 | 35,200                 |
| National Treasury: Urban Settlements Development Grant                               | 1,358,879        | 1,387,760        | -               | 1,278,988            | 1,316,350        | 1,300,214          | 1,279,998   | 1,355,956              | 1,473,104              |
| Transport: Public Transport Infrastructure & Systems Grant                           | 1,069,140        | 881,501          | -               | 128,875              | 128,875          | 128,875            | 2,021   | 9,681                  | 1,434                  |
| Transport: Public Transport Network Grant  | -                | -                | -               | 711,492              | 569,928          | 569,038            | 654,387   | 505,726                | 549,567                |
| <b>Provincial Government:</b>  | <b>10,700</b>    | <b>12,298</b>    | <b>7,500</b>    | <b>79,002</b>        | <b>34,663</b>    | <b>34,663</b>      | <b>51,750</b>                                       | <b>125,150</b>         | <b>157,700</b>         |
| Cultural Affairs and Sport: Library Services (Conditional Grant)                     | -                | -                | -               | 15,850               | 15,877           | 15,877             | 1,600   | -                      | -                      |
| Cultural Affairs and Sport: Library Services: Metro Library Grant                    | -                | 5,000            | 7,500           | 10,000               | 10,379           | 10,379             | 10,000  | 10,000                 | 10,550                 |
| Housing: Integrated Housing and Human Settlement Development Grant                   | -                | -                | -               | 53,002               | 8,256            | 8,256              | 40,000  | 115,000                | 147,000                |
| Provincial Government: Fibre Optic Broadband Roll Out                                | 10,700           | 7,298            | -               | -                    | -                | -                  | -   | -                      | -                      |
| Provincial Government: Community Development Workers (CDW) Operational Grant Support | -                | -                | -               | 150                  | 150              | 150                | 150   | 150                    | 150                    |
| <b>Other grant providers:</b>  | <b>44,412</b>    | <b>47,088</b>    | <b>87,813</b>   | <b>84,900</b>        | <b>96,585</b>    | <b>96,585</b>      | <b>76,200</b>                                       | <b>78,600</b>          | <b>112,100</b>         |
| Other: Other   | 44,412           | 47,088           | 87,813          | 84,900               | 96,585           | 96,585             | 76,200  | 78,600                 | 112,100                |
| <b>Total Capital Transfers and Grants</b>  | <b>2,576,086</b> | <b>2,440,783</b> | <b>120,493</b>  | <b>2,353,735</b>     | <b>2,236,872</b> | <b>2,219,846</b>   | <b>2,142,496</b>                                    | <b>2,197,442</b>       | <b>2,408,433</b>       |

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

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

- previous years' accumulated surpluses;
- contributions made to a Capital Replacement Reserve (CRR) in the previous year's operating budget; and
- Bulk Infrastructure Contribution Levies already collected.
- The levels of contributions made to the CRR on the previous year's operating budget are considered within the MTREF process to determine affordability and sustainability. Internally generated funds amount to R2 135 million, R1 846 million and R1 543 million respectively, over the MTREF.

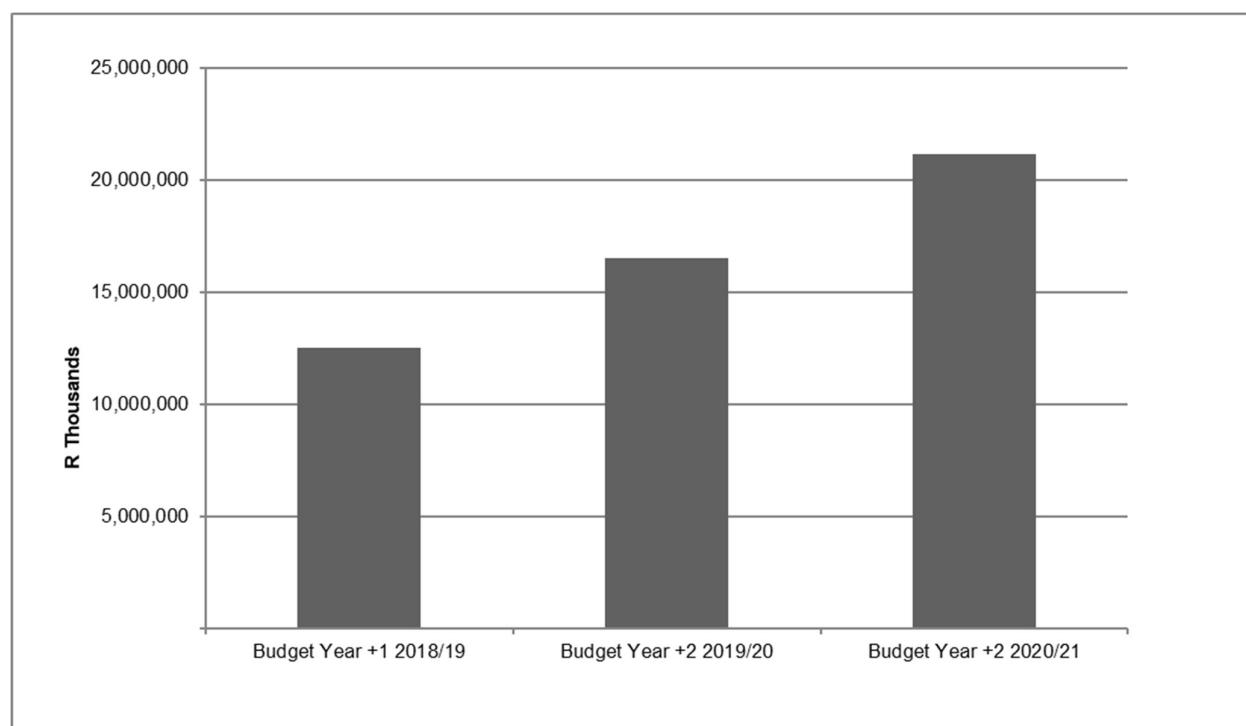
The percentage of internally generated funds in relation to the total annual budget decreases from 23% in 2018/19, 19.9% in 2019/20 and 15.5% in 2020/21.

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

**Table 47 MBRR Table SA17 - Detail of borrowing**

| Borrowing - Categorized by type<br>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 |
| <b>Parent municipality</b>                    |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Annuity and Bullet Loans                      | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Long-Term Loans (non-annuity)                 | 2,215,499        | 1,836,906        | 1,589,616        | 3,570,349            | 5,111,599        | 5,111,599          | 7,579,372   | 11,681,160             | 16,448,674             |
| Local registered stock                        | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Instalment Credit                             | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Financial Leases                              | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| PPP liabilities                               | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Finance Granted By Cap Equipment Supplier     | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Marketable Bonds                              | 4,200,000        | 4,200,000        | 4,200,000        | 4,200,000            | 4,200,000        | 4,200,000          | 4,934,481   | 4,830,464              | 4,725,132              |
| Non-Marketable Bonds                          | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Bankers Acceptances                           | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Financial derivatives                         | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Other Securities                              | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <b>Total Borrowing</b>                        | <b>6,415,499</b> | <b>6,036,906</b> | <b>5,789,616</b> | <b>7,770,349</b>     | <b>9,311,599</b> | <b>9,311,599</b>   | <b>12,513,853</b>                                   | <b>16,511,624</b>      | <b>21,173,806</b>      |

The following graph illustrates the growth in outstanding borrowing for the 2018/19 to 2020/21 period.



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



## 2.6.3 Cash Flow Management

**Table 48 MBRR Table A7 - Budgeted 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 | Budget Year 2018/19                                 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>        |                    |                    |                    |                      |                    |                    |   |                        |                        |
| <b>Receipts</b>                                   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Property rates                                    | 6,018,735          | 6,745,047          | 8,105,126          | 8,344,028            | 8,395,674          | 8,395,674          | 9,055,790   | 9,795,009              | 10,630,877             |
| Service charges                                   | 15,197,370         | 17,363,596         | 18,619,105         | 17,459,005           | 16,053,486         | 16,053,486         | 17,999,918  | 20,834,071             | 23,804,691             |
| Other revenue                                     | 1,882,754          | 1,361,513          | 617,854            | 1,357,994            | 1,406,761          | 1,406,761          | 4,295,619   | 4,455,769              | 4,674,532              |
| Government - operating                            | 3,251,460          | 3,589,931          | 3,633,883          | 6,455,942            | 7,032,299          | 7,032,299          | 4,168,909   | 4,460,909              | 4,728,817              |
| Government - capital                              | 2,423,179          | 2,131,537          | 2,014,869          | 2,353,735            | 2,227,102          | 2,227,102          | 2,142,496   | 2,197,442              | 2,408,433              |
| Interest  | 735,298            | 841,417            | 999,822            | 773,657              | 893,657            | 893,657            | 969,548   | 989,834                | 1,020,077              |
| <b>Payments</b>                                   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Suppliers and employees                           | (22,609,163)       | (24,876,319)       | (26,611,461)       | (30,121,395)         | (30,302,034)       | (30,302,034)       | (32,284,252)  | (34,852,927)           | (37,909,359)           |
| Finance charges                                   | (709,455)          | (687,263)          | (666,163)          | (981,827)            | (933,427)          | (933,427)          | (1,305,377)   | (1,828,724)            | (1,994,078)            |
| Transfers and Grants                              | (136,487)          | (148,246)          | (111,829)          | (140,985)            | -                  | -                  | (230,036)   | (243,505)              | (257,020)              |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>  | <b>6,053,691</b>   | <b>6,321,213</b>   | <b>6,601,206</b>   | <b>5,500,155</b>     | <b>4,773,518</b>   | <b>4,773,518</b>   | <b>4,812,615</b>                                    | <b>5,807,877</b>       | <b>7,106,969</b>       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>       |                    |                    |                    |                      |                    |                    |   |                        |                        |
| <b>Receipts</b>                                   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Proceeds on disposal of PPE                       | 91,419             | 130,189            | 198,742            | 41,500               | 39,500             | 39,500             | 43,870  | 46,283                 | 48,852                 |
| Decrease (Increase) in non-current debtors        | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| Decrease (increase) other non-current receivables | 28,800             | 26,374             | 13,614             | 2,456                | 10,186             | 10,186             | 1,946   | 1,849                  | 1,756                  |
| Decrease (increase) in non-current investments    | 366,983            | (621,401)          | (410,412)          | (212,908)            | (212,908)          | (212,908)          | (238,708)   | (267,859)              | (298,475)              |
| <b>Payments</b>                                   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Capital assets                                    | (5,200,493)        | (5,489,832)        | (5,904,620)        | (6,890,062)          | (6,665,608)        | (6,665,608)        | (8,349,499)   | (8,319,324)            | (8,956,606)            |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>  | <b>(4,713,291)</b> | <b>(5,954,670)</b> | <b>(6,102,676)</b> | <b>(7,059,015)</b>   | <b>(6,828,830)</b> | <b>(6,828,830)</b> | <b>(8,542,391)</b>                                  | <b>(8,539,052)</b>     | <b>(9,204,473)</b>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>       |                    |                    |                    |                      |                    |                    |   |                        |                        |
| <b>Receipts</b>                                   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Short term loans                                  | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| Borrowing long term/refinancing                   | -                  | -                  | -                  | 2,500,000            | 4,000,000          | 4,000,000          | 5,000,000   | 5,200,000              | 6,000,000              |
| Increase (decrease) in consumer deposits          | (97,959)           | 52,375             | 27,077             | 35,710               | 29,785             | 29,785             | 38,688  | 42,557                 | 46,813                 |
| <b>Payments</b>                                   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Repayment of borrowing                            | (309,852)          | (285,597)          | (407,883)          | (432,586)            | (432,586)          | (432,586)          | (682,586)   | (1,012,345)            | (1,165,628)            |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>  | <b>(407,811)</b>   | <b>(233,222)</b>   | <b>(380,806)</b>   | <b>2,103,124</b>     | <b>3,597,199</b>   | <b>3,597,199</b>   | <b>4,356,102</b>                                    | <b>4,230,212</b>       | <b>4,881,185</b>       |
| <b>NET INCREASE/ (DECREASE) IN CASH HELD</b>      | <b>932,589</b>     | <b>133,321</b>     | <b>117,724</b>     | <b>544,264</b>       | <b>1,541,886</b>   | <b>1,541,886</b>   | <b>626,325</b>                                      | <b>1,499,038</b>       | <b>2,783,680</b>       |
| Cash/cash equivalents at the year begin:          | 2,266,559          | 3,199,148          | 3,332,469          | 3,450,193            | 3,450,193          | 3,450,193          | 4,992,079   | 5,618,404              | 7,117,443              |
| Cash/cash equivalents at the year end:            | 3,199,148          | 3,332,469          | 3,450,193          | 3,994,457            | 4,992,079          | 4,992,079          | 5,618,404   | 7,117,443              | 9,901,123              |

The above table shows the cash and cash equivalents of the City with the tabled 2018/19 MTREF. The City continues to embark on an extensive debt collection process to boost cash levels. These initiatives and interventions have translated into a positive cash position for the City.

For the 2018/19 MTREF, the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to exceed R5 618 million by 2018/19, R7 117 million by 2019/20 and R9 901 million by 2020/21.

### 2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

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

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

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

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

| Description                                       | 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 |
| <b>Cash and investments available</b>             |                  |                  |                  |                      |                   |                    |   |                        |                        |
| Cash/cash equivalents at the year end             | 3,199,148        | 3,332,469        | 3,450,193        | 3,994,457            | 4,992,079         | 4,992,079          | 5,618,404   | 7,117,443              | 9,901,123              |
| Other current investments > 90 days               | 1,746,347        | 2,155,177        | 1,654,114        | 2,709,393            | 1,867,022         | 1,867,022          | 1,628,314   | 1,360,455              | 1,061,979              |
| Non current assets - Investments                  | 3,753,617        | 3,966,188        | 4,877,663        | 3,842,589            | 4,664,755         | 4,664,755          | 4,903,463   | 5,171,322              | 5,469,798              |
| <b>Cash and investments available:</b>            | <b>8,699,112</b> | <b>9,453,834</b> | <b>9,981,970</b> | <b>10,546,439</b>    | <b>11,523,856</b> | <b>11,523,856</b>  | <b>12,150,181</b>                                   | <b>13,649,220</b>      | <b>16,432,900</b>      |
| <b>Application of cash and investments</b>        |                  |                  |                  |                      |                   |                    |   |                        |                        |
| Unspent conditional transfers                     | 1,527,445        | 1,199,955        | 1,054,374        | 680,263              | 1,740,079         | 1,740,079          | 1,460,987   | 1,772,177              | 2,112,823              |
| Unspent borrowing                                 | -                | -                | -                | -                    | -                 | -                  | -   | -                      | -                      |
| Statutory requirements                            | -                | -                | -                | -                    | -                 | -                  | 102,936   | 108,083                | 113,487                |
| Other working capital requirements                | 281,584          | 324,693          | 13,061           | 1,979,259            | (896,355)         | (896,355)          | (1,936,664)   | (2,764,127)            | (3,684,874)            |
| Other provisions                                  | -                | -                | -                | -                    | -                 | -                  | 1,068,525   | 1,171,019              | 1,251,623              |
| Long term investments committed                   | 1,788,477        | 1,968,829        | 2,051,869        | 2,265,047            | 2,265,047         | 2,265,047          | 2,503,755   | 2,771,615              | 3,070,090              |
| Reserves to be backed by cash/investments         | 2,790,264        | 3,004,435        | 3,773,185        | 3,100,264            | 3,421,363         | 3,421,363          | 4,714,541   | 5,851,351              | 7,465,701              |
| <b>Total Application of cash and investments:</b> | <b>6,387,770</b> | <b>6,497,912</b> | <b>6,892,489</b> | <b>8,024,834</b>     | <b>6,530,135</b>  | <b>6,530,135</b>   | <b>7,914,080</b>                                    | <b>8,910,117</b>       | <b>10,328,851</b>      |
| <b>Surplus(shortfall)</b>                         | <b>2,311,342</b> | <b>2,955,922</b> | <b>3,089,481</b> | <b>2,521,605</b>     | <b>4,993,721</b>  | <b>4,993,721</b>   | <b>4,236,101</b>                                    | <b>4,739,103</b>       | <b>6,104,049</b>       |

From the above table it can be seen that the cash and investments available total R12 150 million in 2018/16 increasing to R16 433 million in 2020/21, including the projected cash and cash equivalents as determined in the cash flow forecast.

The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants): These include amounts rolled over relating mainly to existing multi-year projects (e.g. IRT).
- Unspent borrowing: There is no unspent borrowing from previous years. Only 53.9% of the 2018/19 capital expenditure budget will be funded from new borrowings.
- Provisions for statutory requirements: The City does not make provision for statutory requirements in this section of the budget as the City mostly in a refund position.
- Other working capital and other provisions: The main purpose of other working capital / other provisions is to ensure that sufficient funds are available to meet obligations as they fall due. A provision equivalent to one and a half times the monthly operational expenditure has been provided for.
- Long term investments committed: Long term investments consist of the sinking funds for the repayment of current and future borrowings. This amount is "held to maturity" and is not available for spending.
- Reserves to be backed by cash / investments: Although the cash-backing of reserve funds is discretionary in nature and need not be fully cash backed, the City's reserve funds are fully cash-backed

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

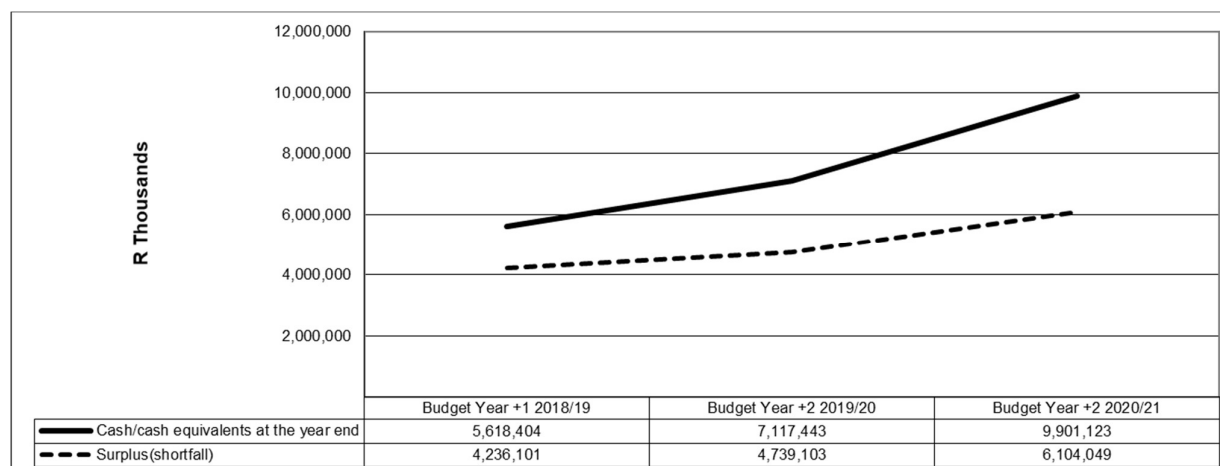


Figure 13 Cash and cash equivalents / cash backed reserves and accumulated funds

### 2.6.5 Funding Compliance Measurement

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

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

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

Table 50 MBRR Table SA10 - Funding Compliance measurement

| Description   | MFMA section | 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 |
| <b>Funding measures</b>                                       |              |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Cash/cash equivalents at the year end - R'000                 | 18(1)b       | 3,199,148       | 3,332,469       | 3,450,193       | 3,994,457            | 4,992,079       | 4,992,079          | 5,618,404   | 7,117,443              | 9,901,123              |
| Cash + investments at the yr end less applications - R'000    | 18(1)b       | 2,311,342       | 2,955,922       | 3,089,481       | 2,521,605            | 4,993,721       | 4,993,721          | 4,236,101   | 4,739,103              | 6,104,049              |
| Cash year end/monthly employee/supplier payments              | 18(1)b       | 1.69            | 1.56            | 1.52            | 1.51                 | 1.91            | 1.91               | 2.0   | 2.3                    | 2.9                    |
| Surplus/(Deficit) excluding depreciation offsets: R'000       | 18(1)        | 4,379,616       | 4,289,654       | 5,304,628       | 3,003,710            | 2,501,496       | 2,501,496          | 2,011,318   | 2,621,225              | 3,523,702              |
| Service charge rev % change - macro CPIX target exclusive     | 18(1)a,(2)   | N.A.            | 7.6%            | 2.5%            | (6.0%)               | (6.0%)          | (6.0%)             | 5.7%  | 7.7%                   | 6.3%                   |
| Cash receipts % of Ratepayer & Other revenue                  | 18(1)a,(2)   | 91.1%           | 89.7%           | 86.9%           | 88.4%                | 90.1%           | 90.1%              | 97.9%   | 97.0%                  | 96.8%                  |
| Debt impairment expense as a % of total billable revenue      | 18(1)a,(2)   | 7.2%            | 7.9%            | 8.9%            | 0.0%                 | 9.6%            | 9.6%               | 10.0%   | 10.2%                  | 9.9%                   |
| Capital payments % of capital expenditure                     | 18(1)c,19    | 99.0%           | 100.0%          | 100.0%          | 98.8%                | 84.9%           | 85.3%              | 90.0%   | 90.0%                  | 90.0%                  |
| Borrowing receipts % of capital expenditure (excl. transfers) | 18(1)c       | 0.0%            | 0.0%            | 0.0%            | 53.1%                | 70.0%           | 70.2%              | 69.3%   | 73.0%                  | 78.4%                  |
| Grants % of Govt. legislated/gazetted allocations             | 18(1)a       | 0.0%            | 0.0%            | 0.0%            | 0.0%                 | 0.0%            | 0.0%               | 140.7%  | 141.5%                 | 140.2%                 |
| Current consumer debtors % change - incr(decr)                | 18(1)a       | N.A.            | 9.7%            | 13.9%           | (0.4%)               | 7.0%            | 0.0%               | 7.3%  | 7.4%                   | 7.6%                   |
| Long term receivables % change - incr(decr)                   | 18(1)a       | N.A.            | (31.4%)         | (20.7%)         | 13.9%                | (16.6%)         | 0.0%               | (5.0%)  | (5.0%)                 | (5.0%)                 |
| R&M % of Property Plant & Equipment                           | 20(1)(vi)    | 9.0%            | 9.1%            | 9.3%            | 9.0%                 | 8.2%            | 8.2%               | 7.7%  | 7.5%                   | 7.3%                   |
| Asset renewal % of capital budget                             | 20(1)(vi)    | 45.0%           | 48.6%           | 26.9%           | 20.4%                | 20.7%           | 21.0%              | 19.3%   | 24.3%                  | 25.7%                  |

#### 2.6.5.1 *Cash/cash equivalent position*

A positive increasing cash position is shown over the forecasted 2018/19 MTREF, indicating that the medium term budget is affordable and sustainable. The cash position is as a result of a favourable opening cash balance and operating surpluses in the outer years.

#### 2.6.5.2 *Cash plus investment less application of funds*

This measure shows how a municipality applies its available cash and investments. Total of cash plus investment less applications is more than the commitments for each corresponding year of the 2018/19 MTREF, which shows that the City is able to afford its commitments over the medium term.

The category descriptions on the cash flow tables in MBRR Schedule A (Table A7 and Table SA30) was not aligned to version 6.2 of mSCOA although Table A4 (Financial Performance) was aligned. This resulted in the Fuel levy being part of Other Revenue in Table A7 and Table SA30 whereas it is shown under Transfers and Subsidies on MBRR Table A4. This misalignment distorts the outcome of the estimated debtor's collection rate and therefore the value reflected for other working capital requirements on Table A8 (Cash backed reserves/accumulated surplus reconciliation).

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

This measure outlines the level of financial risk in the event of the municipality being under financial stress, i.e. it indicates the number of times average monthly payments are covered. This ratio outcome averages 2.4% over the MTREF.

#### 2.6.5.4 *Surplus/deficit excluding depreciation offsets*

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

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

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

- Rates  
A revenue increase of 7.2% is proposed for the 2018/19 financial year, 7.7% and 8.16% is projected for the 2019/20 and 2020/21 years respectively. The higher than CPI increase is as a result of reduced revenue received from the sharing of the fuel levy, higher capital cost, new budget realities and the increased cost of capital investment.
- Electricity  
The nature of business for this service is the purchasing and redistribution of electricity, where bulk purchases averages 61% of the service's total budget. The electricity revenue increase is therefore partly attributed to the NERSA-approved Eskom increase on bulk purchases, which is 7.32% for the 2018/19 financial year. In the absence of a longer term price increase agreement, a 10% increase was applied for the two outer years. The higher than CPI increases on other expenditure items, reducing electricity sales and investments in new infrastructure further contributes to the revenue increase requirement. Based on the above, the electricity average revenue increases are 8.14%, 9.56% and 9.96%, respectively, over the 2018/19 MTREF.

- **Water and Sanitation**  
The average revenue increase for Water and Sanitation is projected at 26.96% for 2018, and 30.45% and 22.04% for the two outer of the MTREF respectively.  
Higher than CPI increase are proposed for Water and Sanitation due to various factors, which includes the following:
  - In light of the current severe drought, various initiatives are planned over the next few years to ensure sustainability and resilience in the provision of water for the City;
  - Investment in desalination, underground extraction from aquifers and water reclamation / reuse initiatives in an effort to ensure water security;
  - Continued investment in asset replacement programmes to ensure proper asset management;
  - Acceleration of repairs and maintenance programmes as well as a staffing strategy to ensure that service delivery and responsiveness expectations are met;
  - Further roll-out of water demand management initiatives to limit the abuse of water;
  - Significantly lower collection rate;
  - Projected shrinkage in overall water consumption; and
  - Projected shrinkage within the high consumption steps, which are normally used for cross-subsidisation.
- **Refuse Removal**  
Solid Waste consists of three services of which two are Tariff-funded and one funded by Property Rates. The Tariff-funded services are Disposal and Refuse.
  - The Disposal average increase for 2018/19 is at 14.83% and the increases for the two outer years are 10.87% and 14.24% respectively. This increase is required for capital investment and related operating expenses. The capital investment includes the development of material recovery facilities and regional landfill sites, upgrading of transfer stations and landfill sites, and the purchasing of land for the regional land fill site.
  - The Refuse average increase is 5.7% for 2018/19 and 7.9% and 8% for the two outer years respectively. The average increase will allow, inter alia, the service to comply with the NEMWA waste minimisation requirements by increasing the removal of recycling at source and upgrade the solid waste depot facilities.

#### *2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue*

This is a macro measure of the rate at which funds are 'collected'. The expected purpose of this measure is to analyse an underlying assumed collection rate, however, due to the difference in the compilation of Other Revenue on MBRR Table A7 and Table A4 the ratio gets distorted.

The category description on MBRR Table A7 and Table SA30 was not aligned to version 6.2 of mSCOA whereas MBRR Table A4 was. This resulted in the Fuel levy being part of Other Revenue in MBRR Table A7 and Table SA30 whereas on MBRR Table A4 it is shown under Transfers and Subsidies. This misalignment distorts the outcome of this ratio. If Other Revenue on MBRR Table A7 is reduced by the Fuel Levy the outcome for this ratio is 90% in 2018/19. The lower collection rate is mainly due to the lower water and sanitation collection rate projected over the MTREF. This collection ratio is deemed realistic, as it is based on past and current trends. Initiatives are continuously put in place to improve revenue collection.

#### *2.6.5.7 Debt impairment expense as a percentage of billable revenue*

This ratio measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment has to be increased to offset under-collection. This ratio is consistent with the forecasted average debt collection rate.

#### *2.6.5.8 Capital payments percentage of capital expenditure*

The purpose of this measure is to understand whether the timing of payments is being taken into consideration when forecasting the cash position. A lower than 100% ratio is shown over the forecasted MTREF, due to capital funding sources projected at 90% in the cash flow. This projection is based on previous years' capital expenditure trends.

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

The purpose of this measure is to determine the proportion of a municipality's 'own-funded' capital expenditure budget funded from borrowed funds. The City's long term borrowing is done in terms of Chapter 6 of the MFMA, where a long term loan will only be entered into if it's affordable and sustainable. The ratio shows an outcome of 73.6% over the MTREF, showing that the City is borrowing less than capital expenditure, therefore sustainable and compliant to the MFMA. The increase in the ratio is mainly due to the higher capital investment required to ensure sustainability of water provision.

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

The purpose of this measure is to ensure that all available transfers from the various spheres of government have been included in the budget. The City's budget was compiled using the 2018 DORb and 2018/19 MTREF gazetted Provincial Government allocations.

This ratio outcome is overstated, due to the Fuel Levy being included in Grants and Subsidies on MBRR Table A4 but not in the ratio calculation in MBRR Table SA10. The ratio outcome excluding the fuel levy will equate to 100%.

#### *2.6.5.11 Consumer debtors change (current and non-current)*

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

#### *2.6.5.12 Long term receivables % change*

Long term receivables include 'arrangement debtors' to be paid by debtors over an extended period of time. Long term receivables are projected to reduce by an average of 5% annually over the MTREF.

#### *2.6.5.13 Repairs and maintenance expenditure level*

This ratio is to indicate whether sufficient provision is made, in respect of repairs and maintenance for property, plant and equipment. This ratio outcome averages 7.5% over the MTREF, which is lower than the National Treasury benchmark of 8%. The lower ratio outcome is as a result of the reprioritisation of the budget and the high investment in new assets to provide for additional water supply. New infrastructure would not require immediate repairs and maintenance therefore if excluded from the calculation the ratio outcome for 2018/19 equates to 8.6%.

#### *2.6.5.14 Asset renewal % of capital budget*

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

The mSCOA MBRR format split the previously known 'renewal of existing assets' into 'renewal of existing assets' and 'upgrading of existing assets'. This ratio now only takes into consideration the renewal of existing assets portion over the total capital budget and shows an outcome averaging 23.1% over the MTREF, whereas renewal and upgrading of existing assets over the total capital budget shows an average outcome of 43.4% over the MTREF. The lower ratio outcome is as a result of the high investment in new assets to provide for additional water supply.

## **2.7 Ward Allocations**

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

The City has 116 demarcated wards, which forms part of 24 subcouncils. These subcouncils serve the residents by engaging with them on municipal issues. The total available to each ward for the 2018/19 financial year is set at R850 000 per ward. These allocations could be spent on either capital or operating projects/programmes.

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

## 2.8 Expenditure on transfers and grant programmes

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

| Description  | 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 |
| <b>EXPENDITURE:</b>  |                 |                 |                 |                      |                  |                    |   |                        |                        |
| <b>Operating expenditure of Transfers and Grants</b>   |                 |                 |                 |                      |                  |                    |   |                        |                        |
| <b>National Government:</b>  | <b>671,249</b>  | <b>594,660</b>  | <b>353,550</b>  | <b>2,849,944</b>     | <b>3,072,197</b> | <b>3,072,197</b>   | <b>3,194,442</b>                                    | <b>3,391,723</b>       | <b>3,639,309</b>       |
| Equitable share  | 6,294           | 1,281           | -               | 2,292,908            | 2,292,908        | 2,292,908          | 2,574,650   | 2,815,558              | 3,092,042              |
| Finance Management grant   | 973             | 1,050           | 1,050           | 1,050                | 1,050            | 1,050              | 1,000   | 1,000                  | 1,000                  |
| Urban Settlements Development Grant  | 162,977         | 171,610         | 41,560          | 215,798              | 236,937          | 236,937            | 204,792   | 204,301                | 173,000                |
| Energy Efficiency and Demand Side Management Grant   | 599             | 424             | 568             | 400                  | 400              | 400                | 600   | -                      | -                      |
| Dept. of Environ Affairs and Tourism   | 4,326           | 4,613           | 5,868           | -                    | 7,158            | 7,158              | -   | -                      | -                      |
| Expanded Public Works Programme  | 23,552          | 23,216          | 31,340          | 13,783               | 13,783           | 13,783             | 23,226  | -                      | -                      |
| Integrated City Development Grant  | 3,116           | 2,915           | 6,290           | 8,944                | 9,944            | 9,944              | 7,622   | 5,392                  | 8,563                  |
| Public Transport Infrastructure & Systems Grant  | -               | 20,998          | 32,413          | 19,636               | 70,227           | 70,227             | 48,812  | 53,303                 | 52,470                 |
| Infrastructure Skills Development  | 2,763           | 6,932           | 7,365           | 9,393                | 10,193           | 10,193             | 12,605  | 15,935                 | 16,000                 |
| Public Transport Network Grant   | -               | 283,209         | 232,093         | 288,032              | 429,596          | 429,596            | -   | -                      | -                      |
| Public Transport Infrastructure Grant  | 79,844          | (83)            | -               | -                    | -                | -                  | -   | -                      | -                      |
| Public Transport Network Operations Grant  | 367,748         | 58,569          | (5,183)         | -                    | -                | -                  | 321,135   | 291,434                | 291,434                |
| Municipal Human Settlements Capacity Grant   | 18,363          | 18,743          | -               | -                    | -                | -                  | -   | -                      | -                      |
| Department of Water Affairs and Forestry Grant   | 697             | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| Department of Public Services and Administration   | -               | 1,183           | -               | -                    | -                | -                  | -   | -                      | -                      |
| 2014 African Nations Championship Host City Operating Grant  | (26)            | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| Housing Accreditation  | 23              | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| Department of Public Services and Administration   | -               | -               | 190             | -                    | -                | -                  | -   | -                      | -                      |
| Neighbourhood Development Partnership Grant  | -               | -               | -               | -                    | -                | -                  | -   | 4,800                  | 4,800                  |
| LGSETA Post Graduate Internship Programme  | -               | -               | (3)             | -                    | -                | -                  | -   | -                      | -                      |
| <b>Provincial Government:</b>  | <b>730,253</b>  | <b>772,721</b>  | <b>801,688</b>  | <b>1,176,026</b>     | <b>1,508,150</b> | <b>1,508,150</b>   | <b>968,719</b>                                      | <b>1,068,912</b>       | <b>1,089,508</b>       |
| Cultural Affairs and Sport - Provincial Library Services   | 28,874          | 32,142          | 37,626          | 37,449               | 41,236           | 41,236             | 47,347  | 47,057                 | 49,736                 |
| Cultural Affairs and Sport - Library Services: Transfer funding to enable City of Cape Town to procure periodicals and new spapers | -               | -               | -               | 4,500                | 4,500            | 4,500              | 4,770   | 4,989                  | 5,223                  |
| Human Settlements - Human Settlement Development Grant   | 411,253         | 428,773         | 424,143         | 568,052              | 878,819          | 878,819            | 334,550   | 419,930                | 392,280                |
| Human Settlements - Municipal Accreditation Assistance   | 3,989           | 6,584           | 6,111           | 5,000                | 10,483           | 10,483             | 5,000   | -                      | -                      |
| Human Settlement - Settlement Assistance   | -               | -               | 697             | 1,500                | 2,867            | 2,867              | 1,500   | 1,500                  | 1,500                  |
| Health - TB  | 17,206          | 24,535          | 25,626          | 27,112               | 27,604           | 27,604             | 53,063  | 61,341                 | 79,511                 |
| Health - Global Fund   | 37,936          | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| Health - ARV   | 109,584         | 162,829         | 179,967         | 217,701              | 217,701          | 217,701            | 224,414   | 244,224                | 270,814                |
| Health - Nutrition   | 4,065           | 4,169           | 4,733           | 5,572                | 5,572            | 5,572              | 5,928   | 6,176                  | 6,520                  |
| Health - Vaccines  | 65,565          | 71,152          | 80,874          | 82,134               | 96,299           | 96,299             | 86,899  | 91,661                 | 91,661                 |
| Comprehensive Health   | -               | -               | -               | 188,146              | 173,489          | 173,489            | 173,489   | 173,489                | 173,489                |
| Transport and Public Works - Provision for persons with special needs  | 10,075          | 10,112          | 10,089          | 10,000               | 10,313           | 10,313             | 10,000  | 10,000                 | 10,000                 |
| Transport Safety and Compliance - Rail Safety  | 2,197           | 48              | 56              | -                    | -                | -                  | 16,000  | -                      | -                      |
| Community Development Workers  | 741             | 1,446           | 469             | -                    | 3,672            | 3,672              | 886   | 886                    | 886                    |
| Planning, Maintenance and Rehabilitation of Transport Systems and Infrastructure   | 5,353           | 7,527           | 5,674           | 3,500                | 6,915            | 6,915              | -   | 3,500                  | 3,500                  |
| Community Safety - Law Enforcement Auxiliary Services  | 19,384          | 21,715          | 25,620          | 886                  | 1,354            | 1,354              | 3,938   | 4,159                  | 4,388                  |
| Appointment, Training, Equipping and Operationalisation of School Resource Officers  | -               | -               | -               | -                    | -                | -                  | 345   | -                      | -                      |
| Finance Management Capacity Building Grant   | -               | -               | -               | 240                  | 362              | 362                | 360   | -                      | -                      |
| Provincial Government: Financial Management Support Grant  | 300             | 303             | -               | -                    | 230              | 230                | 230   | -                      | -                      |
| Provincial Contribution towards addressing Natural Disasters   | -               | -               | -               | -                    | 2,500            | 2,500              | -   | -                      | -                      |
| Human Settlement   | -               | -               | -               | 24,234               | 24,234           | 24,234             | -   | -                      | -                      |
| Metropolitan Land Transport Fund   | 12,514          | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| Local Government Compliance  | 467             | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| Economic Development and Tourism   | 500             | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| Cultural Affairs and Sport: Three Anchor Bay Tennis Court  | 250             | 1,196           | -               | -                    | -                | -                  | -   | -                      | -                      |
| Economic Development and Tourism: Public Access Centres  | -               | 43              | -               | -                    | -                | -                  | -   | -                      | -                      |
| Cultural Affairs and Sport: Library Services: Metro Library Grant  | -               | 147             | -               | -                    | -                | -                  | -   | -                      | -                      |
| Finance Management Support Grant   | -               | -               | 4               | -                    | -                | -                  | -   | -                      | -                      |

Table continues on next page.



City of Cape Town 2018/19 Tabled Budget

| 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 |
| <b>R thousand</b>   |                  |                  |                  |                      |                  |                    |   |                        |                        |
| <b>Other grant providers:</b>   | 12,811           | 29,326           | 34,632           | 12,337               | 34,388           | 34,388             | 5,748   | 274                    | -                      |
| Tourism   | 1,918            | 222              | -                | 2,000                | 2,000            | 2,000              | 2,000   | -                      | -                      |
| CMTF  | -                | -                | 1,811            | 2,575                | 9,607            | 9,607              | -   | -                      | -                      |
| CID   | 2,839            | 2,908            | 4,224            | 3,572                | 6,264            | 6,264              | -   | -                      | -                      |
| Century City Property Owners Association  | 468              | 553              | 782              | 837                  | 837              | 837                | -   | -                      | -                      |
| Traffic Free Flow (PTY) Ltd   | 1,017            | 1,123            | 644              | -                    | -                | -                  | -   | -                      | -                      |
| DBSA - Green Fund   | -                | 22,550           | 24,110           | -                    | 6,790            | 6,790              | -   | -                      | -                      |
| Rusgenberg Girls  | -                | -                | 38               | 41                   | 41               | 41                 | -   | -                      | -                      |
| Westcott Primary  | -                | -                | 38               | 41                   | 41               | 41                 | -   | -                      | -                      |
| Airports Company South Africa SOC Ltd   | -                | -                | 1,333            | 1,333                | 1,333            | 1,333              | 1,333   | -                      | -                      |
| Rockefeller Philanthropy Advisor's Inc  | -                | -                | -                | 1,166                | 1,166            | 1,166              | 1,448   | -                      | -                      |
| University of Connecticut   | -                | -                | -                | -                    | 15               | 15                 | -   | -                      | -                      |
| V&A Waterfront Holdings (Pty) Ltd   | 134              | 268              | 291              | 772                  | 772              | 772                | -   | -                      | -                      |
| The South African Breweries   | -                | -                | -                | -                    | 3,894            | 3,894              | -   | -                      | -                      |
| Bayside   | -                | -                | 244              | -                    | 547              | 547                | -   | -                      | -                      |
| Bergvliet High  | -                | -                | -                | -                    | 16               | 16                 | -   | -                      | -                      |
| Big Bay   | -                | -                | -                | -                    | 315              | 315                | -   | -                      | -                      |
| Helderberg PTA  | -                | -                | -                | -                    | 16               | 16                 | -   | -                      | -                      |
| University of Stellenbosch  | 505              | 839              | 929              | -                    | 733              | 733                | -   | -                      | -                      |
| Mamre Fencing   | -                | 17               | -                | -                    | -                | -                  | -   | -                      | -                      |
| Agency Fraçaise de Development (AFD)  | 308              | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| UN Women  | 125              | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| South African National Biodiversity Institute   | 3,544            | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Carnegie  | 1,953            | 846              | -                | -                    | -                | -                  | -   | -                      | -                      |
| Sustainable Energy Africa   | -                | -                | 187              | -                    | -                | -                  | 967   | 274                    | -                      |
| <b>Total operating expenditure of Transfers and Grants:</b>   | <b>1,414,313</b> | <b>1,396,708</b> | <b>1,189,869</b> | <b>4,038,307</b>     | <b>4,614,735</b> | <b>4,614,735</b>   | <b>4,168,909</b>                                    | <b>4,460,909</b>       | <b>4,728,817</b>       |
| <b>Capital expenditure of Transfers and Grants</b>  |                  |                  |                  |                      |                  |                    |   |                        |                        |
| <b>National Government:</b>   | <b>2,186,882</b> | <b>1,974,475</b> | <b>1,959,167</b> | <b>2,189,832</b>     | <b>2,105,624</b> | <b>2,088,598</b>   | <b>2,014,546</b>                                    | <b>1,993,692</b>       | <b>2,138,633</b>       |
| Cooperative Governance: Emergency Disaster Relief Grant   | -                | -                | -                | -                    | 20,812           | 20,812             | -   | -                      | -                      |
| Minerals and Energy: Energy Efficiency and Demand Side Management Grant                                     | 5,989            | 11,217           | 14,400           | 9,600                | 9,600            | 9,600              | 9,400   | 10,000                 | 15,000                 |
| Minerals and Energy: Integrated National Electrification Programme (Municipal) Grant                        | 22,224           | 4,997            | -                | 5,000                | 5,000            | 5,000              | 10,000  | 25,600                 | 12,800                 |
| National Treasury: Expanded Public Works Programme  | 400              | 454              | 400              | 400                  | 400              | 400                | 1,000   | -                      | -                      |
| National Treasury: Finance Management Grant   | 598              | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| National Treasury: Infrastructure Skills Development Grant  | 299              | 497              | 989              | 1,000                | 1,103            | 1,103              | 1,000   | -                      | -                      |
| National Treasury: Integrated City Development Grant  | 53,517           | 51,365           | 35,756           | 52,319               | 51,319           | 51,319             | 56,740  | 51,529                 | 51,529                 |
| National Treasury: Local Government Restructuring Grant   | 1,341            | 100              | -                | 50                   | 128              | 128                | -   | -                      | -                      |
| National Treasury: Municipal Disaster Grant   | 1,366            | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| National Treasury: Accreditation Development Support  | 179              | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| National Treasury: Municipal Human Settlements Capacity Grant   | 428              | 465              | -                | -                    | -                | -                  | -   | -                      | -                      |
| National Treasury: Neighbourhood Development Partnership Grant  | 9,448            | 38,179           | 23,802           | 2,109                | 2,109            | 2,109              | -   | 35,200                 | 35,200                 |
| National Treasury: Other  | 265              | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| National Treasury: Urban Renewal  | 1,695            | 643              | 2,194            | -                    | -                | -                  | -   | -                      | -                      |
| National Treasury: Urban Settlements Development Grant  | 1,246,923        | 1,080,570        | 1,252,464        | 1,278,988            | 1,316,350        | 1,300,214          | 1,279,998   | 1,355,956              | 1,473,104              |
| Transport: Public Transport Infrastructure & Systems Grant  | -                | (55,622)         | 22,681           | 128,875              | 128,875          | 128,875            | 2,021   | 9,681                  | 1,434                  |
| Transport: Public Transport Infrastructure Grant  | 842,210          | 407,069          | (33,331)         | -                    | -                | -                  | -   | -                      | -                      |
| Transport: Public Transport Network Grant   | -                | 434,540          | 639,812          | 711,492              | 569,928          | 569,038            | 654,387   | 505,726                | 549,567                |
| <b>Provincial Government:</b>   | <b>284,184</b>   | <b>157,062</b>   | <b>46,130</b>    | <b>79,002</b>        | <b>34,663</b>    | <b>34,663</b>      | <b>51,750</b>                                       | <b>125,150</b>         | <b>157,700</b>         |
| Cultural Affairs and Sport: Library Services (Conditional Grant)  | 8,027            | 9,140            | 14,078           | 15,850               | 15,877           | 15,877             | 1,600   | -                      | -                      |
| Cultural Affairs and Sport: Library Services: Metro Library Grant   | -                | 3,938            | 8,512            | 10,000               | 10,379           | 10,379             | 10,000  | 10,000                 | 10,550                 |
| Cultural Affairs and Sport: Three Anchor Bay Tennis Court   | 139              | 126              | -                | -                    | -                | -                  | -   | -                      | -                      |
| Cultural Affairs and Sport: Delft Sportsfield Development   | -                | -                | 20               | -                    | -                | -                  | -   | -                      | -                      |
| Economic Development and Tourism: False Bay Ecology   | 850              | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Economic Development and Tourism: Public Access Centres   | 2,296            | 50               | 127              | -                    | -                | -                  | -   | -                      | -                      |
| Housing: Integrated Housing and Human Settlement Development Grant  | 254,030          | 115,556          | 2,268            | 53,002               | 8,256            | 8,256              | 40,000  | 115,000                | 147,000                |
| Provincial Government: Fibre Optic Broadband Roll Out   | 6,417            | 10,181           | -                | -                    | -                | -                  | -   | -                      | -                      |
| Provincial Government: Community Development Workers (CDW) Operational Grant Support                        | 300              | 291              | 150              | -                    | -                | -                  | -   | -                      | -                      |
| Provincial Government: Transport Safety and Compliance - Rail Safety  | -                | 406              | 256              | -                    | -                | -                  | -   | -                      | -                      |
| Transport and Public Works: Implementation of Impound Facilities  | 343              | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Transport and Public Works: Cape Metropolitan transport Fund  | 1,892            | 333              | -                | -                    | -                | -                  | -   | -                      | -                      |
| Transport and Public Works: Planning, Maintenance and Rehabilitation of Transport System and Infrastructure | 9,890            | 17,041           | 15,219           | -                    | -                | -                  | -   | -                      | -                      |
| Macassar Treatment Works  | -                | -                | 5,500            | -                    | -                | -                  | -   | -                      | -                      |
| Provincial Government: Community Development Workers (CDW) Operational Grant Support                        | -                | -                | -                | 150                  | 150              | 150                | 150   | 150                    | 150                    |
| <b>Other grant providers:</b>   | <b>44,219</b>    | <b>61,488</b>    | <b>71,882</b>    | <b>84,900</b>        | <b>96,585</b>    | <b>96,585</b>      | <b>76,200</b>                                       | <b>78,600</b>          | <b>112,100</b>         |
| Other: Other  | 44,219           | 61,488           | 71,882           | 84,900               | 96,585           | 96,585             | 76,200  | 78,600                 | 112,100                |
| <b>Total capital expenditure of Transfers and Grants</b>  | <b>2,515,285</b> | <b>2,193,025</b> | <b>2,077,179</b> | <b>2,353,735</b>     | <b>2,236,872</b> | <b>2,219,846</b>   | <b>2,142,496</b>                                    | <b>2,197,442</b>       | <b>2,408,433</b>       |
| <b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>  | <b>3,929,598</b> | <b>3,589,733</b> | <b>3,267,048</b> | <b>6,392,042</b>     | <b>6,851,607</b> | <b>6,834,581</b>   | <b>6,311,405</b>                                    | <b>6,658,351</b>       | <b>7,137,251</b>       |

## **2.9 Allocations and grants made by the municipality**

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

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

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

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

Full disclosure on transfers and grants to external organisations by the City can be found in Annexure 20.

## 2.10 Councillor and Staff benefits

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

| Summary of Employee and Councillor remuneration          | 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 |
| <b>R thousand</b>  |                  |                  |                  |                      |                   |                    |   |                        |                        |
| <b>Councillors (Political Office Bearers plus Other)</b> |                  |                  |                  |                      |                   |                    |   |                        |                        |
| Basic Salaries and Wages                                 | 109,939          | 117,484          | 122,846          | 138,588              | 142,984           | 142,984            | 147,923   | 157,538                | 167,857                |
| Pension and UIF Contributions                            | 4,692            | 5,051            | 4,115            | -                    | -                 | -                  | -   | -                      | -                      |
| Medical Aid Contributions                                | -                | -                | -                | -                    | -                 | -                  | -   | -                      | -                      |
| Motor Vehicle Allowance                                  | -                | -                | -                | -                    | -                 | -                  | -   | -                      | -                      |
| Cellphone Allowance                                      | -                | 7,459            | 4,903            | 5,640                | 5,853             | 5,853              | 10,037  | 10,690                 | 11,390                 |
| Housing Allowances                                       | -                | -                | -                | -                    | -                 | -                  | -   | -                      | -                      |
| Other benefits and allowances                            | 13,781           | 4,643            | 6,510            | 11,558               | 6,728             | 6,729              | 11,679  | 12,438                 | 13,253                 |
| <b>Sub Total - Councillors</b>                           | <b>128,412</b>   | <b>134,637</b>   | <b>138,374</b>   | <b>155,786</b>       | <b>155,565</b>    | <b>155,566</b>     | <b>169,639</b>                                      | <b>180,666</b>         | <b>192,500</b>         |
| <b>% increase</b>  |                  | <b>4.8%</b>      | <b>2.8%</b>      | <b>12.6%</b>         | <b>-0.1%</b>      | <b>0.0%</b>        | <b>9.0%</b>   | <b>6.5%</b>            | <b>6.6%</b>            |
| <b>Senior Managers of the Municipality</b>               |                  |                  |                  |                      |                   |                    |   |                        |                        |
| Basic Salaries and Wages                                 | 20,746           | 20,347           | 30,689           | 27,665               | 27,665            | 27,665             | 30,787  | 33,435                 | 36,243                 |
| Pension and UIF Contributions                            | 1,322            | 1,359            | 1,499            | 1,580                | 1,580             | 1,580              | 2,322   | 2,522                  | 2,734                  |
| Medical Aid Contributions                                | 226              | 215              | 160              | 151                  | 151               | 151                | 216   | 234                    | 254                    |
| Overtime   | -                | -                | -                | -                    | -                 | -                  | -   | -                      | -                      |
| Performance Bonus  | -                | -                | -                | -                    | -                 | -                  | -   | -                      | -                      |
| Motor Vehicle Allowance                                  | 456              | 568              | 382              | 284                  | 284               | 284                | 442   | 480                    | 521                    |
| Cellphone Allowance                                      | -                | 122              | 115              | 184                  | 184               | 184                | 184   | 199                    | 216                    |
| Housing Allowances                                       | -                | -                | -                | -                    | -                 | -                  | -   | -                      | -                      |
| Other benefits and allowances                            | 338              | 74               | 103              | 63                   | 63                | 63                 | 114   | 124                    | 134                    |
| Payments in lieu of leave                                | -                | 408              | 1,617            | -                    | -                 | -                  | -   | -                      | -                      |
| Long service awards                                      | -                | -                | -                | -                    | -                 | -                  | -   | -                      | -                      |
| Post-retirement benefit obligations                      | -                | -                | -                | -                    | -                 | -                  | -   | -                      | -                      |
| <b>Sub Total - Senior Managers of Municipality</b>       | <b>23,088</b>    | <b>23,093</b>    | <b>34,565</b>    | <b>29,927</b>        | <b>29,927</b>     | <b>29,927</b>      | <b>34,065</b>                                       | <b>36,994</b>          | <b>40,102</b>          |
| <b>% increase</b>  |                  | <b>0.0%</b>      | <b>49.7%</b>     | <b>(13.4%)</b>       | <b>-</b>          | <b>-</b>           | <b>13.8%</b>  | <b>8.6%</b>            | <b>8.4%</b>            |
| <b>Other Municipal Staff</b>                             |                  |                  |                  |                      |                   |                    |   |                        |                        |
| Basic Salaries and Wages                                 | 5,721,748        | 6,107,809        | 5,934,755        | 8,295,797            | 7,882,993         | 7,882,993          | 8,846,717   | 9,467,068              | 10,259,827             |
| Pension and UIF Contributions                            | 910,789          | 990,173          | 1,068,818        | 1,571,082            | 1,400,584         | 1,400,584          | 1,663,790   | 1,825,541              | 1,956,351              |
| Medical Aid Contributions                                | 546,199          | 598,170          | 660,098          | 729,604              | 725,698           | 725,698            | 752,466   | 817,179                | 885,822                |
| Overtime   | 393,447          | 463,125          | 546,810          | 495,298              | 546,029           | 546,029            | 517,090   | 517,113                | 517,138                |
| Performance Bonus  | -                | -                | -                | -                    | -                 | -                  | -   | -                      | -                      |
| Motor Vehicle Allowance                                  | 189,952          | 192,294          | 191,177          | 206,029              | 206,979           | 206,979            | 220,719   | 239,700                | 259,834                |
| Cellphone Allowance                                      | 13,691           | 14,175           | 16,599           | 17,502               | 17,776            | 17,776             | 23,777  | 25,822                 | 27,991                 |
| Housing Allowances                                       | 28,439           | 53,086           | 56,862           | 56,026               | 59,292            | 59,292             | 64,402  | 69,941                 | 75,816                 |
| Other benefits and allowances                            | 186,068          | 204,362          | 221,178          | 227,271              | 229,088           | 229,088            | 236,326   | 256,563                | 278,030                |
| Payments in lieu of leave                                | 85,154           | 77,380           | 675,494          | 122,318              | 123,592           | 123,592            | 133,932   | 145,439                | 157,646                |
| Long service awards                                      | 19,967           | 45,786           | 23,642           | 68,288               | 68,287            | 68,287             | 79,206  | 86,018                 | 93,243                 |
| Post-retirement benefit obligations                      | 6,191            | 588,288          | 229,302          | 231,548              | 231,548           | 231,548            | 247,593   | 261,211                | 275,708                |
| <b>Sub Total - Other Municipal Staff</b>                 | <b>8,101,645</b> | <b>9,334,648</b> | <b>9,624,735</b> | <b>12,020,763</b>    | <b>11,491,866</b> | <b>11,491,866</b>  | <b>12,786,018</b>                                   | <b>13,711,595</b>      | <b>14,787,406</b>      |
| <b>% increase</b>  |                  | <b>15.2%</b>     | <b>3.1%</b>      | <b>24.9%</b>         | <b>(4.4%)</b>     | <b>-</b>           | <b>11.3%</b>  | <b>7.2%</b>            | <b>7.8%</b>            |
| <b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>           | <b>8,253,145</b> | <b>9,492,378</b> | <b>9,797,674</b> | <b>12,206,476</b>    | <b>11,677,358</b> | <b>11,677,359</b>  | <b>12,989,722</b>                                   | <b>13,929,255</b>      | <b>15,020,008</b>      |
| <b>% increase</b>  |                  | <b>15.0%</b>     | <b>3.2%</b>      | <b>24.6%</b>         | <b>-4.3%</b>      | <b>0.0%</b>        | <b>11.2%</b>  | <b>7.2%</b>            | <b>7.8%</b>            |
| <b>TOTAL MANAGERS AND STAFF</b>                          | <b>8,124,733</b> | <b>9,357,741</b> | <b>9,659,300</b> | <b>12,050,690</b>    | <b>11,521,793</b> | <b>11,521,793</b>  | <b>12,820,083</b>                                   | <b>13,748,589</b>      | <b>14,827,508</b>      |

**Table 53 MBRR Table SA23 - Salaries, allowances and benefits (political office bearers / councillors / senior officials) for the 2018/19 financial year**

| Disclosure of Salaries, Allowances & Benefits                        | No.        | Salary             | Contributions    | Allowances        | Performance Bonuses | In-kind benefits | Total Package      |
|--|------------|--------------------|------------------|-------------------|---------------------|------------------|--------------------|
| <b>Rand per annum</b>  |            |                    |                  |                   |                     |                  |                    |
| <b>Councillors</b>   |            |                    |                  |                   |                     |                  |                    |
| Speaker  | 1          | 1,116,702          | –                | 88,203            | –                   | –                | 1,204,905          |
| Chief Whip   | 1          | 1,051,915          | –                | 79,690            | –                   | –                | 1,131,605          |
| Executive Mayor  | 1          | 1,382,708          | –                | 71,590            | –                   | –                | 1,454,298          |
| Deputy Executive Mayor   | 1          | 1,116,702          | –                | 88,203            | –                   | –                | 1,204,905          |
| Executive Committee  | 10         | 10,519,154         | –                | 434,520           | –                   | –                | 10,953,674         |
| Total for all other councillors                                      | 217        | 132,736,083        | –                | 20,954,232        | –                   | –                | 153,690,315        |
| <b>Total Councillors</b>   | <b>231</b> | <b>147,923,264</b> | <b>–</b>         | <b>21,716,438</b> | <b>–</b>            | <b>–</b>         | <b>169,639,702</b> |
| <b>Senior Managers of the Municipality</b>                           |            |                    |                  |                   |                     |                  |                    |
| Municipal Manager (MM)   | 1          | 3,568,627          | 478,945          | 16,704            | –                   | –                | 4,064,276          |
| Chief Finance Officer  | 1          | 2,915,011          | 267,967          | 103,471           | –                   | –                | 3,286,449          |
| Executive Director: Area-Based Service Delivery                      | 1          | 1,836,049          | 478,945          | 16,704            | –                   | –                | 2,331,698          |
| Executive Director: Assets and Facilities Management                 | 1          | 2,175,596          | 1,912            | 154,190           | –                   | –                | 2,331,698          |
| Executive Director: Corporate Services                               | 1          | 2,944,852          | 324,893          | 16,704            | –                   | –                | 3,286,449          |
| Executive Director: Dictorate of the Mayor                           | 1          | 2,944,852          | 324,893          | 16,704            | –                   | –                | 3,286,449          |
| Executive Director: Energy   | 1          | 2,313,082          | 1,912            | 16,704            | –                   | –                | 2,331,698          |
| Executive Director: Informal Settlements, Water and Waste Services   | 1          | 3,084,574          | 69,481           | 132,394           | –                   | –                | 3,286,449          |
| Executive Director: Safety & Security                                | 1          | 2,842,437          | 324,893          | 119,119           | –                   | –                | 3,286,449          |
| Executive Director: Social Services                                  | 1          | 2,894,178          | 375,567          | 16,704            | –                   | –                | 3,286,449          |
| Commissioner: Transport and Urban Development Authority              | 1          | 3,267,833          | 1,912            | 16,704            | –                   | –                | 3,286,449          |
| <b>Total Senior Managers of the Municipality</b>                     | <b>11</b>  | <b>30,787,091</b>  | <b>2,651,320</b> | <b>626,102</b>    | <b>–</b>            | <b>–</b>         | <b>34,064,513</b>  |
| <b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b> | <b>242</b> | <b>178,710,355</b> | <b>2,651,320</b> | <b>22,342,540</b> | <b>–</b>            | <b>–</b>         | <b>203,704,215</b> |

**Table 54 MBRR Table SA24 - Summary of personnel numbers**

| Summary of Personnel Numbers<br>Number                        | 2016/17       |                     |                    | Current Year 2017/18 |                     |                    | Budget Year 2018/19 |                     |                    |
|---|---------------|---------------------|--------------------|----------------------|---------------------|--------------------|---------------------|---------------------|--------------------|
|   | Positions     | Permanent employees | Contract employees | Positions            | Permanent employees | Contract employees | Positions           | Permanent employees | Contract employees |
| <b>Municipal Council</b>                                      |               |                     |                    |                      |                     |                    |                     |                     |                    |
| Councillors (Political Office Bearers plus Other Councillors) | 221           | -                   | 221                | 256                  | -                   | 256                | 256                 | -                   | 256                |
| Board Members of municipal entities                           | -             | -                   | -                  | -                    | -                   | -                  | -                   | -                   | -                  |
| <b>Municipal employees</b>                                    |               |                     |                    |                      |                     |                    |                     |                     |                    |
| Municipal Manager and Senior Managers                         | 12            | -                   | 12                 | 11                   | -                   | 11                 | 11                  | -                   | 11                 |
| Other Managers  | 912           | 895                 | 17                 | 914                  | 910                 | 4                  | 1,005               | 992                 | 13                 |
| Professionals   | 1,180         | 1,069               | 111                | 1,441                | 1,397               | 44                 | 1,454               | 1,343               | 111                |
| <i>Finance</i>  | 113           | 111                 | 2                  | 77                   | 77                  | -                  | 92                  | 92                  | -                  |
| <i>Spatial/town planning</i>                                  | 32            | 31                  | 1                  | 68                   | 68                  | -                  | 60                  | 60                  | -                  |
| <i>Information Technology</i>                                 | 54            | 54                  | -                  | 79                   | 72                  | 7                  | 84                  | 84                  | -                  |
| <i>Roads</i>  | 17            | 17                  | -                  | 44                   | 42                  | 2                  | 40                  | 38                  | 2                  |
| <i>Electricity</i>  | 119           | 117                 | 2                  | 124                  | 124                 | -                  | 123                 | 121                 | 2                  |
| <i>Water</i>  | 140           | 140                 | -                  | 201                  | 182                 | 19                 | 234                 | 184                 | 50                 |
| <i>Sanitation</i>   | 18            | 18                  | -                  | -                    | -                   | -                  | -                   | -                   | -                  |
| <i>Refuse</i>   | 12            | 12                  | -                  | 14                   | 14                  | -                  | 13                  | 13                  | -                  |
| <i>Other</i>  | 675           | 569                 | 106                | 834                  | 818                 | 16                 | 808                 | 751                 | 57                 |
| Technicians   | 3,843         | 3,589               | 254                | 4,019                | 3,888               | 131                | 4,205               | 4,066               | 139                |
| <i>Finance</i>  | 200           | 199                 | 1                  | 123                  | 123                 | -                  | 131                 | 130                 | 1                  |
| <i>Spatial/town planning</i>                                  | 27            | 27                  | -                  | 185                  | 185                 | -                  | 186                 | 186                 | -                  |
| <i>Information Technology</i>                                 | 280           | 274                 | 6                  | 298                  | 280                 | 18                 | 449                 | 431                 | 18                 |
| <i>Roads</i>  | 15            | 15                  | -                  | 60                   | 57                  | 3                  | 60                  | 57                  | 3                  |
| <i>Electricity</i>  | 261           | 261                 | -                  | 313                  | 312                 | 1                  | 315                 | 314                 | 1                  |
| <i>Water</i>  | 330           | 298                 | 32                 | 352                  | 322                 | 30                 | 398                 | 359                 | 39                 |
| <i>Sanitation</i>   | 11            | 11                  | -                  | -                    | -                   | -                  | -                   | -                   | -                  |
| <i>Refuse</i>   | 76            | 76                  | -                  | 80                   | 80                  | -                  | 82                  | 82                  | -                  |
| <i>Other</i>  | 2,643         | 2,428               | 215                | 2,608                | 2,529               | 79                 | 2,584               | 2,507               | 77                 |
| Clerks (Clerical and administrative)                          | 6,817         | 6,509               | 208                | 7,060                | 7,023               | 37                 | 7,183               | 7,025               | 158                |
| Service and sales workers                                     | 4,229         | 3,405               | 824                | 4,026                | 3,613               | 413                | 4,039               | 3,682               | 357                |
| Skilled agricultural and fishery workers                      | -             | -                   | -                  | -                    | -                   | -                  | -                   | -                   | -                  |
| Craft and related trades                                      | 2,726         | 2,721               | 5                  | 2,756                | 2,756               | -                  | 2,790               | 2,790               | -                  |
| Plant and Machine Operators                                   | 3,737         | 3,730               | 7                  | 3,751                | 3,744               | 7                  | 3,790               | 3,779               | 11                 |
| Elementary Occupations  | 5,818         | 5,791               | 27                 | 5,759                | 5,754               | 5                  | 5,776               | 5,770               | 6                  |
| <b>TOTAL PERSONNEL NUMBERS</b>                                | <b>29,495</b> | <b>27,709</b>       | <b>1,686</b>       | <b>29,993</b>        | <b>29,085</b>       | <b>908</b>         | <b>30,509</b>       | <b>29,447</b>       | <b>1,062</b>       |
| <b>% increase</b>   |               |                     |                    | <b>1.7%</b>          | <b>5.0%</b>         | <b>(46.1%)</b>     | <b>1.7%</b>         | <b>1.2%</b>         | <b>17.0%</b>       |
| <b>Total municipal employees headcount</b>                    | <b>29,274</b> | <b>27,809</b>       | <b>1,465</b>       | <b>26,855</b>        | <b>26,435</b>       | <b>420</b>         | <b>30,253</b>       | <b>29,447</b>       | <b>806</b>         |
| Finance personnel headcount                                   | 1,752         | 1,738               | 14                 | 1,578                | 1,576               | 2                  | 1,737               | 1,735               | 2                  |
| Human Resources personnel headcount                           | 337           | 323                 | 14                 | 376                  | 374                 | 2                  | 411                 | 409                 | 2                  |

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

**Table 55 MBRR Table SA25 - Budgeted monthly revenue and expenditure**

| Description  | Budget Year 2018/19 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  | Medium Term Revenue and Expenditure Framework |                        |                        |
|--|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---|------------------------|------------------------|
|  | July                | August           | Sept.            | October          | November         | December         | January          | February         | March            | April            | May              | June             | Budget Year 2018/19                           | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| <b>Revenue By Source</b>   |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |   |                        |                        |
| Property rates   | 785,579             | 785,579          | 785,579          | 785,579          | 785,579          | 785,579          | 785,579          | 785,579          | 785,579          | 785,579          | 785,579          | 785,579          | 9,426,952                                     | 10,248,287             | 11,131,713             |
| Service charges - electricity revenue                                | 1,148,665           | 1,136,927        | 1,066,141        | 1,063,963        | 1,017,226        | 956,053          | 1,077,388        | 999,101          | 996,361          | 1,029,971        | 1,010,337        | 1,089,269        | 12,591,403                                    | 13,519,095             | 14,865,239             |
| Service charges - water revenue                                      | 301,051             | 301,051          | 301,051          | 301,051          | 301,051          | 301,051          | 301,051          | 301,051          | 301,051          | 301,051          | 301,051          | 300,482          | 3,612,044                                     | 4,998,122              | 6,293,919              |
| Service charges - sanitation revenue                                 | 172,857             | 172,857          | 172,857          | 172,857          | 172,857          | 172,857          | 172,857          | 172,857          | 172,857          | 172,857          | 172,857          | 172,857          | 2,074,286                                     | 2,775,805              | 3,150,519              |
| Service charges - refuse revenue                                     | 100,172             | 100,172          | 100,172          | 100,172          | 100,172          | 100,172          | 100,172          | 100,172          | 100,172          | 100,172          | 100,172          | 100,209          | 1,202,096                                     | 1,331,946              | 1,486,110              |
| Service charges - other  | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | 573              | 573   | 738                    | 896                    |
| Rental of facilities and equipment                                   | 31,771              | 31,772           | 31,772           | 31,772           | 31,772           | 31,772           | 31,772           | 31,772           | 31,772           | 31,772           | 31,772           | 31,773           | 381,262                                       | 402,231                | 424,570                |
| Interest earned - external investments                               | 80,796              | 80,796           | 80,796           | 80,796           | 80,796           | 80,796           | 80,796           | 80,796           | 80,796           | 80,796           | 80,796           | 80,796           | 969,548                                       | 989,834                | 1,020,077              |
| Interest earned - outstanding debtors                                | 28,414              | 28,414           | 28,414           | 28,414           | 28,414           | 28,414           | 28,414           | 28,414           | 28,414           | 28,414           | 28,414           | 28,414           | 340,970                                       | 362,409                | 385,462                |
| Dividends received   | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -   | -                      | -                      |
| Fines, penalties and forfeits  | 106,680             | 106,680          | 106,680          | 106,680          | 106,680          | 106,680          | 106,680          | 106,680          | 106,680          | 106,680          | 106,680          | 106,680          | 1,280,160                                     | 1,350,569              | 1,425,526              |
| Licences and permits   | 3,843               | 3,863            | 3,868            | 3,863            | 3,869            | 3,863            | 3,876            | 3,875            | 3,888            | 3,875            | 3,888            | 3,888            | 46,457  | 49,012                 | 51,732                 |
| Agency services  | 16,810              | 16,810           | 16,810           | 16,810           | 16,810           | 16,810           | 16,810           | 16,810           | 16,810           | 16,810           | 16,810           | 16,810           | 201,723                                       | 212,818                | 224,629                |
| Transfers and subsidies  | 278,138             | 1,146,050        | 298,471          | 285,526          | 303,026          | 1,155,552        | 311,949          | 290,755          | 1,148,195        | 370,564          | 318,355          | 820,463          | 6,727,045                                     | 7,100,559              | 7,475,119              |
| Other revenue  | 63,145              | 70,931           | 71,931           | 70,933           | 70,931           | 73,431           | 70,933           | 71,931           | 70,931           | 70,931           | 71,433           | 78,707           | 856,170                                       | 903,420                | 953,546                |
| Gains on disposal of PPE   | 3,447               | 3,448            | 3,447            | 3,447            | 3,448            | 3,447            | 3,447            | 3,448            | 3,447            | 3,448            | 3,448            | 5,947            | 43,870  | 46,283                 | 48,852                 |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>3,121,370</b>    | <b>3,985,350</b> | <b>3,067,990</b> | <b>3,051,864</b> | <b>3,022,631</b> | <b>3,816,478</b> | <b>3,091,725</b> | <b>2,993,241</b> | <b>3,846,954</b> | <b>3,102,919</b> | <b>3,031,592</b> | <b>3,622,447</b> | <b>39,754,561</b>                             | <b>44,291,128</b>      | <b>48,937,910</b>      |

Table continues on next page.

City of Cape Town 2018/19 Tabled Budget

| Description  | Budget Year 2018/19 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                    | Medium Term Revenue and Expenditure Framework |                        |                        |
|--|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|---|------------------------|------------------------|
|  | July                | August           | Sept.            | October          | November         | December         | January          | February         | March            | April            | May              | June               | Budget Year 2018/19                           | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| <b>Expenditure By Type</b>   |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                    |   |                        |                        |
| Employee related costs   | 997,562             | 1,032,552        | 1,033,362        | 1,033,477        | 1,382,457        | 1,040,791        | 1,025,218        | 1,045,141        | 1,041,409        | 1,038,011        | 1,038,681        | 1,111,422          | 12,820,083                                    | 13,748,589             | 14,827,508             |
| Remuneration of councillors  | 14,137              | 14,137           | 14,137           | 14,137           | 14,137           | 14,137           | 14,137           | 14,137           | 14,137           | 14,137           | 14,137           | 14,137             | 169,640                                       | 180,666                | 192,500                |
| Debt impairment  | 11,249              | 11,249           | 11,249           | 11,249           | 11,249           | 11,249           | 11,249           | 11,249           | 11,249           | 11,249           | 11,249           | 2,756,193          | 2,879,937                                     | 3,346,843              | 3,644,602              |
| Depreciation & asset impairment  | 239,045             | 239,045          | 239,045          | 239,045          | 239,045          | 239,045          | 239,045          | 239,045          | 239,045          | 239,045          | 239,045          | 305,545            | 2,935,045                                     | 3,344,597              | 3,670,319              |
| Finance charges  | 116,357             | 116,361          | 116,355          | 116,355          | 116,358          | 116,369          | 116,360          | 116,408          | 116,360          | 116,360          | 116,360          | 158,531            | 1,438,535                                     | 1,952,594              | 2,204,971              |
| Bulk purchases   | 108,578             | 1,167,178        | 1,148,090        | 710,972          | 723,594          | 699,336          | 678,007          | 720,480          | 671,992          | 712,630          | 689,816          | 1,798,811          | 9,829,482                                     | 10,760,898             | 12,188,735             |
| Other materials  | 81,644              | 100,449          | 101,804          | 114,277          | 103,647          | 101,121          | 99,466           | 103,464          | 103,950          | 107,132          | 107,687          | 162,509            | 1,287,149                                     | 1,398,548              | 1,465,979              |
| Contracted services  | 193,969             | 380,190          | 428,296          | 458,745          | 454,690          | 460,137          | 471,719          | 487,941          | 490,391          | 510,001          | 522,319          | 1,196,717          | 6,055,113                                     | 6,450,117              | 6,770,730              |
| Transfers and subsidies  | 31,676              | 24,384           | 9,041            | 21,048           | 10,189           | 19,491           | 31,958           | 16,557           | 18,174           | 18,304           | 14,592           | 14,622             | 230,036                                       | 243,505                | 257,020                |
| Other expenditure  | 134,896             | 222,768          | 154,119          | 197,165          | 164,456          | 170,843          | 163,537          | 168,684          | 194,621          | 174,292          | 187,592          | 307,259            | 2,240,233                                     | 2,440,471              | 2,599,734              |
| Loss on disposal of PPE  | 25                  | 34               | 33               | 31               | 31               | 47               | 39               | 39               | 39               | 39               | 39               | 95                 | 488   | 515                    | 543                    |
| <b>Total Expenditure</b>   | <b>1,929,139</b>    | <b>3,308,345</b> | <b>3,255,532</b> | <b>2,916,500</b> | <b>3,219,852</b> | <b>2,872,565</b> | <b>2,850,736</b> | <b>2,923,145</b> | <b>2,901,367</b> | <b>2,941,200</b> | <b>2,941,516</b> | <b>7,825,841</b>   | <b>39,885,739</b>                             | <b>43,867,344</b>      | <b>47,822,642</b>      |
| <b>Surplus/(Deficit)</b>   | <b>1,192,231</b>    | <b>677,004</b>   | <b>(187,542)</b> | <b>135,364</b>   | <b>(197,222)</b> | <b>943,913</b>   | <b>240,989</b>   | <b>70,096</b>    | <b>945,587</b>   | <b>161,719</b>   | <b>90,076</b>    | <b>(4,203,395)</b> | <b>(131,178)</b>                              | <b>423,784</b>         | <b>1,115,268</b>       |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)  | 363,873             | 189,670          | 230,530          | 261,368          | 289,759          | 221,525          | 168,097          | 367,757          | 411,763          | 436,592          | 623,973          | (1,498,610)        | 2,066,296                                     | 2,118,842              | 2,296,333              |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) | 4,440               | 8,700            | 13,650           | 15,300           | 22,200           | 7,200            | 10,350           | 26,700           | 33,150           | 31,860           | 27,000           | (124,350)          | 76,200  | 78,600                 | 112,100                |
| Transfers and subsidies - capital (in-kind - all)  | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>   | <b>1,560,543</b>    | <b>875,375</b>   | <b>56,638</b>    | <b>412,031</b>   | <b>114,737</b>   | <b>1,172,638</b> | <b>419,436</b>   | <b>464,553</b>   | <b>1,390,500</b> | <b>630,171</b>   | <b>741,050</b>   | <b>(5,826,355)</b> | <b>2,011,318</b>                              | <b>2,621,225</b>       | <b>3,523,702</b>       |
| Taxation   | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                  | -   | -                      | -                      |
| Attributable to minorities   | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                  | -   | -                      | -                      |
| Share of surplus/ (deficit) of associate   | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit)</b>   | <b>1,560,543</b>    | <b>875,375</b>   | <b>56,638</b>    | <b>412,031</b>   | <b>114,737</b>   | <b>1,172,638</b> | <b>419,436</b>   | <b>464,553</b>   | <b>1,390,500</b> | <b>630,171</b>   | <b>741,050</b>   | <b>(5,826,355)</b> | <b>2,011,318</b>                              | <b>2,621,225</b>       | <b>3,523,702</b>       |

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

| Description   | Budget Year 2018/19 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                    | Medium Term Revenue and Expenditure Framework |                        |                        |
|---|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|---|------------------------|------------------------|
|   | July                | August           | Sept.            | October          | November         | December         | January          | February         | March            | April            | May              | June               | Budget Year 2018/19                           | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| <b>Revenue by Vote</b>                                |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                    |   |                        |                        |
| Vote 1 - Area-Based Service Delivery                  | 18,244              | 18,244           | 18,244           | 18,244           | 18,244           | 18,244           | 18,244           | 18,244           | 18,244           | 18,244           | 18,244           | 18,394             | 219,073                                       | 266,265                | 279,031                |
| Vote 2 - Assets & Facilities Management               | 36,607              | 36,607           | 36,857           | 36,857           | 36,857           | 36,857           | 36,857           | 36,857           | 36,857           | 36,857           | 36,857           | 37,357             | 442,283                                       | 481,577                | 529,098                |
| Vote 3 - Corporate Services                           | 5,432               | 5,432            | 5,432            | 5,432            | 5,432            | 5,432            | 5,432            | 5,432            | 5,432            | 5,432            | 5,432            | 9,538              | 69,289  | 74,302                 | 77,607                 |
| Vote 4 - City Manager                                 | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                  | -   | -                      | -                      |
| Vote 5 - Directorate of the Mayor                     | 135                 | 135              | 135              | 135              | 135              | 135              | 2,135            | 135              | 135              | 135              | 135              | 135                | 3,615   | 176                    | 186                    |
| Vote 6 - Energy                                       | 1,161,657           | 1,149,463        | 1,081,903        | 1,083,250        | 1,034,863        | 973,773          | 1,092,150        | 1,025,412        | 1,021,823        | 1,068,662        | 1,063,899        | 1,178,105          | 12,934,959                                    | 13,870,807             | 15,329,083             |
| Vote 7 - Finance                                      | 1,058,476           | 1,911,188        | 1,058,476        | 1,058,476        | 1,058,476        | 1,911,188        | 1,058,476        | 1,058,476        | 1,911,188        | 1,058,476        | 1,058,476        | 1,237,881          | 15,439,250                                    | 16,580,479             | 17,848,499             |
| Vote 8 - Informal Settlements, Water & Waste Services | 741,523             | 645,399          | 650,001          | 655,606          | 662,916          | 645,710          | 642,271          | 675,271          | 657,236          | 668,910          | 709,731          | 852,225            | 8,206,799                                     | 10,427,243             | 12,250,097             |
| Vote 9 - Safety & Security                            | 112,288             | 112,573          | 112,788          | 112,607          | 112,608          | 112,758          | 112,328          | 112,623          | 113,057          | 112,338          | 112,623          | 112,788            | 1,351,377                                     | 1,424,096              | 1,502,299              |
| Vote 10 - Social Services                             | 53,751              | 73,903           | 72,930           | 52,310           | 70,260           | 67,430           | 80,667           | 52,903           | 59,047           | 121,602          | 75,056           | 148,319            | 928,178                                       | 957,304                | 1,058,109              |
| Vote 11 - Transport & Urban Development Authority     | 67,395              | 109,895          | 123,984          | 132,536          | 138,193          | 132,559          | 114,013          | 150,741          | 183,606          | 179,781          | 179,498          | 790,035            | 2,302,234                                     | 2,406,320              | 2,472,334              |
| <b>Total Revenue by Vote</b>                          | <b>3,255,506</b>    | <b>4,062,838</b> | <b>3,160,749</b> | <b>3,155,451</b> | <b>3,137,982</b> | <b>3,904,085</b> | <b>3,162,572</b> | <b>3,136,092</b> | <b>4,006,623</b> | <b>3,270,435</b> | <b>3,259,948</b> | <b>4,384,776</b>   | <b>41,897,057</b>                             | <b>46,488,570</b>      | <b>51,346,343</b>      |
| <b>Expenditure by Vote to be appropriated</b>         |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                    |   |                        |                        |
| Vote 1 - Area-Based Service Delivery                  | 44,051              | 44,870           | 45,964           | 45,958           | 50,238           | 46,065           | 46,009           | 46,849           | 47,013           | 46,960           | 46,925           | 79,013             | 589,913                                       | 621,763                | 662,633                |
| Vote 2 - Assets & Facilities Management               | 135,855             | 140,738          | 141,700          | 141,558          | 164,329          | 145,945          | 165,743          | 144,215          | 143,297          | 143,033          | 141,939          | 325,636            | 1,933,989                                     | 2,080,989              | 2,214,480              |
| Vote 3 - Corporate Services                           | 111,624             | 137,664          | 129,619          | 155,645          | 146,154          | 125,617          | 124,920          | 129,959          | 151,793          | 137,142          | 140,847          | 207,273            | 1,698,256                                     | 1,834,308              | 1,966,677              |
| Vote 4 - City Manager                                 | 1,019               | 14,259           | 1,017            | 1,024            | 1,012            | 1,017            | 1,023            | 1,029            | 1,055            | 1,034            | 1,057            | 1,660              | 26,206  | 27,964                 | 29,850                 |
| Vote 5 - Directorate of the Mayor                     | 60,384              | 54,102           | 40,574           | 60,147           | 52,792           | 43,535           | 55,558           | 41,758           | 41,572           | 54,229           | 49,634           | 49,009             | 603,295                                       | 643,311                | 685,674                |
| Vote 6 - Energy                                       | 205,859             | 1,235,256        | 1,213,109        | 776,834          | 806,498          | 765,582          | 737,509          | 785,669          | 736,410          | 776,853          | 767,256          | 1,868,011          | 10,674,846                                    | 11,542,987             | 12,418,819             |
| Vote 7 - Finance                                      | 223,913             | 269,951          | 227,081          | 239,784          | 257,833          | 234,334          | 226,174          | 226,856          | 231,327          | 226,318          | 226,300          | 622,159            | 3,212,031                                     | 3,866,255              | 4,263,356              |
| Vote 8 - Informal Settlements, Water & Waste Services | 528,248             | 677,064          | 697,936          | 711,381          | 759,938          | 717,075          | 716,127          | 723,117          | 716,952          | 721,230          | 719,004          | 2,161,520          | 9,849,592                                     | 11,033,091             | 12,658,784             |
| Vote 9 - Safety & Security                            | 166,114             | 179,874          | 182,768          | 182,172          | 254,682          | 196,256          | 179,490          | 195,953          | 196,582          | 184,819          | 184,226          | 1,162,218          | 3,265,153                                     | 3,523,347              | 3,751,774              |
| Vote 10 - Social Services                             | 243,230             | 265,677          | 271,840          | 281,094          | 373,007          | 280,893          | 283,773          | 289,351          | 286,616          | 287,419          | 285,814          | 459,674            | 3,608,390                                     | 4,023,476              | 4,333,218              |
| Vote 11 - Transport & Urban Development Authority     | 208,843             | 288,892          | 303,925          | 320,901          | 353,369          | 316,246          | 314,410          | 338,389          | 348,751          | 362,163          | 378,515          | 889,667            | 4,424,070                                     | 4,669,853              | 4,837,377              |
| <b>Total Expenditure by Vote</b>                      | <b>1,929,139</b>    | <b>3,308,345</b> | <b>3,255,532</b> | <b>2,916,500</b> | <b>3,219,852</b> | <b>2,872,565</b> | <b>2,850,736</b> | <b>2,923,145</b> | <b>2,901,367</b> | <b>2,941,200</b> | <b>2,941,516</b> | <b>7,825,841</b>   | <b>39,885,739</b>                             | <b>43,867,344</b>      | <b>47,822,642</b>      |
| <b>Surplus/(Deficit) before assoc.</b>                | <b>1,326,367</b>    | <b>754,493</b>   | <b>(94,784)</b>  | <b>238,951</b>   | <b>(81,870)</b>  | <b>1,031,519</b> | <b>311,837</b>   | <b>212,947</b>   | <b>1,105,256</b> | <b>329,235</b>   | <b>318,432</b>   | <b>(3,441,066)</b> | <b>2,011,318</b>                              | <b>2,621,225</b>       | <b>3,523,702</b>       |
| Taxation  | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                  | -   | -                      | -                      |
| Attributable to minorities                            | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                  | -   | -                      | -                      |
| Share of surplus/ (deficit) of associate              | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit)</b>                              | <b>1,326,367</b>    | <b>754,493</b>   | <b>(94,784)</b>  | <b>238,951</b>   | <b>(81,870)</b>  | <b>1,031,519</b> | <b>311,837</b>   | <b>212,947</b>   | <b>1,105,256</b> | <b>329,235</b>   | <b>318,432</b>   | <b>(3,441,066)</b> | <b>2,011,318</b>                              | <b>2,621,225</b>       | <b>3,523,702</b>       |



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

| Description                                       | Budget Year 2018/19 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                     | Medium Term Revenue and Expenditure Framework |                        |                        |
|---|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------|---|------------------------|------------------------|
|   | July                | August           | Sept.            | October          | November         | December         | January          | February         | March            | April            | May              | June                | Budget Year 2018/19                           | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| <b>Revenue - Functional</b>                       |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                     |   |                        |                        |
| <i><b>Governance and administration</b></i>       | 993,027             | 1,860,774        | 1,007,948        | 993,377          | 1,007,834        | 1,860,789        | 1,022,302        | 993,387          | 1,846,029        | 1,050,966        | 1,007,594        | 1,216,681           | 14,860,707                                    | 15,859,365             | 17,092,197             |
| Executive and council                             | 258                 | 258              | 258              | 258              | 258              | 258              | 258              | 258              | 258              | 258              | 258              | 408                 | 3,240   | 3,362                  | 3,491                  |
| Finance and administration                        | 992,769             | 1,860,516        | 1,007,690        | 993,119          | 1,007,576        | 1,860,530        | 1,022,043        | 993,128          | 1,845,771        | 1,050,708        | 1,007,336        | 1,216,273           | 14,857,459                                    | 15,855,994             | 17,088,697             |
| Internal audit                                    | 1                   | 1                | 1                | 1                | 1                | 1                | 1                | 1                | 1                | 1                | 1                | 1                   | 8   | 9                      | 9                      |
| <i><b>Community and public safety</b></i>         | 234,711             | 266,325          | 286,272          | 289,047          | 294,010          | 284,637          | 243,565          | 305,523          | 402,078          | 400,806          | 388,226          | (1,583,920)         | 1,811,281                                     | 2,094,944              | 2,163,423              |
| Community and social services                     | 14,621              | 14,891           | 14,987           | 16,211           | 16,766           | 15,537           | 15,546           | 18,797           | 19,906           | 20,254           | 24,788           | (61,478)            | 130,825                                       | 157,880                | 133,134                |
| Sport and recreation                              | 14,493              | 20,531           | 17,049           | 10,450           | 9,852            | 9,302            | 9,902            | 12,452           | 13,052           | 21,852           | 21,852           | (69,468)            | 91,320  | 58,867                 | 68,270                 |
| Public safety                                     | 1,863               | 1,863            | 1,863            | 1,863            | 1,863            | 1,863            | 1,863            | 1,863            | 1,863            | 1,863            | 1,863            | (9,313)             | 11,176  | 11,791                 | 12,445                 |
| Housing   | 142,300             | 163,224          | 185,116          | 200,718          | 198,195          | 194,282          | 156,151          | 215,308          | 300,154          | 288,353          | 282,620          | (1,164,460)         | 1,161,961                                     | 1,416,120              | 1,454,192              |
| Health  | 61,434              | 65,817           | 67,257           | 59,805           | 67,334           | 63,654           | 60,104           | 57,104           | 67,104           | 68,484           | 57,104           | (279,200)           | 415,999                                       | 450,285                | 495,382                |
| <i><b>Economic and environmental services</b></i> | 379,764             | 452,015          | 468,949          | 478,235          | 484,345          | 470,900          | 458,428          | 494,538          | 503,765          | 503,431          | 513,898          | (2,015,552)         | 3,192,715                                     | 3,233,129              | 3,458,364              |
| Planning and development                          | 61,016              | 60,963           | 60,913           | 61,543           | 61,023           | 60,499           | 60,691           | 61,193           | 61,587           | 62,143           | 62,701           | (295,525)           | 378,748                                       | 425,592                | 444,155                |
| Road transport                                    | 318,395             | 390,499          | 407,484          | 416,139          | 422,769          | 409,848          | 397,184          | 432,793          | 441,625          | 440,735          | 450,643          | (1,717,444)         | 2,810,671                                     | 2,804,060              | 3,010,539              |
| Environmental protection                          | 353                 | 553              | 553              | 553              | 553              | 553              | 553              | 553              | 553              | 553              | 553              | (2,583)             | 3,296   | 3,477                  | 3,670                  |
| <i><b>Trading services</b></i>                    | 3,945,706           | 3,727,985        | 3,599,874        | 3,611,562        | 3,535,795        | 3,383,606        | 3,614,387        | 3,544,908        | 3,503,187        | 3,618,606        | 3,684,582        | (17,744,919)        | 22,025,280                                    | 25,295,779             | 28,626,709             |
| Energy sources                                    | 2,356,925           | 2,332,537        | 2,197,417        | 2,200,111        | 2,103,336        | 1,981,157        | 2,217,910        | 2,084,435        | 2,077,257        | 2,170,935        | 2,161,409        | (10,746,804)        | 13,136,625                                    | 14,128,383             | 15,609,846             |
| Water management                                  | 754,943             | 757,609          | 763,618          | 761,612          | 781,620          | 764,609          | 758,638          | 809,633          | 773,658          | 771,632          | 807,062          | (3,816,166)         | 4,688,471                                     | 6,170,170              | 7,444,180              |
| Waste water management                            | 562,907             | 366,907          | 367,907          | 378,907          | 379,907          | 366,907          | 366,907          | 379,907          | 381,340          | 405,107          | 445,178          | (1,827,289)         | 2,574,593                                     | 3,204,386              | 3,584,940              |
| Waste management                                  | 270,932             | 270,932          | 270,932          | 270,932          | 270,932          | 270,932          | 270,932          | 270,932          | 270,932          | 270,932          | 270,932          | (1,354,659)         | 1,625,591                                     | 1,792,839              | 1,987,743              |
| <i><b>Other</b></i>                               | 1,268               | 1,268            | 1,268            | 1,268            | 1,268            | 1,268            | 7,268            | 1,268            | 1,268            | 1,268            | 1,268            | (12,879)            | 7,074   | 5,353                  | 5,650                  |
| <b>Total Revenue - Functional</b>                 | <b>5,554,476</b>    | <b>6,308,368</b> | <b>5,364,313</b> | <b>5,373,489</b> | <b>5,323,252</b> | <b>6,001,200</b> | <b>5,345,951</b> | <b>5,339,624</b> | <b>6,256,327</b> | <b>5,575,078</b> | <b>5,595,567</b> | <b>(20,140,589)</b> | <b>41,897,057</b>                             | <b>46,488,570</b>      | <b>51,346,343</b>      |

Table continues on next page.

City of Cape Town 2018/19 Tabled Budget

| Description                                | Budget Year 2018/19 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                     | Medium Term Revenue and Expenditure Framework |                     |                        |                        |
|--|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------|---|---------------------|------------------------|------------------------|
|  | R thousand          | July             | August           | Sept.            | October          | November         | December         | January          | February         | March            | April            | May                 | June  | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| <b>Expenditure - Functional</b>            |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                     |   |                     |                        |                        |
| <b>Governance and administration</b>       | <b>610,806</b>      | <b>722,544</b>   | <b>652,796</b>   | <b>700,282</b>   | <b>758,007</b>   | <b>675,647</b>   | <b>648,163</b>   | <b>676,330</b>   | <b>698,809</b>   | <b>673,950</b>   | <b>673,865</b>   | <b>1,338,414</b>    | <b>8,829,614</b>                              | <b>9,857,221</b>    | <b>10,663,742</b>      |                        |
| Executive and council                      | 34,189              | 47,120           | 33,780           | 33,970           | 40,925           | 34,693           | 34,497           | 34,619           | 34,816           | 34,623           | 34,775           | 66,934              | 464,940                                       | 494,131             | 527,636                |                        |
| Finance and administration                 | 572,598             | 671,363          | 614,911          | 662,261          | 711,700          | 636,196          | 609,632          | 637,621          | 659,827          | 635,292          | 634,913          | 1,267,244           | 8,313,558                                     | 9,307,751           | 10,076,229             |                        |
| Internal audit                             | 4,020               | 4,061            | 4,105            | 4,051            | 5,382            | 4,757            | 4,035            | 4,091            | 4,166            | 4,035            | 4,177            | 4,236               | 51,116  | 55,340              | 59,876                 |                        |
| <b>Community and public safety</b>         | <b>651,135</b>      | <b>693,617</b>   | <b>724,697</b>   | <b>737,379</b>   | <b>959,974</b>   | <b>740,799</b>   | <b>773,430</b>   | <b>755,737</b>   | <b>762,712</b>   | <b>779,092</b>   | <b>791,797</b>   | <b>(3,264,023)</b>  | <b>5,106,345</b>                              | <b>5,610,539</b>    | <b>5,944,053</b>       |                        |
| Community and social services              | 126,672             | 136,324          | 142,299          | 146,004          | 205,481          | 139,625          | 138,979          | 143,397          | 142,551          | 144,856          | 152,867          | (719,065)           | 899,992                                       | 970,345             | 1,044,020              |                        |
| Sport and recreation                       | 159,952             | 172,252          | 183,976          | 191,780          | 232,379          | 183,835          | 184,856          | 186,165          | 187,356          | 186,934          | 191,703          | (887,521)           | 1,173,666                                     | 1,234,689           | 1,290,052              |                        |
| Public safety                              | 89,504              | 93,357           | 94,329           | 93,530           | 131,435          | 99,407           | 103,861          | 106,306          | 106,834          | 103,718          | 102,399          | (509,361)           | 615,319                                       | 661,446             | 709,944                |                        |
| Housing                                    | 105,011             | 106,961          | 119,442          | 121,463          | 147,123          | 131,974          | 158,925          | 132,643          | 139,242          | 145,484          | 158,103          | (227,746)           | 1,238,627                                     | 1,462,619           | 1,508,671              |                        |
| Health                                     | 169,996             | 184,723          | 184,651          | 184,602          | 243,555          | 185,956          | 186,810          | 187,225          | 186,729          | 198,098          | 186,724          | (920,330)           | 1,178,740                                     | 1,281,439           | 1,391,366              |                        |
| <b>Economic and environmental services</b> | <b>685,025</b>      | <b>850,444</b>   | <b>844,699</b>   | <b>910,254</b>   | <b>1,041,358</b> | <b>858,657</b>   | <b>895,213</b>   | <b>901,519</b>   | <b>909,334</b>   | <b>940,211</b>   | <b>942,016</b>   | <b>(3,252,365)</b>  | <b>6,526,365</b>                              | <b>7,008,603</b>    | <b>7,412,233</b>       |                        |
| Planning and development                   | 190,445             | 193,964          | 153,998          | 191,175          | 176,709          | 159,986          | 184,761          | 157,260          | 156,582          | 179,920          | 170,760          | (861,935)           | 1,053,624                                     | 1,204,634           | 1,289,206              |                        |
| Road transport                             | 476,195             | 635,429          | 670,537          | 698,226          | 838,434          | 677,905          | 688,420          | 721,977          | 729,604          | 737,445          | 748,839          | (2,282,904)         | 5,340,108                                     | 5,677,058           | 5,986,749              |                        |
| Environmental protection                   | 18,385              | 21,052           | 20,164           | 20,853           | 26,214           | 20,767           | 22,033           | 22,282           | 23,148           | 22,846           | 22,417           | (107,527)           | 132,633                                       | 126,911             | 136,277                |                        |
| <b>Trading services</b>                    | <b>1,287,896</b>    | <b>3,614,473</b> | <b>3,623,104</b> | <b>2,771,814</b> | <b>2,910,488</b> | <b>2,761,731</b> | <b>2,708,211</b> | <b>2,817,205</b> | <b>2,709,263</b> | <b>2,806,257</b> | <b>2,792,767</b> | <b>(11,476,828)</b> | <b>19,326,380</b>                             | <b>21,289,867</b>   | <b>23,694,878</b>      |                        |
| Energy sources                             | 368,982             | 2,409,533        | 2,368,438        | 1,494,689        | 1,543,791        | 1,473,171        | 1,416,828        | 1,513,845        | 1,416,769        | 1,497,663        | 1,477,577        | (6,659,003)         | 10,322,282                                    | 11,166,595          | 12,020,081             |                        |
| Water management                           | 559,363             | 680,758          | 694,888          | 688,425          | 764,062          | 691,744          | 700,053          | 700,990          | 694,001          | 689,815          | 698,003          | (2,476,513)         | 5,085,589                                     | 5,887,016           | 7,116,074              |                        |
| Waste water management                     | 175,837             | 240,828          | 286,280          | 274,888          | 286,923          | 274,731          | 269,221          | 280,263          | 276,377          | 296,660          | 300,725          | (957,906)           | 2,004,828                                     | 2,203,315           | 2,397,983              |                        |
| Waste management                           | 183,713             | 283,354          | 273,498          | 313,812          | 315,713          | 322,085          | 322,109          | 322,106          | 322,115          | 322,118          | 316,462          | (1,383,407)         | 1,913,681                                     | 2,032,941           | 2,160,739              |                        |
| <b>Other</b>                               | <b>18,914</b>       | <b>19,604</b>    | <b>19,461</b>    | <b>19,484</b>    | <b>17,807</b>    | <b>48,975</b>    | <b>42,436</b>    | <b>28,754</b>    | <b>35,710</b>    | <b>13,408</b>    | <b>13,082</b>    | <b>(180,599)</b>    | <b>97,035</b>                                 | <b>101,114</b>      | <b>107,737</b>         |                        |
| <b>Total Expenditure - Functional</b>      | <b>3,253,777</b>    | <b>5,900,681</b> | <b>5,864,756</b> | <b>5,139,212</b> | <b>5,687,633</b> | <b>5,085,809</b> | <b>5,067,453</b> | <b>5,179,545</b> | <b>5,115,828</b> | <b>5,212,919</b> | <b>5,213,528</b> | <b>(16,835,401)</b> | <b>39,885,739</b>                             | <b>43,867,344</b>   | <b>47,822,642</b>      |                        |
| <b>Surplus/(Deficit) before assoc.</b>     | <b>2,300,699</b>    | <b>407,686</b>   | <b>(500,444)</b> | <b>234,277</b>   | <b>(364,381)</b> | <b>915,391</b>   | <b>278,498</b>   | <b>160,080</b>   | <b>1,140,499</b> | <b>362,160</b>   | <b>382,040</b>   | <b>(3,305,188)</b>  | <b>2,011,318</b>                              | <b>2,621,225</b>    | <b>3,523,702</b>       |                        |
| Share of surplus/ (deficit) of associate   | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                   | -   | -                   | -                      |                        |
| <b>Surplus/(Deficit)</b>                   | <b>2,300,699</b>    | <b>407,686</b>   | <b>(500,444)</b> | <b>234,277</b>   | <b>(364,381)</b> | <b>915,391</b>   | <b>278,498</b>   | <b>160,080</b>   | <b>1,140,499</b> | <b>362,160</b>   | <b>382,040</b>   | <b>(3,305,188)</b>  | <b>2,011,318</b>                              | <b>2,621,225</b>    | <b>3,523,702</b>       |                        |

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

| Description   | Budget Year 2018/19 |                |                |                |                |                |                |                |                |                  |                  |                  | Medium Term Revenue and Expenditure Framework |                        |                        |
|---|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|---|------------------------|------------------------|
|   | July                | August         | Sept.          | October        | Nov.           | Dec.           | January        | Feb.           | March          | April            | May              | June             | Budget Year 2018/19                           | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| <b>Multi-year expenditure to be appropriated</b>      |                     |                |                |                |                |                |                |                |                |                  |                  |                  |   |                        |                        |
| Vote 1 - Area-Based Service Delivery                  | -                   | -              | 250            | 645            | 1,160          | 765            | 105            | 1,785          | 1,747          | 1,371            | 1,726            | 26,626           | 36,180  | 82,870                 | 74,870                 |
| Vote 2 - Assets & Facilities Management               | -                   | 10             | 2,040          | 8,475          | 11,421         | 9,899          | 11,161         | 37,853         | 53,555         | 71,744           | 68,026           | 127,957          | 402,141                                       | 291,073                | 91,372                 |
| Vote 3 - Corporate Services                           | 322                 | 2,606          | 6,076          | 10,473         | 16,174         | 20,537         | 21,110         | 25,724         | 34,393         | 40,873           | 59,844           | 104,313          | 342,446                                       | 341,046                | 335,546                |
| Vote 4 - City Manager                                 | -                   | -              | 10             | 12             | -              | 30             | -              | -              | 55             | -                | 25               | 90               | 222   | 222                    | 222                    |
| Vote 5 - Directorate of the Mayor                     | 75                  | 848            | 1,493          | 1,198          | 931            | 477            | 430            | 1,023          | 788            | 1,793            | 1,172            | 2,434            | 12,663  | 2,038                  | 1,538                  |
| Vote 6 - Energy                                       | 28,482              | 70,356         | 74,686         | 97,206         | 72,938         | 47,993         | 54,238         | 89,849         | 99,825         | 117,847          | 164,737          | 245,349          | 1,163,506                                     | 1,427,000              | 1,741,137              |
| Vote 7 - Finance                                      | 6,893               | 300            | 570            | 152            | 1,656          | 4,878          | 2,500          | 1,000          | 1,000          | 1,000            | -                | -                | 19,949  | 65,419                 | 35,411                 |
| Vote 8 - Informal Settlements, Water & Waste Services | 171,297             | 32,443         | 112,012        | 137,299        | 118,802        | 69,325         | 82,679         | 192,075        | 221,120        | 743,248          | 1,113,135        | 2,103,268        | 5,096,706                                     | 5,125,026              | 5,818,036              |
| Vote 9 - Safety & Security                            | 2,050               | 2,220          | 2,085          | 15,915         | 12,690         | 3,563          | 6,650          | 35,523         | 2,421          | 41,012           | 8,908            | 34,395           | 167,433                                       | 79,515                 | 42,115                 |
| Vote 10 - Social Services                             | 11,220              | 15,331         | 19,861         | 9,743          | 13,746         | 18,602         | 11,107         | 20,685         | 25,811         | 23,835           | 25,593           | 103,681          | 299,214                                       | 238,127                | 215,704                |
| Vote 11 - Transport & Urban Development Authority     | 5,723               | 63,015         | 77,495         | 88,089         | 100,658        | 81,919         | 56,375         | 103,753        | 156,713        | 135,912          | 142,877          | 724,232          | 1,736,761                                     | 1,591,358              | 1,595,833              |
| <b>Total Capital Expenditure</b>                      | <b>226,062</b>      | <b>187,129</b> | <b>296,579</b> | <b>369,209</b> | <b>350,176</b> | <b>257,988</b> | <b>246,356</b> | <b>509,270</b> | <b>597,427</b> | <b>1,178,635</b> | <b>1,586,044</b> | <b>3,472,346</b> | <b>9,277,222</b>                              | <b>9,243,693</b>       | <b>9,951,785</b>       |

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

| Description                                   | Budget Year 2018/19 |                |                |                |                |                |                |                |                |                  |                  |                  | Medium Term Revenue and Expenditure Framework |                        |                        |  |
|---|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|---|------------------------|------------------------|--|
|   | July                | August         | Sept.          | October        | Nov.           | Dec.           | January        | Feb.           | March          | April            | May              | June             | Budget Year 2018/19                           | Budget Year +1 2019/20 | Budget Year +2 2020/21 |  |
| <b>Capital Expenditure - Functional</b>       |                     |                |                |                |                |                |                |                |                |                  |                  |                  |   |                        |                        |  |
| <b>Governance and administration</b>          | 15,168              | 11,424         | 24,191         | 39,161         | 47,555         | 47,813         | 46,424         | 62,314         | 96,292         | 147,520          | 137,099          | 295,879          | 970,841                                       | 817,171                | 856,764                |  |
| Executive and council                         | 122                 | 26             | 10             | 86             | 578            | 30             | -              | 28             | 586            | 480              | 64               | 25,440           | 27,450  | 5,180                  | 3,480                  |  |
| Finance and administration                    | 15,047              | 11,398         | 24,060         | 39,071         | 46,977         | 47,783         | 46,424         | 62,285         | 95,706         | 147,041          | 137,035          | 270,434          | 943,260                                       | 811,859                | 853,224                |  |
| Internal audit                                | -                   | -              | 121            | 5              | -              | -              | -              | -              | -              | -                | -                | 5                | 131   | 131                    | 60                     |  |
| <b>Community and public safety</b>            | 27,039              | 37,425         | 40,389         | 37,756         | 38,225         | 39,794         | 27,765         | 79,834         | 109,961        | 99,588           | 100,569          | 372,153          | 1,010,498                                     | 1,001,810              | 875,569                |  |
| Community and social services                 | 3,498               | 5,027          | 4,533          | 2,344          | 3,585          | 3,975          | 2,207          | 7,360          | 7,676          | 7,096            | 8,781            | 38,601           | 94,684  | 107,017                | 66,323                 |  |
| Sport and recreation                          | 2,820               | 5,839          | 5,868          | 2,039          | 3,466          | 4,317          | 2,170          | 4,931          | 6,266          | 11,075           | 9,803            | 11,907           | 70,502  | 23,766                 | 26,178                 |  |
| Public safety                                 | -                   | -              | -              | -              | -              | -              | -              | 7,659          | -              | -                | -                | 27,405           | 35,064  | 7,659                  | 7,659                  |  |
| Housing                                       | 15,819              | 22,444         | 25,003         | 32,023         | 27,444         | 27,687         | 20,758         | 59,345         | 90,469         | 80,447           | 81,335           | 255,723          | 738,497                                       | 812,971                | 727,913                |  |
| Health  | 4,901               | 4,115          | 4,985          | 1,350          | 3,730          | 3,815          | 2,630          | 540            | 5,550          | 970              | 650              | 38,516           | 71,751  | 50,396                 | 47,496                 |  |
| <b>Economic and environmental services</b>    | 3,494               | 54,744         | 69,273         | 84,436         | 92,341         | 71,119         | 50,004         | 104,163        | 113,950        | 112,629          | 121,291          | 527,707          | 1,405,152                                     | 1,211,925              | 1,197,686              |  |
| Planning and development                      | 1,263               | 1,763          | 1,613          | 1,863          | 3,463          | 863            | 1,063          | 3,413          | 4,363          | 4,213            | 2,943            | 13,077           | 39,904  | 76,795                 | 96,723                 |  |
| Road transport                                | 2,169               | 52,933         | 66,660         | 82,299         | 88,878         | 68,790         | 48,800         | 100,208        | 109,001        | 104,916          | 113,311          | 508,988          | 1,346,953                                     | 1,120,251              | 1,094,021              |  |
| Environmental protection                      | 61                  | 48             | 1,000          | 274            | -              | 1,466          | 140            | 541            | 586            | 3,500            | 5,036            | 5,643            | 18,294  | 14,880                 | 6,942                  |  |
| <b>Trading services</b>                       | 180,311             | 83,336         | 162,461        | 206,830        | 170,952        | 98,401         | 120,934        | 261,774        | 276,189        | 817,987          | 1,226,505        | 2,276,232        | 5,881,912                                     | 6,205,392              | 7,016,070              |  |
| Energy sources                                | 24,535              | 67,036         | 68,985         | 93,516         | 69,451         | 42,901         | 51,734         | 87,025         | 93,923         | 115,846          | 163,737          | 243,049          | 1,121,737                                     | 1,422,800              | 1,643,542              |  |
| Water management                              | 21,750              | 13,050         | 37,600         | 39,448         | 38,800         | 40,500         | 54,000         | 84,550         | 57,832         | 553,155          | 835,100          | 1,492,944        | 3,268,730                                     | 2,541,400              | 3,147,047              |  |
| Waste water management                        | 134,026             | 3,250          | 11,250         | 29,240         | 17,450         | 15,000         | 15,200         | 48,310         | 80,050         | 103,353          | 180,010          | 486,099          | 1,123,238                                     | 1,673,849              | 1,716,148              |  |
| Waste management                              | -                   | -              | 44,626         | 44,626         | 45,251         | -              | -              | 41,890         | 44,384         | 45,633           | 47,658           | 54,140           | 368,207                                       | 567,344                | 509,333                |  |
| <b>Other</b>                                  | 50                  | 200            | 265            | 1,025          | 1,103          | 860            | 1,230          | 1,185          | 1,035          | 910              | 580              | 375              | 8,818   | 7,395                  | 5,695                  |  |
| <b>Total Capital Expenditure - Functional</b> | <b>226,062</b>      | <b>187,129</b> | <b>296,579</b> | <b>369,209</b> | <b>350,176</b> | <b>257,988</b> | <b>246,356</b> | <b>509,270</b> | <b>597,427</b> | <b>1,178,635</b> | <b>1,586,044</b> | <b>3,472,346</b> | <b>9,277,222</b>                              | <b>9,243,693</b>       | <b>9,951,785</b>       |  |

**Table 60 MBRR Table SA30 - Budgeted monthly cash flow**

| MONTHLY CASH FLOWS   | Budget Year 2018/19 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  | Medium Term Revenue and Expenditure Framework |                        |                        |
|--|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---|------------------------|------------------------|
|  | July                | August           | Sept.            | October          | November         | December         | January          | February         | March            | April            | May              | June             | Budget Year 2018/19                           | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| <b>R thousand</b>  |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |   |                        |                        |
| <b>Cash Receipts By Source</b>   |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |   |                        |                        |
| Property rates   | 672,677             | 694,293          | 843,900          | 874,758          | 759,268          | 731,841          | 758,694          | 764,613          | 792,717          | 664,121          | 767,367          | 731,541          | 9,055,790                                     | 9,795,009              | 10,630,877             |
| Service charges - electricity revenue  | 1,044,042           | 1,131,949        | 1,141,678        | 1,108,658        | 1,014,750        | 1,005,648        | 958,336          | 987,368          | 1,040,998        | 990,732          | 1,046,695        | 1,027,800        | 12,498,653                                    | 13,405,819             | 14,740,079             |
| Service charges - water revenue  | 195,839             | 204,713          | 199,671          | 240,073          | 235,942          | 253,302          | 271,994          | 305,660          | 324,209          | 269,170          | 273,519          | 188,988          | 2,963,081                                     | 4,205,629              | 5,418,362              |
| Service charges - sanitation revenue   | 136,229             | 139,632          | 130,059          | 153,967          | 149,027          | 160,008          | 158,615          | 193,425          | 196,466          | 159,032          | 170,321          | (136,446)        | 1,610,334                                     | 2,209,208              | 2,524,474              |
| Service charges - refuse revenue   | 76,422              | 81,048           | 73,736           | 80,511           | 75,080           | 79,361           | 73,826           | 75,187           | 84,636           | 74,155           | 83,228           | 70,661           | 927,849                                       | 1,013,415              | 1,121,776              |
| Service charges - other  | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -   | -                      | -                      |
| Rental of facilities and equipment   | 12,563              | 10,174           | 10,094           | 10,731           | 11,164           | 11,953           | 8,565            | 10,318           | 12,703           | 10,897           | 10,496           | 76,023           | 195,681                                       | 175,593                | 174,152                |
| Interest earned - external investments   | 70,816              | 72,481           | 67,704           | 68,315           | 63,830           | 84,722           | 74,350           | 66,015           | 80,694           | 81,301           | 89,616           | 149,702          | 969,548                                       | 989,834                | 1,020,077              |
| Interest earned - outstanding debtors  | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -   | -                      | -                      |
| Dividends received   | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -   | -                      | -                      |
| Fines, penalties and forfeits  | 20,166              | 19,211           | 17,436           | 23,321           | 21,367           | 20,556           | 19,638           | 21,465           | 23,053           | 21,159           | 22,381           | 26,280           | 256,032                                       | 270,114                | 285,105                |
| Licences and permits   | 1,128               | 4,631            | 3,766            | 3,693            | 5,073            | 4,193            | 2,744            | 4,373            | 3,782            | 3,236            | 4,655            | 5,183            | 46,457  | 49,012                 | 51,732                 |
| Agency services  | 16,810              | 16,810           | 16,810           | 16,810           | 16,810           | 16,810           | 16,810           | 16,810           | 16,810           | 16,810           | 16,810           | 16,810           | 201,723                                       | 212,818                | 224,629                |
| Transfer receipts - operational  | 1,193,836           | 146,797          | -                | 167,574          | 358,446          | 537,460          | 115,098          | 86,351           | 1,444,485        | 39,213           | 46,783           | 32,866           | 4,168,909                                     | 4,460,909              | 4,728,817              |
| Other revenue  | 131,407             | 802,936          | 107,490          | 139,960          | 135,776          | 809,534          | 130,348          | 136,432          | 796,984          | 88,053           | 178,631          | 138,174          | 3,595,725                                     | 3,748,233              | 3,938,913              |
| <b>Cash Receipts by Source</b>   | <b>3,571,935</b>    | <b>3,324,675</b> | <b>2,612,345</b> | <b>2,888,373</b> | <b>2,846,534</b> | <b>3,715,387</b> | <b>2,589,018</b> | <b>2,668,017</b> | <b>4,817,537</b> | <b>2,417,879</b> | <b>2,710,500</b> | <b>2,327,582</b> | <b>36,489,784</b>                             | <b>40,535,593</b>      | <b>44,858,994</b>      |
| <b>Other Cash Flows by Source</b>  |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |   |                        |                        |
| Transfer receipts - capital  | 594,985             | 48,075           | 81,025           | 125,232          | 251,860          | 212,720          | 44,925           | 275,482          | 479,545          | -                | -                | 28,648           | 2,142,496                                     | 2,197,442              | 2,408,433              |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all) | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -   | -                      | -                      |
| Proceeds on disposal of PPE  | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | 43,870           | 43,870  | 46,283                 | 48,852                 |
| Short term loans   | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -   | -                      | -                      |
| Borrowing long term/refinancing  | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | 5,000,000        | 5,000,000                                     | 5,200,000              | 6,000,000              |
| Increase (decrease) in consumer deposits   | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | 38,688           | 38,688  | 42,557                 | 46,813                 |
| Decrease (Increase) in non-current debtors   | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -   | -                      | -                      |
| Decrease (increase) other non-current receivables  | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | 1,946            | 1,946   | 1,849                  | 1,756                  |
| Decrease (increase) in non-current investments   | -                   | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | (238,708)        | (238,708)                                     | (267,859)              | (298,475)              |
| <b>Total Cash Receipts by Source</b>   | <b>4,166,920</b>    | <b>3,372,751</b> | <b>2,693,370</b> | <b>3,013,605</b> | <b>3,098,394</b> | <b>3,928,107</b> | <b>2,633,943</b> | <b>2,943,498</b> | <b>5,297,082</b> | <b>2,417,879</b> | <b>2,710,500</b> | <b>7,202,026</b> | <b>43,478,076</b>                             | <b>47,755,864</b>      | <b>53,066,372</b>      |

Table continues on next page.

City of Cape Town 2018/19 Tabled Budget

| MONTHLY CASH FLOWS                             | Budget Year 2018/19 |                  |                    |                  |                  |                  |                  |                  |                  |                  |                  |                  | Medium Term Revenue and Expenditure Framework |                        |                        |  |
|--|---------------------|------------------|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---|------------------------|------------------------|--|
|  | July                | August           | Sept.              | October          | November         | December         | January          | February         | March            | April            | May              | June             | Budget Year 2018/19                           | Budget Year +1 2019/20 | Budget Year +2 2020/21 |  |
| <b>R thousand</b>                              |                     |                  |                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |   |                        |                        |  |
| <b>Cash Payments by Type</b>                   |                     |                  |                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |   |                        |                        |  |
| Employee related costs                         | 975,881             | 978,201          | 1,032,227          | 997,009          | 1,534,885        | 1,010,903        | 1,016,642        | 1,042,839        | 1,098,462        | 1,054,231        | 1,032,227        | 967,370          | 12,740,876                                    | 13,662,571             | 14,734,264             |  |
| Remuneration of councillors                    | 13,363              | 13,008           | 13,101             | 13,325           | 13,448           | 13,681           | 13,578           | 15,729           | 13,892           | 13,899           | 18,340           | 14,276           | 169,640                                       | 180,666                | 192,500                |  |
| Finance charges                                | -                   | -                | 346,883            | -                | -                | 302,078          | 9,992            | -                | 340,938          | -                | -                | 305,487          | 1,305,377                                     | 1,828,724              | 1,994,078              |  |
| Bulk purchases - Electricity                   | 948,945             | 1,075,193        | 1,022,231          | 605,200          | 608,799          | 586,516          | 561,943          | 586,240          | 559,200          | 598,782          | 571,532          | 616,821          | 8,341,400                                     | 8,991,000              | 9,691,800              |  |
| Bulk purchases - Water & Sewer                 | 109,926             | 93,573           | 96,534             | 103,589          | 143,452          | 109,985          | 117,938          | 107,836          | 145,800          | 178,787          | 137,781          | 142,881          | 1,488,082                                     | 1,769,898              | 2,496,935              |  |
| Other materials                                | 107,262             | 107,262          | 107,262            | 107,262          | 107,262          | 107,262          | 107,262          | 107,262          | 107,262          | 107,262          | 107,262          | 107,262          | 1,287,149                                     | 1,398,548              | 1,465,979              |  |
| Contracted services                            | 504,593             | 504,593          | 504,593            | 504,593          | 504,593          | 504,593          | 504,593          | 504,593          | 504,593          | 504,593          | 504,593          | 504,593          | 6,055,113                                     | 6,450,117              | 6,770,730              |  |
| Transfers and grants - other municipalities    | -                   | -                | -                  | -                | -                | -                | -                | -                | -                | -                | -                | -                | -   | -                      | -                      |  |
| Transfers and grants - other                   | 113,923             | 4,419            | -                  | -                | -                | 3,732            | -                | 11,196           | -                | 61,410           | 17,187           | 18,169           | 230,036                                       | 243,505                | 257,020                |  |
| Other expenditure                              | 321,979             | 157,666          | 169,791            | 162,893          | 173,276          | 173,053          | 144,450          | 134,605          | 173,444          | 199,380          | 159,835          | 231,620          | 2,201,992                                     | 2,400,127              | 2,557,151              |  |
| <b>Cash Payments by Type</b>                   | <b>3,095,871</b>    | <b>2,933,916</b> | <b>3,292,623</b>   | <b>2,493,870</b> | <b>3,085,714</b> | <b>2,811,803</b> | <b>2,476,398</b> | <b>2,510,299</b> | <b>2,943,591</b> | <b>2,718,344</b> | <b>2,548,757</b> | <b>2,908,479</b> | <b>33,819,665</b>                             | <b>36,925,157</b>      | <b>40,160,458</b>      |  |
| <b>Other Cash Flows/Payments by Type</b>       |                     |                  |                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |   |                        |                        |  |
| Capital assets                                 | 1,201,631           | 376,704          | 281,752            | 591,742          | 738,542          | 1,068,087        | 283,756          | 494,778          | 719,036          | 603,297          | 793,998          | 1,196,175        | 8,349,499                                     | 8,319,324              | 8,956,606              |  |
| Repayment of borrowing                         | -                   | -                | 206,452            | -                | -                | 106,926          | 27,174           | -                | 206,452          | -                | -                | 135,581          | 682,586                                       | 1,012,345              | 1,165,628              |  |
| Other Cash Flows/Payments                      | -                   | -                | -                  | -                | -                | -                | -                | -                | -                | -                | -                | -                | -   | -                      | -                      |  |
| <b>Total Cash Payments by Type</b>             | <b>4,297,502</b>    | <b>3,310,621</b> | <b>3,780,827</b>   | <b>3,085,612</b> | <b>3,824,257</b> | <b>3,986,815</b> | <b>2,787,328</b> | <b>3,005,077</b> | <b>3,869,080</b> | <b>3,321,642</b> | <b>3,342,755</b> | <b>4,240,235</b> | <b>42,851,750</b>                             | <b>46,256,826</b>      | <b>50,282,692</b>      |  |
| <b>NET INCREASE/(DECREASE) IN CASH HELD</b>    | <b>(130,582)</b>    | <b>62,130</b>    | <b>(1,087,458)</b> | <b>(72,006)</b>  | <b>(725,862)</b> | <b>(58,708)</b>  | <b>(153,385)</b> | <b>(61,579)</b>  | <b>1,428,002</b> | <b>(903,763)</b> | <b>(632,254)</b> | <b>2,961,790</b> | <b>626,325</b>                                | <b>1,499,038</b>       | <b>2,783,680</b>       |  |
| Cash/cash equivalents at the month/year begin: | 4,992,079           | 4,861,497        | 4,923,627          | 3,836,169        | 3,764,163        | 3,038,301        | 2,979,593        | 2,826,208        | 2,764,629        | 4,192,631        | 3,288,868        | 2,656,614        | 4,992,079                                     | 5,618,404              | 7,117,443              |  |
| Cash/cash equivalents at the month/year end:   | 4,861,497           | 4,923,627        | 3,836,169          | 3,764,163        | 3,038,301        | 2,979,593        | 2,826,208        | 2,764,629        | 4,192,631        | 3,288,868        | 2,656,614        | 5,618,404        | 5,618,404                                     | 7,117,443              | 9,901,123              |  |

## **2.12 Annual budgets – internal departments**

### **2.12.1 Area Based Service Delivery (Vote 1)**

The directorate was established on 1 January 2017 through the Organisational Development and Transformation Programme (ODTP) and aims to embed a customer-centred service delivery improvement programme aimed at:

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

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

The directorate consists of the following departments/functions:

- **Customer Relations**

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

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

- **Public Participation**

This unit is responsible for co-ordinating, advising and executing public participation across the City. These functions have been included within this directorate in order to allow for improved interactions with the local community in respect of matters such as organising, advising, coordinating, communicating and distributing information as public participation focuses on involvement of the local community in the affairs of the City.

- **Mayoral Urban Regeneration Programmes**

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

- **Area Departments**

- **SubCouncils**

This unit renders strategic, operational and specialist support to the decision-making structures within the City. It establishes, institutes and manages the activities of Subcouncils and Ward Participatory Mechanisms. It undertakes transversal management through the Area Based Service Delivery Model implemented across the four Areas.

- Area Economic Development

This unit is responsible for local tourism development as well as informal trading. The main purpose is the co-ordination and development of amenities, facilities, products and services that support host communities to deliver quality experiences for visitors and residents well-being. It will also tap into the collective wisdom of local operator's knowledge, facilitate new tourism, partnership and investment and ensure that growth benefits the poor and is accepted by the wider community. The unit is also responsible for the day-to day management of informal traders and markets.

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

| Directorate: Area-Based Service Delivery                                       |                  |                  |                  |                      |                  |                    |   |                        |                        |
|--|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| Budgeted Financial Performance (revenue and expenditure)                       |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Description  | 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 |
| <b>Operating Revenue By Source</b>   |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Property rates   | 134,172          | 150,645          | 169,260          | 198,921              | 198,921          | 198,921            | 215,691   | 227,554                | 240,183                |
| Service charges - electricity revenue  | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Service charges - water revenue  | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Service charges - sanitation revenue   | -                | 0                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Service charges - refuse revenue   | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Service charges - other  | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Rental of facilities and equipment   | 228              | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Interest earned - external investments   | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Interest earned - outstanding debtors  | 843              | 756              | 927              | 0                    | 0                | 0                  | 0   | 0                      | 0                      |
| Dividends received   | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Fines, penalties and forfeits  | -                | 621              | -                | -                    | -                | -                  | -   | -                      | -                      |
| Licences and permits   | 1                | (48)             | (31)             | -                    | -                | -                  | -   | -                      | -                      |
| Agency services  | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Transfers and subsidies  | 4,341            | 2,727            | 469              | 886                  | 1,354            | 1,354              | 886   | 886                    | 886                    |
| Other revenue  | 2,931            | 3,613            | 3,760            | 2,224                | 2,224            | 2,224              | 2,346   | 2,475                  | 2,612                  |
| Gains on disposal of PPE   | 18               | 10               | 19               | -                    | -                | -                  | -   | -                      | -                      |
| <b>Total Operating Revenue (excluding capital transfers and contributions)</b> | <b>142,534</b>   | <b>158,323</b>   | <b>174,404</b>   | <b>202,031</b>       | <b>202,499</b>   | <b>202,499</b>     | <b>218,923</b>                                      | <b>230,915</b>         | <b>243,681</b>         |
| <b>Operating Expenditure By Type</b>   |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Employee related costs   | 149,639          | 159,205          | 174,446          | 230,656              | 226,405          | 226,405            | 252,505   | 267,586                | 289,949                |
| Remuneration of councillors  | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Debt impairment  | 4,025            | 4,519            | 5,078            | 5,968                | 5,968            | 5,968              | 6,471   | 6,471                  | 6,471                  |
| Depreciation & asset impairment  | 6,754            | 7,186            | (4,872)          | 10,314               | 9,054            | 9,054              | 10,483  | 10,865                 | 11,928                 |
| Finance charges  | -                | -                | -                | 1,074                | -                | -                  | -   | -                      | -                      |
| Bulk purchases   | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Other materials  | 195              | 280              | 805              | 8,583                | 5,494            | 5,478              | 5,060   | 5,071                  | 5,084                  |
| Contracted services  | 18,941           | 21,199           | 22,763           | 72,192               | 58,030           | 58,019             | 77,073  | 80,156                 | 83,439                 |
| Transfers and subsidies  | 19,835           | 24,414           | 16,518           | 5,312                | 6,487            | 6,487              | 6,785   | 7,158                  | 7,555                  |
| Other expenditure  | 158,999          | 176,620          | 197,513          | 212,911              | 213,227          | 213,254            | 231,534   | 244,451                | 258,204                |
| Loss on disposal of PPE  | 3                | 11               | 8                | -                    | 3                | 3                  | 3   | 3                      | 4                      |
| <b>Total Operating Expenditure</b>   | <b>358,391</b>   | <b>393,434</b>   | <b>412,259</b>   | <b>547,009</b>       | <b>524,668</b>   | <b>524,668</b>     | <b>589,913</b>                                      | <b>621,763</b>         | <b>662,633</b>         |
| <b>Surplus/(Deficit)</b>   | <b>(215,857)</b> | <b>(235,111)</b> | <b>(237,854)</b> | <b>(344,978)</b>     | <b>(322,169)</b> | <b>(322,169)</b>   | <b>(370,990)</b>                                    | <b>(390,848)</b>       | <b>(418,952)</b>       |
| Transfers & subsidies capital NT & PT  | 3,490            | 356              | 2,344            | 2,259                | 2,259            | 2,259              | 150   | 35,350                 | 35,350                 |
| Transfers & subsidies capital agency,oth                                       | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Transfers & subsidies capital in-kind  | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>           | <b>(212,367)</b> | <b>(234,755)</b> | <b>(235,510)</b> | <b>(342,719)</b>     | <b>(319,910)</b> | <b>(319,910)</b>   | <b>(370,840)</b>                                    | <b>(355,498)</b>       | <b>(383,602)</b>       |
| Taxation   | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) after taxation</b>  | <b>(212,367)</b> | <b>(234,755)</b> | <b>(235,510)</b> | <b>(342,719)</b>     | <b>(319,910)</b> | <b>(319,910)</b>   | <b>(370,840)</b>                                    | <b>(355,498)</b>       | <b>(383,602)</b>       |
| Attributable to minorities   | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) attributable to municipality</b>                          | <b>(212,367)</b> | <b>(234,755)</b> | <b>(235,510)</b> | <b>(342,719)</b>     | <b>(319,910)</b> | <b>(319,910)</b>   | <b>(370,840)</b>                                    | <b>(355,498)</b>       | <b>(383,602)</b>       |
| Share of surplus/ (deficit) of associate                                       | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) for the year</b>  | <b>(212,367)</b> | <b>(234,755)</b> | <b>(235,510)</b> | <b>(342,719)</b>     | <b>(319,910)</b> | <b>(319,910)</b>   | <b>(370,840)</b>                                    | <b>(355,498)</b>       | <b>(383,602)</b>       |
| <b>Capital Expenditure</b>   | <b>6,981</b>     | <b>11,287</b>    | <b>12,384</b>    | <b>39,430</b>        | <b>19,648</b>    | <b>19,628</b>      | <b>36,180</b>                                       | <b>82,870</b>          | <b>74,870</b>          |



## 2.12.2 Assets & Facilities Management (Vote 2)

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

The core functions and objectives of this directorate are:

- **Property Management**

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

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

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

- **Facilities Management**

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

- **Fleet Management**

The main function of this department is to provide a comprehensive fleet management service to fulfil the City's vehicles, plant and workshop requirements. Approximately 4 000 Fleet (Vehicles and Plant Equipment) and the devolved fleets (self-owned vehicles and plant) are managed by this section i.e.

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

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

- Facilities Management Structural Rehabilitation of the Cape Town Civic Centre, which includes the upgrading of the Ablution facilities;
- Establishment of Municipal Courts;
- Security Hardening of various facilities;
- Replacement of Vehicles / Plant and associated equipment;
- Development of a Fleet Management Information System;
- Upgrading of the Fleet Workshops;
- Upgrading of Priority Assets such Athlone Stadium, City Hall and Grand Parade;
- Acquisition of land for Municipal Purposes;
- Major Upgrading of Housing Rental Stock; and
- Installation of Rental Stock Sub-Meters as part of the Water Resilience Programme.

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

| Directorate: Assets & Facilities Management                                    |                    |                    |                    |                      |                    |                    |   |                        |                        |
|--|--------------------|--------------------|--------------------|----------------------|--------------------|--------------------|---|------------------------|------------------------|
| Budgeted Financial Performance (revenue and expenditure)                       |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Description  | 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   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| <b>Operating Revenue By Source</b>   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Property rates   | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| Service charges - electricity revenue  | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| Service charges - water revenue  | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| Service charges - sanitation revenue   | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| Service charges - refuse revenue   | –                  | 2                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| Service charges - other  | –                  | –                  | 524                | 532                  | 532                | 532                | 532   | 695                    | 848                    |
| Rental of facilities and equipment   | 343,369            | 331,672            | 338,944            | 388,531              | 346,710            | 346,710            | 350,315   | 369,582                | 390,109                |
| Interest earned - external investments   | 232                | –                  | 121                | 95                   | 95                 | 95                 | 100   | 105                    | 111                    |
| Interest earned - outstanding debtors  | 10,575             | 8,007              | 6,612              | 9,606                | 9,606              | 9,606              | 10,135  | 10,692                 | 11,286                 |
| Dividends received   | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| Fines, penalties and forfeits  | 3                  | 1,039              | 455                | –                    | –                  | –                  | –   | –                      | –                      |
| Licences and permits   | 52                 | 91                 | 7                  | –                    | –                  | –                  | –   | –                      | –                      |
| Agency services  | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| Transfers and subsidies  | 27                 | –                  | –                  | 1,000                | 9,673              | 9,673              | 3,000   | 18,000                 | 39,673                 |
| Other revenue  | 21,421             | 23,283             | 31,079             | 19,823               | 19,823             | 19,823             | 42,331  | 44,659                 | 47,128                 |
| Gains on disposal of PPE   | 62,530             | 114,441            | 25,687             | 34,000               | 34,000             | 34,000             | 35,870  | 37,843                 | 39,943                 |
| <b>Total Operating Revenue (excluding capital transfers and contributions)</b> | <b>438,210</b>     | <b>478,535</b>     | <b>403,429</b>     | <b>453,587</b>       | <b>420,440</b>     | <b>420,440</b>     | <b>442,283</b>                                      | <b>481,577</b>         | <b>529,098</b>         |
| <b>Expenditure By Type</b>   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Employee related costs   | 428,562            | 467,010            | 504,474            | 660,219              | 623,273            | 624,539            | 683,215   | 747,672                | 809,893                |
| Remuneration of councillors  | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| Debt impairment  | 170,317            | 124,317            | 104,843            | 159,259              | 159,259            | 159,259            | 152,024   | 148,716                | 153,863                |
| Depreciation & asset impairment  | 310,756            | 325,716            | 320,862            | 372,706              | 370,610            | 370,610            | 393,630   | 398,260                | 403,295                |
| Finance charges  | 2                  | 1                  | 5                  | 30,959               | –                  | –                  | –   | –                      | –                      |
| Bulk purchases   | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| Other materials  | 31,057             | 28,222             | 73,720             | 41,976               | 43,699             | 43,516             | 44,143  | 60,969                 | 62,569                 |
| Contracted services  | 226,506            | 272,349            | 272,825            | 389,911              | 390,222            | 389,150            | 471,304   | 493,348                | 533,215                |
| Transfers and subsidies  | 5,311              | 2,505              | 256                | 1,500                | 1,500              | 1,500              | 70,160  | 74,019                 | 78,127                 |
| Other expenditure  | 266,564            | 263,973            | 282,122            | 194,940              | 121,175            | 121,175            | 119,482   | 157,973                | 173,487                |
| Loss on disposal of PPE  | 1,666              | 3,137              | 5,408              | 28                   | 28                 | 28                 | 29  | 31                     | 33                     |
| <b>Total Operating Expenditure</b>   | <b>1,440,741</b>   | <b>1,487,231</b>   | <b>1,564,514</b>   | <b>1,851,499</b>     | <b>1,709,767</b>   | <b>1,709,777</b>   | <b>1,933,989</b>                                    | <b>2,080,989</b>       | <b>2,214,480</b>       |
| <b>Surplus/(Deficit)</b>   | <b>(1,002,532)</b> | <b>(1,008,695)</b> | <b>(1,161,086)</b> | <b>(1,397,912)</b>   | <b>(1,289,327)</b> | <b>(1,289,337)</b> | <b>(1,491,705)</b>                                  | <b>(1,599,412)</b>     | <b>(1,685,382)</b>     |
| Transfers & subsidies capital NT & PT  | 269,339            | 93,576             | 95                 | –                    | –                  | –                  | –   | –                      | –                      |
| Transfers & subsidies capital agency,oth                                       | –                  | –                  | 10,526             | –                    | –                  | –                  | –   | –                      | –                      |
| Transfers & subsidies capital in-kind  | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>           | <b>(733,192)</b>   | <b>(915,120)</b>   | <b>(1,150,465)</b> | <b>(1,397,912)</b>   | <b>(1,289,327)</b> | <b>(1,289,337)</b> | <b>(1,491,705)</b>                                  | <b>(1,599,412)</b>     | <b>(1,685,382)</b>     |
| Taxation   | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| <b>Surplus/(Deficit) after taxation</b>  | <b>(733,192)</b>   | <b>(915,120)</b>   | <b>(1,150,465)</b> | <b>(1,397,912)</b>   | <b>(1,289,327)</b> | <b>(1,289,337)</b> | <b>(1,491,705)</b>                                  | <b>(1,599,412)</b>     | <b>(1,685,382)</b>     |
| Attributable to minorities   | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| <b>Surplus/(Deficit) attributable to municipality</b>                          | <b>(733,192)</b>   | <b>(915,120)</b>   | <b>(1,150,465)</b> | <b>(1,397,912)</b>   | <b>(1,289,327)</b> | <b>(1,289,337)</b> | <b>(1,491,705)</b>                                  | <b>(1,599,412)</b>     | <b>(1,685,382)</b>     |
| Share of surplus/ (deficit) of associate                                       | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| <b>Surplus/(Deficit) for the year</b>  | <b>(733,192)</b>   | <b>(915,120)</b>   | <b>(1,150,465)</b> | <b>(1,397,912)</b>   | <b>(1,289,327)</b> | <b>(1,289,337)</b> | <b>(1,491,705)</b>                                  | <b>(1,599,412)</b>     | <b>(1,685,382)</b>     |
| <b>Capital Expenditure</b>   | <b>532,726</b>     | <b>311,356</b>     | <b>358,089</b>     | <b>395,019</b>       | <b>431,322</b>     | <b>430,316</b>     | <b>402,141</b>                                      | <b>291,073</b>         | <b>91,372</b>          |

### 2.12.3 Corporate Services (Vote 3)

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

The core functions and objectives of this directorate are:

- **Executive and Council Support**

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

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

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

- **Legal Services**

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

- **Human Resources**

The purpose of Human Resources is to render a professional, efficient and effective service to the City. The overarching aim is to ensure the City is recognised as a responsible, efficient and customer-centric employer and the HR benchmark within local government in South Africa by being a strategic business partner to business.

- **Information Systems & Technology (IS & T)**

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

- **Information and Knowledge Management**

This department is responsible, at a corporate level, for ensuring that relevant institutional information, knowledge and records are managed, retained and shared across the organisation in order to support planning, service delivery and more efficient management.

The department also provides specialised support services to City departments including land surveying, geographic data management, map production, 3D modelling and information and records management services.

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

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

*The following additional key programmes and projects will be undertaken:*

- Staff Engagement Survey;
- Enhancement of the Open Data Portal;
- Records Management Programme including the enabling of Electronic Records Management, Occupational Health and Safety Management programme;
- Enable Mobile Government;
- Enable Corporate Business Services;
- e-HR Programme;
- Talent Management Programme; and
- External Skills Development programme (including external bursaries, learnerships, in-service training and apprenticeships).

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

| Directorate: Corporate Services  |                    |                    |                    |                      |                    |                    |   |                        |                        |
|--|--------------------|--------------------|--------------------|----------------------|--------------------|--------------------|---|------------------------|------------------------|
| Budgeted Financial Performance (revenue and expenditure)                       |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Description  | 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   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| <b>Operating Revenue By Source</b>   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Property rates   | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| Service charges - electricity revenue  | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| Service charges - water revenue  | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| Service charges - sanitation revenue   | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| Service charges - refuse revenue   | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| Service charges - other  | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| Rental of facilities and equipment   | 24                 | 123                | 37                 | -                    | -                  | -                  | -   | -                      | -                      |
| Interest earned - external investments   | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| Interest earned - outstanding debtors  | 1                  | 9                  | 14                 | 25                   | 25                 | 25                 | 26  | 28                     | 29                     |
| Dividends received   | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| Fines, penalties and forfeits  | 1                  | 2                  | 0                  | 1                    | -                  | -                  | -   | -                      | -                      |
| Licences and permits   | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| Agency services  | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| Transfers and subsidies  | 6,048              | 11,990             | 7,361              | 9,633                | 10,555             | 10,555             | 12,965  | 15,935                 | 16,000                 |
| Other revenue  | 45,179             | 32,390             | 55,819             | 57,414               | 52,415             | 52,415             | 55,298  | 58,339                 | 61,577                 |
| Gains on disposal of PPE   | 190                | 271                | 264                | -                    | -                  | -                  | -   | -                      | -                      |
| <b>Total Operating Revenue (excluding capital transfers and contributions)</b> | <b>51,443</b>      | <b>44,785</b>      | <b>63,495</b>      | <b>67,073</b>        | <b>62,995</b>      | <b>62,995</b>      | <b>68,289</b>                                       | <b>74,302</b>          | <b>77,607</b>          |
| <b>Expenditure By Type</b>   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Employee related costs   | 534,551            | 595,583            | 642,178            | 784,755              | 742,694            | 736,694            | 895,636   | 972,191                | 1,053,398              |
| Remuneration of councillors  | 127,192            | 133,351            | 137,093            | 150,918              | 150,889            | 150,889            | 164,644   | 175,346                | 186,831                |
| Debt impairment  | (27)               | (67)               | 31                 | -                    | -                  | -                  | -   | -                      | -                      |
| Depreciation & asset impairment  | 122,630            | 137,298            | 162,327            | 157,912              | 165,751            | 165,751            | 173,014   | 195,387                | 208,255                |
| Finance charges  | -                  | -                  | -                  | 14,695               | -                  | -                  | -   | -                      | -                      |
| Bulk purchases   | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| Other materials  | 1,544              | 2,094              | 3,188              | 26,237               | 26,294             | 26,412             | 23,211  | 24,054                 | 24,960                 |
| Contracted services  | 203,360            | 76,204             | 55,578             | 138,281              | 113,246            | 119,444            | 110,945   | 117,925                | 124,735                |
| Transfers and subsidies  | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| Other expenditure  | 303,152            | 436,403            | 439,205            | 468,689              | 401,903            | 401,587            | 330,739   | 349,333                | 368,423                |
| Loss on disposal of PPE  | 78                 | 103                | 93                 | 64                   | 64                 | 64                 | 67  | 71                     | 75                     |
| <b>Total Operating Expenditure</b>   | <b>1,292,480</b>   | <b>1,380,968</b>   | <b>1,439,692</b>   | <b>1,741,551</b>     | <b>1,600,840</b>   | <b>1,600,840</b>   | <b>1,698,256</b>                                    | <b>1,834,308</b>       | <b>1,966,677</b>       |
| <b>Surplus/(Deficit)</b>   | <b>(1,241,036)</b> | <b>(1,336,183)</b> | <b>(1,376,197)</b> | <b>(1,674,477)</b>   | <b>(1,537,845)</b> | <b>(1,537,845)</b> | <b>(1,629,966)</b>                                  | <b>(1,760,006)</b>     | <b>(1,889,071)</b>     |
| Transfers & subsidies capital NT & PT  | 7,715              | 10,975             | 989                | 1,000                | 1,103              | 1,103              | 1,000   | -                      | -                      |
| Transfers & subsidies capital agency,oth                                       | -                  | -                  | 287                | -                    | 600                | 600                | -   | -                      | -                      |
| Transfers & subsidies capital in-kind  | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>           | <b>(1,233,321)</b> | <b>(1,325,208)</b> | <b>(1,374,922)</b> | <b>(1,673,477)</b>   | <b>(1,536,142)</b> | <b>(1,536,142)</b> | <b>(1,628,966)</b>                                  | <b>(1,760,006)</b>     | <b>(1,889,071)</b>     |
| Taxation   | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) after taxation</b>  | <b>(1,233,321)</b> | <b>(1,325,208)</b> | <b>(1,374,922)</b> | <b>(1,673,477)</b>   | <b>(1,536,142)</b> | <b>(1,536,142)</b> | <b>(1,628,966)</b>                                  | <b>(1,760,006)</b>     | <b>(1,889,071)</b>     |
| Attributable to minorities   | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) attributable to municipality</b>                          | <b>(1,233,321)</b> | <b>(1,325,208)</b> | <b>(1,374,922)</b> | <b>(1,673,477)</b>   | <b>(1,536,142)</b> | <b>(1,536,142)</b> | <b>(1,628,966)</b>                                  | <b>(1,760,006)</b>     | <b>(1,889,071)</b>     |
| Share of surplus/ (deficit) of associate                                       | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) for the year</b>  | <b>(1,233,321)</b> | <b>(1,325,208)</b> | <b>(1,374,922)</b> | <b>(1,673,477)</b>   | <b>(1,536,142)</b> | <b>(1,536,142)</b> | <b>(1,628,966)</b>                                  | <b>(1,760,006)</b>     | <b>(1,889,071)</b>     |
| <b>Capital Expenditure</b>   | <b>308,518</b>     | <b>318,490</b>     | <b>244,883</b>     | <b>351,686</b>       | <b>362,758</b>     | <b>355,818</b>     | <b>342,446</b>                                      | <b>341,046</b>         | <b>335,546</b>         |

## 2.12.4 City Manager (Vote 4)

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

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

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

| Directorate: City Manager  |                 |                 |                 |                      |                 |                    |   |                        |                        |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| Budgeted Financial Performance (revenue and expenditure)                       |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Description  | 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   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Operating Revenue By Source</b>   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Property rates   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Service charges - electricity revenue  | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Service charges - water revenue  | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Service charges - sanitation revenue   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Service charges - refuse revenue   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Service charges - other  | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Rental of facilities and equipment   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Interest earned - external investments   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Interest earned - outstanding debtors  | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Dividends received   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Fines, penalties and forfeits  | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Licences and permits   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Agency services  | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Transfers and subsidies  | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Other revenue  | 0               | (7)             | 0               | -                    | -               | -                  | -   | -                      | -                      |
| Gains on disposal of PPE   | 1               | -               | 0               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total Operating Revenue (excluding capital transfers and contributions)</b> | <b>1</b>        | <b>(7)</b>      | <b>0</b>        | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>  | <b>-</b>               | <b>-</b>               |
| <b>Expenditure By Type</b>   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Employee related costs   | 9,041           | 11,846          | 6,539           | 8,066                | 8,052           | 8,052              | 11,441  | 12,424                 | 13,468                 |
| Remuneration of councillors  | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Debt impairment  | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Depreciation & asset impairment  | 203             | 208             | 154             | 183                  | 143             | 143                | 153   | 145                    | 154                    |
| Finance charges  | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Bulk purchases   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Other materials  | 1               | 8               | 35              | 300                  | 300             | 264                | 300   | 301                    | 301                    |
| Contracted services  | 142             | 86              | 312             | 189                  | 212             | 168                | 218   | 225                    | 232                    |
| Transfers and subsidies  | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Other expenditure  | 11,518          | 11,838          | 14,394          | 13,460               | 13,337          | 13,417             | 14,094  | 14,869                 | 15,695                 |
| Loss on disposal of PPE  | 0               | 5               | 1               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total Operating Expenditure</b>   | <b>20,905</b>   | <b>23,991</b>   | <b>21,436</b>   | <b>22,198</b>        | <b>22,043</b>   | <b>22,043</b>      | <b>26,206</b>                                       | <b>27,964</b>          | <b>29,850</b>          |
| <b>Surplus/(Deficit)</b>   | <b>(20,904)</b> | <b>(23,998)</b> | <b>(21,436)</b> | <b>(22,198)</b>      | <b>(22,043)</b> | <b>(22,043)</b>    | <b>(26,206)</b>                                     | <b>(27,964)</b>        | <b>(29,850)</b>        |
| Transfers & subsidies capital NT & PT  | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Transfers & subsidies capital agency,oth                                       | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Transfers & subsidies capital in-kind  | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>           | <b>(20,904)</b> | <b>(23,998)</b> | <b>(21,436)</b> | <b>(22,198)</b>      | <b>(22,043)</b> | <b>(22,043)</b>    | <b>(26,206)</b>                                     | <b>(27,964)</b>        | <b>(29,850)</b>        |
| Taxation   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) after taxation</b>  | <b>(20,904)</b> | <b>(23,998)</b> | <b>(21,436)</b> | <b>(22,198)</b>      | <b>(22,043)</b> | <b>(22,043)</b>    | <b>(26,206)</b>                                     | <b>(27,964)</b>        | <b>(29,850)</b>        |
| Attributable to minorities   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) attributable to municipality</b>                          | <b>(20,904)</b> | <b>(23,998)</b> | <b>(21,436)</b> | <b>(22,198)</b>      | <b>(22,043)</b> | <b>(22,043)</b>    | <b>(26,206)</b>                                     | <b>(27,964)</b>        | <b>(29,850)</b>        |
| Share of surplus/ (deficit) of associate                                       | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) for the year</b>  | <b>(20,904)</b> | <b>(23,998)</b> | <b>(21,436)</b> | <b>(22,198)</b>      | <b>(22,043)</b> | <b>(22,043)</b>    | <b>(26,206)</b>                                     | <b>(27,964)</b>        | <b>(29,850)</b>        |
| <b>Capital Expenditure</b>   | <b>304</b>      | <b>232</b>      | <b>321</b>      | <b>222</b>           | <b>192</b>      | <b>172</b>         | <b>222</b>  | <b>222</b>             | <b>222</b>             |

### 2.12.5 Directorate of the Mayor (Vote 5)

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

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

The directorate consists of the following functional areas (departments):

- **Organisational Effectiveness**

This department is a Centre of Excellence established to provide the organisation with strategies, tools and resources through its focus in driving strategic change through the People Strategy; Operational Excellence and Innovation in order to improve service delivery and drive customer centricity through a culture of collaboration and transversal management. Ultimately the department must drive the City's Government Modernization initiatives to prepare the City for future challenges and opportunities.

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

- **Communication**

The department provides a range of specialist communication services to all departments of the City around all facets of communication. One of the main deliverables involves managing the City's Corporate Brand and media strategies, which in turn builds towards positive perceptions and reputation for the City.

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

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

- **Probity**

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

- **Enterprise and Investment**

The department is concerned with creating and sustaining the enabling environment required to attract investment into the City for the purpose of generating inclusive economic growth and job creation as well as improve the ease of doing business within the City for investors & SMME's.

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

It offers support services to Small Medium and Micro Enterprises (SMMEs) and co-ordinates efforts to ease the cost of doing business in the city. It works on destination marketing, with specific emphasis on growing the investment and tourism brands of the City.

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

- **Organisation Performance Management**

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

- **Organisational Policy and Planning**

The department has the role of leading, managing and supporting the organisation’s policy and planning processes including the City’s corporate policy process, the development and review of the IDP, the development and review of by-laws; the provision of legal comments on draft national and provincial legislation, and research and evidence gathering and analysis to support decision-making. The department also provides support for transversal management systems and processes in the City, including for the Executive Leadership.

- **Executive Coordination**

This department ensures the efficient and effective management of support services for the executive political offices of the Executive Mayor, Executive Deputy Mayor, Chief Whip and Speaker by providing strategic transversal services. The branch includes STS Administration, the VIP Unit, the Stakeholder Unit, Events and Protocol who are all engaged in supporting the executive offices.

- **Resilience**

The Resilience Office, working with multiple internal and external stakeholders, and partnering with 100 Resilient Cities, is tasked with developing Cape Town’s first ever City Resilience Strategy, and associated initiatives. The aim of the strategy is to help the city as whole, inclusive of all its people, organisations and systems, to survive, adapt and thrive no matter what shocks and stresses are experienced. Internally within the organisation, the Resilience Office is expected to lead the mainstreaming of resilience thinking among staff in order to ensure that the principle of resilience is embedded in line with the provisions of the current IDP.



### **Selected initiatives in the 2018/19 financial year**

- Facilitation and management of the City's Strategic Management Framework process (2019/20)
- Preparation of the City's Strategic policy agenda
- Facilitation and management of the IDP 2019/2020 review and amendment process
- City of Cape Town Research Strategy and action plan
- Backyard information project (Phase 2 – communication, further analytics, system proposal)
- Economic impact modelling
- Quarterly reports on the State of the Cape Town economy
- Annual Customer/Community Satisfaction Survey
- Project Portfolio Management: Organisational Development and Transformation Project (ODTP) enhancements
- Roll-out of information sessions on King IV and its supplements to Local Government to the City's leadership and line management in the various directorates in order to contribute towards the continuous improvements to the governance and the control environment of the City.
- Development of a range of multi-faceted communication campaigns to inform and educate residents on a range of City matters that affect them.
- Support smaller, more focused initiatives to inform and educate specific target audiences on various City services matters, at a local level.
- Leverage the City's corporate identity; logo and payoff line in a wide range of products to identify and showcase the work the City does.
- Visually document the City's business; be it photographs or video to showcase what the City does.
- Development of Cape Town's first City Resilience Strategy in partnership with *100 Resilient Cities*.

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

| Directorate: Directorate of the Mayor  |                  |                  |                  |                      |                  |                    |   |                        |                        |
|--|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| Budgeted Financial Performance (revenue and expenditure)                       |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Description  | 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   |                  |                  |                  |                      |                  |                    |   |                        |                        |
| <b>Operating Revenue By Source</b>   |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Property rates   | –                | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| Service charges - electricity revenue  | –                | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| Service charges - water revenue  | –                | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| Service charges - sanitation revenue   | –                | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| Service charges - refuse revenue   | –                | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| Service charges - other  | –                | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| Rental of facilities and equipment   | 12               | 4                | 9                | 74                   | 74               | 74                 | 78  | 82                     | 87                     |
| Interest earned - external investments   | 1,332            | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| Interest earned - outstanding debtors  | 0                | 4                | 5                | 5                    | 5                | 5                  | 5   | 5                      | 5                      |
| Dividends received   | –                | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| Fines, penalties and forfeits  | –                | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| Licences and permits   | (8)              | –                | (5)              | –                    | –                | –                  | –   | –                      | –                      |
| Agency services  | –                | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| Transfers and subsidies  | 1,918            | 996              | 190              | 3,166                | 17,666           | 17,666             | 3,448   | –                      | –                      |
| Other revenue  | 94               | 192              | 643              | 80                   | 80               | 80                 | 84  | 89                     | 94                     |
| Gains on disposal of PPE   | 11               | 10               | 10               | –                    | –                | –                  | –   | –                      | –                      |
| <b>Total Operating Revenue (excluding capital transfers and contributions)</b> | <b>3,359</b>     | <b>1,206</b>     | <b>852</b>       | <b>3,324</b>         | <b>17,824</b>    | <b>17,824</b>      | <b>3,615</b>  | <b>176</b>             | <b>186</b>             |
| <b>Expenditure By Type</b>   |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Employee related costs   | 162,822          | 167,192          | 202,025          | 298,778              | 267,727          | 267,727            | 340,846   | 370,099                | 401,129                |
| Remuneration of councillors  | 1,219            | 1,286            | 1,281            | 4,868                | 4,676            | 4,676              | 4,996   | 5,320                  | 5,669                  |
| Debt impairment  | –                | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| Depreciation & asset impairment  | 8,818            | 9,622            | 7,058            | 8,643                | 12,482           | 12,482             | 14,284  | 16,054                 | 15,249                 |
| Finance charges  | –                | –                | –                | 2,365                | –                | –                  | –   | –                      | –                      |
| Bulk purchases   | –                | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| Other materials  | 80               | 219              | 535              | 8,755                | 5,073            | 5,073              | 4,177   | 4,179                  | 4,182                  |
| Contracted services  | 49,710           | 22,474           | 57,193           | 87,581               | 81,400           | 80,472             | 63,850  | 63,823                 | 64,908                 |
| Transfers and subsidies  | 64,283           | 53,413           | 57,130           | 71,515               | 82,980           | 83,480             | 85,640  | 88,909                 | 93,843                 |
| Other expenditure  | 59,217           | 96,980           | 79,332           | 75,157               | 63,641           | 64,060             | 89,489  | 94,912                 | 100,678                |
| Loss on disposal of PPE  | 14               | 23               | 22               | 13                   | 13               | 13                 | 14  | 15                     | 15                     |
| <b>Total Operating Expenditure</b>   | <b>346,164</b>   | <b>351,209</b>   | <b>404,576</b>   | <b>557,674</b>       | <b>517,993</b>   | <b>517,983</b>     | <b>603,295</b>                                      | <b>643,311</b>         | <b>685,674</b>         |
| <b>Surplus/(Deficit)</b>   | <b>(342,805)</b> | <b>(350,003)</b> | <b>(403,723)</b> | <b>(554,350)</b>     | <b>(500,169)</b> | <b>(500,159)</b>   | <b>(599,681)</b>                                    | <b>(643,135)</b>       | <b>(685,488)</b>       |
| Transfers & subsidies capital NT & PT  | 1,085            | 500              | –                | –                    | –                | –                  | –   | –                      | –                      |
| Transfers & subsidies capital agency,oth                                       | –                | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| Transfers & subsidies capital in-kind  | –                | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>           | <b>(341,720)</b> | <b>(349,503)</b> | <b>(403,723)</b> | <b>(554,350)</b>     | <b>(500,169)</b> | <b>(500,159)</b>   | <b>(599,681)</b>                                    | <b>(643,135)</b>       | <b>(685,488)</b>       |
| Taxation   | –                | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| <b>Surplus/(Deficit) after taxation</b>  | <b>(341,720)</b> | <b>(349,503)</b> | <b>(403,723)</b> | <b>(554,350)</b>     | <b>(500,169)</b> | <b>(500,159)</b>   | <b>(599,681)</b>                                    | <b>(643,135)</b>       | <b>(685,488)</b>       |
| Attributable to minorities   | –                | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| <b>Surplus/(Deficit) attributable to municipality</b>                          | <b>(341,720)</b> | <b>(349,503)</b> | <b>(403,723)</b> | <b>(554,350)</b>     | <b>(500,169)</b> | <b>(500,159)</b>   | <b>(599,681)</b>                                    | <b>(643,135)</b>       | <b>(685,488)</b>       |
| Share of surplus/ (deficit) of associate                                       | –                | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| <b>Surplus/(Deficit) for the year</b>  | <b>(341,720)</b> | <b>(349,503)</b> | <b>(403,723)</b> | <b>(554,350)</b>     | <b>(500,169)</b> | <b>(500,159)</b>   | <b>(599,681)</b>                                    | <b>(643,135)</b>       | <b>(685,488)</b>       |
| <b>Capital Expenditure</b>   | <b>15,355</b>    | <b>20,006</b>    | <b>22,022</b>    | <b>17,108</b>        | <b>18,921</b>    | <b>18,353</b>      | <b>12,663</b>                                       | <b>2,038</b>           | <b>1,538</b>           |

### 2.12.6 Energy (Vote 6)

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

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

- **Electricity Generation and Distribution**

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

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

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

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

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

- Contribution to Rates Account = 10% of Electricity Sales (excluding FBE);
- System energy growth calculation based on recent and current energy consumptive patterns;
- CPIX as determined by Corporate Finance for the next three years;
- Effective Eskom increase for municipalities is assumed to be 8%; and
- Collection ratio of 98% for the next three years.

The capital budget is funded from a number of funding sources with the Capital Replacement Reserve (CRR), External Financing Fund (EFF) and Grants & Donations (CGD) being the largest.

It is critically important to match the benchmark for the investment in refurbishment in accordance with international best practice to ensure good quality of supply and excellent customer and delivery service.

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

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

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

- **Sustainable Energy Markets**

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

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

| Directorate: Energy  |                   |                   |                   |                      |                   |                    |   |                        |                        |
|--|-------------------|-------------------|-------------------|----------------------|-------------------|--------------------|---|------------------------|------------------------|
| Budgeted Financial Performance (revenue and expenditure)                       |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Description  | 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   |                   |                   |                   |                      |                   |                    |   |                        |                        |
| <b>Operating Revenue By Source</b>   |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Property rates   | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Service charges - electricity revenue  | 9,981,814         | 11,202,784        | 11,763,615        | 11,942,546           | 11,942,546        | 11,942,546         | 12,591,403  | 13,519,095             | 14,865,239             |
| Service charges - water revenue  | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Service charges - sanitation revenue   | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Service charges - refuse revenue   | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Service charges - other  | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Rental of facilities and equipment   | 453               | 517               | 794               | 820                  | 820               | 820                | 975   | 1,028                  | 1,085                  |
| Interest earned - external investments   | 0                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Interest earned - outstanding debtors  | 19,868            | 21,678            | 21,736            | 22,000               | 22,000            | 22,000             | 25,800  | 27,219                 | 28,730                 |
| Dividends received   | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Fines, penalties and forfeits  | 150               | 1,745             | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Licences and permits   | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Agency services  | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Transfers and subsidies  | 88,623            | 3,438             | 4,596             | 1,400                | 4,465             | 4,465              | 4,567   | 3,274                  | -                      |
| Other revenue  | 108,166           | 96,150            | 129,078           | 100,152              | 100,152           | 100,152            | 98,805  | 104,238                | 110,019                |
| Gains on disposal of PPE   | 3,104             | 2,090             | 2,979             | 2,500                | 2,500             | 2,500              | 2,500   | 2,638                  | 2,784                  |
| <b>Total Operating Revenue (excluding capital transfers and contributions)</b> | <b>10,202,179</b> | <b>11,328,403</b> | <b>11,922,798</b> | <b>12,069,418</b>    | <b>12,072,483</b> | <b>12,072,483</b>  | <b>12,724,050</b>                                   | <b>13,657,492</b>      | <b>15,007,857</b>      |
| <b>Expenditure By Type</b>   |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Employee related costs   | 786,445           | 909,886           | 937,460           | 1,145,547            | 1,084,980         | 1,084,980          | 1,203,294   | 1,300,153              | 1,402,895              |
| Remuneration of councillors  | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Debt impairment  | 95,576            | 132,560           | 84,156            | 171,106              | 126,106           | 126,106            | 128,522   | 189,782                | 204,701                |
| Depreciation & asset impairment  | 236,487           | 253,589           | 280,638           | 315,958              | 316,023           | 316,023            | 354,330   | 382,063                | 406,177                |
| Finance charges  | -                 | -                 | -                 | 278                  | -                 | -                  | -   | -                      | -                      |
| Bulk purchases   | 6,708,777         | 7,656,071         | 8,069,461         | 8,094,800            | 8,094,800         | 8,094,800          | 8,341,400   | 8,991,000              | 9,691,800              |
| Other materials  | 92,384            | 86,650            | 92,510            | 136,750              | 132,752           | 134,742            | 134,931   | 141,465                | 148,475                |
| Contracted services  | 275,785           | 203,714           | 200,903           | 284,564              | 283,918           | 282,317            | 315,589   | 332,357                | 347,787                |
| Transfers and subsidies  | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Other expenditure  | 205,391           | 225,285           | 219,528           | 206,564              | 174,829           | 174,441            | 196,586   | 205,962                | 216,768                |
| Loss on disposal of PPE  | 199               | 409               | 355               | 184                  | 184               | 184                | 194   | 205                    | 216                    |
| <b>Total Operating Expenditure</b>   | <b>8,401,044</b>  | <b>9,468,163</b>  | <b>9,885,010</b>  | <b>10,355,750</b>    | <b>10,213,592</b> | <b>10,213,592</b>  | <b>10,674,846</b>                                   | <b>11,542,987</b>      | <b>12,418,819</b>      |
| <b>Surplus/(Deficit)</b>   | <b>1,801,136</b>  | <b>1,860,239</b>  | <b>2,037,788</b>  | <b>1,713,668</b>     | <b>1,858,890</b>  | <b>1,858,890</b>   | <b>2,049,205</b>                                    | <b>2,114,505</b>       | <b>2,589,039</b>       |
| Transfers & subsidies capital NT & PT  | 147,016           | 155,071           | 115,465           | 134,600              | 160,136           | 160,136            | 166,709   | 166,716                | 271,126                |
| Transfers & subsidies capital agency,oth                                       | 31,762            | 44,220            | 45,412            | 52,900               | 64,400            | 64,400             | 44,200  | 46,600                 | 50,100                 |
| Transfers & subsidies capital in-kind  | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>           | <b>1,979,913</b>  | <b>2,059,530</b>  | <b>2,198,665</b>  | <b>1,901,168</b>     | <b>2,083,427</b>  | <b>2,083,427</b>   | <b>2,260,114</b>                                    | <b>2,327,820</b>       | <b>2,910,265</b>       |
| Taxation   | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) after taxation</b>  | <b>1,979,913</b>  | <b>2,059,530</b>  | <b>2,198,665</b>  | <b>1,901,168</b>     | <b>2,083,427</b>  | <b>2,083,427</b>   | <b>2,260,114</b>                                    | <b>2,327,820</b>       | <b>2,910,265</b>       |
| Attributable to minorities   | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) attributable to municipality</b>                          | <b>1,979,913</b>  | <b>2,059,530</b>  | <b>2,198,665</b>  | <b>1,901,168</b>     | <b>2,083,427</b>  | <b>2,083,427</b>   | <b>2,260,114</b>                                    | <b>2,327,820</b>       | <b>2,910,265</b>       |
| Share of surplus/ (deficit) of associate                                       | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) for the year</b>  | <b>1,979,913</b>  | <b>2,059,530</b>  | <b>2,198,665</b>  | <b>1,901,168</b>     | <b>2,083,427</b>  | <b>2,083,427</b>   | <b>2,260,114</b>                                    | <b>2,327,820</b>       | <b>2,910,265</b>       |
| <b>Capital Expenditure</b>   | <b>952,415</b>    | <b>1,090,855</b>  | <b>1,248,887</b>  | <b>1,292,814</b>     | <b>1,214,500</b>  | <b>1,209,923</b>   | <b>1,163,506</b>                                    | <b>1,427,000</b>       | <b>1,741,137</b>       |

### **2.12.7 Finance (Vote 7)**

The ultimate aim of the Finance directorate is to ensure that excellent financial governance is embedded throughout the organisation, with clear internal controls, sustainable policies and standardised procedures that ensure legislative compliance whilst supporting the organisations strategic and service delivery mandates.

The departmental structure within the directorate consists of the Chief Finance Officer and seven (7) directors i.e. Budgets, Expenditure, Revenue, Supply Chain Management, Treasury, Grant Funding and Valuations.

The key projects contained within the 2018/19 draft capital budget of the Finance directorate support both financial control and enhanced service delivery and includes a number of strategically aligned projects including the E-Tender Tracking System, Walk-in Centre Table Bay Mall, Furniture & IT equipment and Security at Cash/MVR offices, all of which support the ease with which ratepayers can engage and do business with the City.

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

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

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

| Directorate: Finance   |                   |                   |                   |                      |                   |                    |   |                        |                        |
|--|-------------------|-------------------|-------------------|----------------------|-------------------|--------------------|---|------------------------|------------------------|
| Budgeted Financial Performance (revenue and expenditure)                       |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Description  | 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 |
| <b>R thousand</b>  |                   |                   |                   |                      |                   |                    |   |                        |                        |
| <b>Operating Revenue By Source</b>   |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Property rates   | 6,018,735         | 6,745,047         | 8,105,126         | 8,463,429            | 8,496,010         | 8,496,010          | 9,211,261   | 10,020,733             | 10,891,530             |
| Service charges - electricity revenue  | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Service charges - water revenue  | -                 | -                 | -                 | -                    | (386,492)         | (386,492)          | -   | -                      | -                      |
| Service charges - sanitation revenue   | -                 | (8)               | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Service charges - refuse revenue   | -                 | (0)               | -                 | -                    | (276,709)         | (276,709)          | (280,000)   | (305,200)              | (332,668)              |
| Service charges - other  | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Rental of facilities and equipment   | 12                | 13                | 1                 | 2                    | 2                 | 2                  | 2   | 2                      | 2                      |
| Interest earned - external investments   | 528,811           | 634,910           | 761,471           | 773,468              | 893,468           | 893,468            | 969,348   | 989,623                | 1,019,854              |
| Interest earned - outstanding debtors  | 65,826            | 69,621            | 81,292            | 98,344               | 98,344            | 98,344             | 113,773   | 122,518                | 132,069                |
| Dividends received   | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Fines, penalties and forfeits  | 158               | 679               | 738               | 444                  | 444               | 444                | 469   | 494                    | 522                    |
| Licences and permits   | 21                | (0)               | 134               | -                    | -                 | -                  | -   | -                      | -                      |
| Agency services  | 156,007           | 171,430           | 175,296           | 151,151              | 151,151           | 151,151            | 189,464   | 199,885                | 210,978                |
| Transfers and subsidies  | 3,597,519         | 4,024,225         | 4,392,031         | 4,783,642            | 4,790,690         | 4,790,690          | 5,196,191   | 5,511,552              | 5,883,071              |
| Other revenue  | 21,184            | 42,976            | 47,235            | 36,722               | 36,722            | 36,722             | 38,741  | 40,872                 | 43,141                 |
| Gains on disposal of PPE   | 120               | 142               | 37                | -                    | -                 | -                  | -   | -                      | -                      |
| <b>Total Operating Revenue (excluding capital transfers and contributions)</b> | <b>10,388,391</b> | <b>11,689,035</b> | <b>13,563,360</b> | <b>14,307,200</b>    | <b>13,803,629</b> | <b>13,803,629</b>  | <b>15,439,250</b>                                   | <b>16,580,479</b>      | <b>17,848,499</b>      |
| <b>Expenditure By Type</b>   |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Employee related costs   | 522,775           | 970,615           | 668,913           | 896,376              | 858,469           | 859,358            | 927,868   | 1,001,495              | 1,079,631              |
| Remuneration of councillors  | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Debt impairment  | 83,404            | 48,666            | 105,223           | 342,843              | 342,843           | 342,843            | 370,028   | 397,726                | 425,422                |
| Depreciation & asset impairment  | 8,860             | 9,725             | 10,355            | 14,626               | 13,440            | 13,440             | 15,550  | 23,029                 | 30,323                 |
| Finance charges  | 751,056           | 718,520           | 691,000           | 992,773              | 950,768           | 950,768            | 1,396,167   | 1,910,161              | 2,162,467              |
| Bulk purchases   | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Other materials  | 446               | 519               | 806               | 16,026               | 13,593            | 13,444             | 14,403  | 14,426                 | 14,449                 |
| Contracted services  | 19,075            | 15,621            | 21,747            | 75,484               | 78,543            | 76,224             | 77,535  | 80,486                 | 83,874                 |
| Transfers and subsidies  | 4,373             | 4,254             | 923               | 2,114                | 2,029             | 2,029              | -   | 2,258                  | 2,384                  |
| Other expenditure  | 710,447           | 795,290           | 918,374           | 1,030,353            | 373,355           | 374,934            | 410,479   | 436,675                | 464,806                |
| Loss on disposal of PPE  | 36                | 48                | 114               | -                    | -                 | -                  | -   | -                      | -                      |
| <b>Total Operating Expenditure</b>   | <b>2,100,471</b>  | <b>2,563,258</b>  | <b>2,417,454</b>  | <b>3,370,596</b>     | <b>2,633,040</b>  | <b>2,633,040</b>   | <b>3,212,031</b>                                    | <b>3,866,255</b>       | <b>4,263,356</b>       |
| <b>Surplus/(Deficit)</b>   | <b>8,287,919</b>  | <b>9,125,777</b>  | <b>11,145,906</b> | <b>10,936,604</b>    | <b>11,170,589</b> | <b>11,170,589</b>  | <b>12,227,219</b>                                   | <b>12,714,224</b>      | <b>13,585,143</b>      |
| Transfers & subsidies capital NT & PT  | 598               | 100               | -                 | 50                   | 128               | 128                | -   | -                      | -                      |
| Transfers & subsidies capital agency,oth                                       | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Transfers & subsidies capital in-kind  | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>           | <b>8,288,518</b>  | <b>9,125,877</b>  | <b>11,145,906</b> | <b>10,936,654</b>    | <b>11,170,717</b> | <b>11,170,717</b>  | <b>12,227,219</b>                                   | <b>12,714,224</b>      | <b>13,585,143</b>      |
| Taxation   | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) after taxation</b>  | <b>8,288,518</b>  | <b>9,125,877</b>  | <b>11,145,906</b> | <b>10,936,654</b>    | <b>11,170,717</b> | <b>11,170,717</b>  | <b>12,227,219</b>                                   | <b>12,714,224</b>      | <b>13,585,143</b>      |
| Attributable to minorities   | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) attributable to municipality</b>                          | <b>8,288,518</b>  | <b>9,125,877</b>  | <b>11,145,906</b> | <b>10,936,654</b>    | <b>11,170,717</b> | <b>11,170,717</b>  | <b>12,227,219</b>                                   | <b>12,714,224</b>      | <b>13,585,143</b>      |
| Share of surplus/ (deficit) of associate                                       | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) for the year</b>  | <b>8,288,518</b>  | <b>9,125,877</b>  | <b>11,145,906</b> | <b>10,936,654</b>    | <b>11,170,717</b> | <b>11,170,717</b>  | <b>12,227,219</b>                                   | <b>12,714,224</b>      | <b>13,585,143</b>      |
| <b>Capital Expenditure</b>   | <b>16,415</b>     | <b>15,835</b>     | <b>23,989</b>     | <b>17,136</b>        | <b>13,710</b>     | <b>13,469</b>      | <b>19,949</b>                                       | <b>65,419</b>          | <b>35,411</b>          |

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

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

The Informal Settlements, Water & Waste Services directorate must ensure the provision of effective and reliable water, sanitation and solid waste management services through effective management of natural resources and service delivery infrastructure. The provision of electricity to backyard residences and informal settlements is in collaboration with the City's Energy directorate. It is also recognised that a transversal approach is necessary in addressing Informal Settlements and Backyarders where cross-cutting challenges prevail that touch on issues of poverty, social, economic, health, policing, engineering and many other functions.

The core purpose of the directorate is:

- To ensure sustainable municipal infrastructure and services (water, sanitation and solid waste management) that will enable economic development;
- To provide equitable access to basic services for all the citizens of Cape Town;
- Implementation of upgrading projects for informal settlements; and
- The provision of basic services to backyarders on Council-owned land as a priority across the City.

#### **a. Informal Settlements & Backyarders**

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

#### **b. Solid Waste Management**

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

#### **c. Water & Sanitation**

The core business of the Water and Sanitation department is to equitably and efficiently provide access to water and sanitation services to all citizens of the City in a sustainable, safe, reliable, environmentally friendly and financially viable way observing the dictates of sound good governance principles. The department continually seeks to introduce new and innovative methods of service delivery to its citizens whilst meeting all the legislative requirements.



### **2.12.8.1 Informal Settlements & Backyarders department**

This department is responsible for the mainstreaming of basic service delivery to informal settlements and backyard dwellers so that there is an improvement in the living conditions of these communities.

The department's main purpose and approach towards the upgrading, delivery of basic services and daily management of informal settlements and backyarders can be summarised as follow:

- Strategic management and implementation of upgrading projects for informal settlements thus working with and not against informality;
- Giving priority to the provision of basic services (water and sanitation) to all informal settlements;
- Ensuring a rapid response at scale i.e. ensuring that some level of change and improvement occurs in all informal settlements within a short to medium period of time;
- Multi-pronged and flexible, consisting of a range of different responses which are responsive to and appropriate for local conditions;
- Giving priority to the upgrading and improvement of informal settlements in-situ with relocations being only undertaken as a last resort;
- To direct the implementation of strategic support (operational and functional) to informal settlements, ensuring meaningful community participation, engagement and local ownership, preventative measures and monitoring functions relating to all informal settlements;
- Implementation of planning -, engineering -, and operational services to informal settlements and backyards including the facilitation, preventative / monitoring and functional support functions relating to all Informal Settlements management;
- Maximising the use of scarce land by integrating and including informal settlements into the planning of the City;
- Understanding informal settlements in their spatial and socio-economic context;
- Ensuring that livelihoods and economic opportunities are afforded priority (protected or supported); and
- Improving access to public transport key social facilities.

The National Housing Code for the Upgrading of Informal Settlements Programme (UISP) is designed to facilitate the in-situ upgrading of informal settlements in a structured way. It includes the possible relocation and resettlement of people on a voluntary and co-operative basis, as may be appropriate.

Most of the existing informal settlements in Cape Town have been in existence for a considerable number of years and the households living in the informal settlements have made significant investments (in terms of their low incomes) both in terms of funds into their structures and their social capital into the community.

Backyard dwellings is a growing phenomenon in the country and is becoming more prominent in areas such as Du Noon, Doornbach, Joe Slovo in Milnerton, Khayelitsha and numerous state subsidised housing projects as well as public rental stock. This raises a challenge to provide adequate services to backyarders and requires infrastructure upgrades in areas unable to cope.

The Backyarder Implementation project provides basic services to backyard dwellers on City rental properties. It consists of basic services such as water, sanitation, solid waste and electricity. These properties are owned by the City and can either be freestanding rental units, or flat type units clustered together in one complex. Backyarders or backyarder families stay in structures at the back or on the side of these properties.

The initiative of providing basic services to backyard dwellers in City rental units will be rolled out across the City, where such installations are possible. Further areas for service installation will be identified. Progress on this programme will be measured against the number of households benefiting from access to basic services.

The future growth of the population in Cape Town will place continued and increasing strain on City resources and infrastructure. To this end, the City will focus on households living in informal settlements.

The City expedites the administrative incorporation of all informal settlements through a process of rapid assessment. This rapid assessment process provides an overview of the locality, scale and nature of informal settlements and, in particular, to better understand the priority needs as well as the site constraints and develop-ability pertaining to different settlements.

The initial categorisation of all informal settlements indicates the appropriate type of developmental response for each settlement based on a preliminary assessment of site develop-ability and formalisation potential. This is a normal part of building any project pipeline consisting of large numbers of projects, each with diverse complexities and particularities.

The outcome then enables strategic prioritisation of informal settlements for different developmental responses and the allocation of budgets for professional services and capital expenditure on multi-year expenditure frameworks (MTEF) (associated with further pre-feasibility and feasibility studies, design, and implementation / construction e.g. emergency or basic services, land acquisition, full services, housing).

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

| Directorate: Informal Settlements, Water & Waste Serv                          |                  |                  |                  |                      |                  |                    |   |                        |                        |
|--|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| Department: Informal Settlements & Backyarders                                 |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Budgeted Financial Performance (revenue and expenditure)                       |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Description  | 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 |
| <b>Operating Revenue By Source</b>   |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Property rates   | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Service charges - electricity revenue  | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Service charges - water revenue  | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Service charges - sanitation revenue   | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Service charges - refuse revenue   | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Service charges - other  | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Rental of facilities and equipment   | 9                | 1                | (0)              | -                    | -                | -                  | -   | -                      | -                      |
| Interest earned - external investments   | 65               | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Interest earned - outstanding debtors  | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Dividends received   | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Fines, penalties and forfeits  | 1                | 5                | (1)              | -                    | -                | -                  | -   | -                      | -                      |
| Licences and permits   | 0                | 0                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Agency services  | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Transfers and subsidies  | 29,252           | 53,511           | 53,292           | 48,643               | 51,048           | 51,048             | 35,937  | 59,846                 | 67,547                 |
| Other revenue  | 170              | 8                | 44               | -                    | -                | -                  | -   | -                      | -                      |
| Gains on disposal of PPE   | 5                | 3                | 2                | -                    | -                | -                  | -   | -                      | -                      |
| <b>Total Operating Revenue (excluding capital transfers and contributions)</b> | <b>29,502</b>    | <b>53,529</b>    | <b>53,337</b>    | <b>48,643</b>        | <b>51,048</b>    | <b>51,048</b>      | <b>35,937</b>                                       | <b>59,846</b>          | <b>67,547</b>          |
| <b>Expenditure By Type</b>   |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Employee related costs   | 68,066           | 87,418           | 95,997           | 164,043              | 142,088          | 142,088            | 150,179   | 158,316                | 171,191                |
| Remuneration of councillors  | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Debt impairment  | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Depreciation & asset impairment  | 15,498           | 17,523           | 18,997           | 23,133               | 22,826           | 22,826             | 29,391  | 37,284                 | 40,598                 |
| Finance charges  | -                | -                | -                | 1,500                | -                | -                  | -   | -                      | -                      |
| Bulk purchases   | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Other materials  | 30,188           | 31,857           | 24,618           | 9,910                | 7,383            | 7,383              | 6,997   | 37,169                 | 32,391                 |
| Contracted services  | 179,781          | 209,331          | 229,052          | 268,626              | 260,130          | 260,130            | 286,666   | 285,197                | 303,312                |
| Transfers and subsidies  | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Other expenditure  | 32,632           | 32,826           | 31,681           | 34,033               | 44,225           | 44,225             | 24,877  | 35,383                 | 51,749                 |
| Loss on disposal of PPE  | 7                | 2                | 17               | -                    | -                | -                  | -   | -                      | -                      |
| <b>Total Operating Expenditure</b>   | <b>326,172</b>   | <b>378,957</b>   | <b>400,362</b>   | <b>501,245</b>       | <b>476,652</b>   | <b>476,652</b>     | <b>498,109</b>                                      | <b>553,349</b>         | <b>599,240</b>         |
| <b>Surplus/(Deficit)</b>   | <b>(296,669)</b> | <b>(325,428)</b> | <b>(347,025)</b> | <b>(452,602)</b>     | <b>(425,603)</b> | <b>(425,603)</b>   | <b>(462,172)</b>                                    | <b>(493,503)</b>       | <b>(531,693)</b>       |
| Transfers & subsidies capital NT & PT  | 78,235           | 49,560           | 83,042           | 144,790              | 158,450          | 158,450            | 163,383   | 147,086                | 194,059                |
| Transfers & subsidies capital agency,oth                                       | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Transfers & subsidies capital in-kind  | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>           | <b>(218,434)</b> | <b>(275,868)</b> | <b>(263,983)</b> | <b>(307,812)</b>     | <b>(267,153)</b> | <b>(267,153)</b>   | <b>(298,789)</b>                                    | <b>(346,417)</b>       | <b>(337,634)</b>       |
| Taxation   | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) after taxation</b>  | <b>(218,434)</b> | <b>(275,868)</b> | <b>(263,983)</b> | <b>(307,812)</b>     | <b>(267,153)</b> | <b>(267,153)</b>   | <b>(298,789)</b>                                    | <b>(346,417)</b>       | <b>(337,634)</b>       |
| Attributable to minorities   | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) attributable to municipality</b>                          | <b>(218,434)</b> | <b>(275,868)</b> | <b>(263,983)</b> | <b>(307,812)</b>     | <b>(267,153)</b> | <b>(267,153)</b>   | <b>(298,789)</b>                                    | <b>(346,417)</b>       | <b>(337,634)</b>       |
| Share of surplus/ (deficit) of associate                                       | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) for the year</b>  | <b>(218,434)</b> | <b>(275,868)</b> | <b>(263,983)</b> | <b>(307,812)</b>     | <b>(267,153)</b> | <b>(267,153)</b>   | <b>(298,789)</b>                                    | <b>(346,417)</b>       | <b>(337,634)</b>       |
| <b>Capital Expenditure</b>   | <b>97,960</b>    | <b>69,658</b>    | <b>115,692</b>   | <b>196,528</b>       | <b>194,900</b>   | <b>194,800</b>     | <b>201,414</b>                                      | <b>222,793</b>         | <b>289,118</b>         |

### **2.12.8.2 Solid Waste Management department**

The IWM (Integrated Waste Management) Plan and approved IWM Policy enables the City to ensure and regulate the provision of waste management services, either through internal or departmental services, or external service mechanisms, where the City has to act as a service authority in terms of the Municipal Systems Act, to execute its constitutional mandate. The policy applies in the Cape Town municipal area, as defined by the Demarcation Board.

The City's Solid Waste Management (SWM) department is the service authority and regulator of waste management activities in Cape Town, per the system of delegations and the municipality's executive powers conferred on it by law.

The City is responsible for services in the metropolitan municipal area (as a service authority or regulator) for:

- The management and minimisation of waste that will be collected, streamed, diverted, processed or treated, recycled;
- The management of waste that will be disposed of at a licensed, regulated landfill site inside the City's boundaries or any other waste management site under its direct control;
- All individuals residing or visiting the City, and entities doing business or providing any form of private, public or community service requiring waste management services;
- All service providers operating in the waste management industry;
- The management and regulation of all waste that may include liquid or fluid wastes, which are generated in the municipality, with special provisions for the handling, processing, treatment and disposal of hazardous waste, as well as waste generated by the health services industry (including veterinary services);
- The regulation of waste crossing the City's boundaries to ensure proper management, recycling and control of all types of waste.
- Residential waste collection service to formal and informal residence in the municipality;
- Public awareness, communication and education on all waste management issues;
- Creating and enabling environment for the waste management sector to grow and create job opportunities;
- Management of waste information and reporting to the relevant authority;
- Full cost accounting for all waste management services provided by the City and establishment of tariffs;
- Solid waste by-law enforcement and reduction of illegal dumping and improving compliance in the sector; and
- Cleaning of all public open spaces and clean-up of illegal dumping throughout the municipality.

The long-term vision for the City's waste management services, is to integrate waste management services in such a way that they are able to not only provide basic services, but to augment economic activity and minimise the effects of waste on human and environmental health. Much national support and development is necessary, as waste minimisation and recycling activities are not limited to Cape Town and involve the processing and manufacturing sectors on a national scale. It will require a country-wide approach in terms of planning, infrastructure, facilities, incentives and disincentives to drive out economies of scale that will make this sustainable and economically viable.

These are key influences in achieving the long term waste management vision and objectives set by the department. The long-term vision for the Cape Town Waste Management sector is:

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

The basis of funding is determined by the nature and the type of service and related resources, fleet, plant, equipment or infrastructure and whether a fee can be used to recover the cost of the service (as determined by the City's Tariff Schedule).

The following funding groups are provided for the City's waste management functions in both the SWM IWM and the SWM tariff policies:

#### **Tariffs**

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

#### **Rates**

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

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

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

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

| Directorate: Informal Settlements, Water & Waste Serv                          |                  |                  |                  |                      |                  |                    |   |                        |                        |
|--|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| Department: Solid Waste Management   |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Budgeted Financial Performance (revenue and expenditure)                       |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Description  | 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 |
| <b>R thousand</b>  |                  |                  |                  |                      |                  |                    |   |                        |                        |
| <b>Operating Revenue By Source</b>   |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Property rates   | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Service charges - electricity revenue  | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Service charges - water revenue  | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Service charges - sanitation revenue   | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Service charges - refuse revenue   | 979,860          | 1,089,812        | 1,190,778        | 1,341,882            | 1,341,882        | 1,341,882          | 1,482,096   | 1,637,146              | 1,818,778              |
| Service charges - other  | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Rental of facilities and equipment   | 1,078            | 1                | 13               | -                    | -                | -                  | -   | -                      | -                      |
| Interest earned - external investments   | 0                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Interest earned - outstanding debtors  | 12,399           | 15,407           | 19,082           | 18,000               | 18,000           | 18,000             | 18,000  | 18,990                 | 20,044                 |
| Dividends received   | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Fines, penalties and forfeits  | 79               | 3,353            | 3,219            | -                    | -                | -                  | -   | -                      | -                      |
| Licences and permits   | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Agency services  | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Transfers and subsidies  | -                | -                | -                | 1,928                | -                | -                  | -   | -                      | -                      |
| Other revenue  | 6,489            | 3,611            | 5,876            | 1,577                | 1,577            | 1,577              | 2,549   | 2,692                  | 2,849                  |
| Gains on disposal of PPE   | 2,907            | 2,994            | 2,342            | 2,000                | 2,000            | 2,000              | 2,000   | 2,110                  | 2,227                  |
| <b>Total Operating Revenue (excluding capital transfers and contributions)</b> | <b>1,002,811</b> | <b>1,115,177</b> | <b>1,221,309</b> | <b>1,365,387</b>     | <b>1,363,460</b> | <b>1,363,460</b>   | <b>1,504,645</b>                                    | <b>1,660,937</b>       | <b>1,843,898</b>       |
| <b>Expenditure By Type</b>   |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Employee related costs   | 581,624          | 691,693          | 756,842          | 988,234              | 918,762          | 918,762            | 1,007,662   | 1,078,228              | 1,161,736              |
| Remuneration of councillors  | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Debt impairment  | 49,399           | 68,537           | 74,458           | 80,546               | 80,546           | 80,546             | 73,992  | 82,077                 | 91,105                 |
| Depreciation & asset impairment  | 117,395          | 116,034          | 127,528          | 144,576              | 139,911          | 139,911            | 140,986   | 146,232                | 153,066                |
| Finance charges  | 28,871           | 28,735           | 40,818           | 41,392               | 41,395           | 41,395             | 41,219  | 41,222                 | 41,225                 |
| Bulk purchases   | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Other materials  | 46,511           | 19,468           | 58,992           | 165,145              | 176,320          | 176,320            | 193,629   | 197,047                | 200,700                |
| Contracted services  | 571,527          | 626,702          | 667,083          | 796,793              | 753,923          | 753,923            | 829,857   | 874,486                | 922,072                |
| Transfers and subsidies  | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Other expenditure  | 189,284          | 228,537          | 246,097          | 92,704               | 118,486          | 118,486            | 112,451   | 118,452                | 124,864                |
| Loss on disposal of PPE  | 58               | 2,939            | 42               | 43                   | 104              | 104                | 110   | 116                    | 123                    |
| <b>Total Operating Expenditure</b>   | <b>1,584,669</b> | <b>1,782,646</b> | <b>1,971,860</b> | <b>2,309,433</b>     | <b>2,229,446</b> | <b>2,229,446</b>   | <b>2,399,905</b>                                    | <b>2,537,860</b>       | <b>2,694,891</b>       |
| <b>Surplus/(Deficit)</b>   | <b>(581,858)</b> | <b>(667,469)</b> | <b>(750,551)</b> | <b>(944,045)</b>     | <b>(865,987)</b> | <b>(865,987)</b>   | <b>(895,260)</b>                                    | <b>(876,923)</b>       | <b>(850,993)</b>       |
| Transfers & subsidies capital NT & PT  | 50,000           | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Transfers & subsidies capital agency,oth                                       | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Transfers & subsidies capital in-kind  | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>           | <b>(531,858)</b> | <b>(667,469)</b> | <b>(750,551)</b> | <b>(944,045)</b>     | <b>(865,987)</b> | <b>(865,987)</b>   | <b>(895,260)</b>                                    | <b>(876,923)</b>       | <b>(850,993)</b>       |
| <b>Surplus/(Deficit) after taxation</b>  | <b>(531,858)</b> | <b>(667,469)</b> | <b>(750,551)</b> | <b>(944,045)</b>     | <b>(865,987)</b> | <b>(865,987)</b>   | <b>(895,260)</b>                                    | <b>(876,923)</b>       | <b>(850,993)</b>       |
| Attributable to minorities   | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) attributable to municipality</b>                          | <b>(531,858)</b> | <b>(667,469)</b> | <b>(750,551)</b> | <b>(944,045)</b>     | <b>(865,987)</b> | <b>(865,987)</b>   | <b>(895,260)</b>                                    | <b>(876,923)</b>       | <b>(850,993)</b>       |
| Share of surplus/ (deficit) of associate                                       | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) for the year</b>  | <b>(531,858)</b> | <b>(667,469)</b> | <b>(750,551)</b> | <b>(944,045)</b>     | <b>(865,987)</b> | <b>(865,987)</b>   | <b>(895,260)</b>                                    | <b>(876,923)</b>       | <b>(850,993)</b>       |
| <b>Capital Expenditure</b>   | <b>228,009</b>   | <b>252,491</b>   | <b>172,499</b>   | <b>468,644</b>       | <b>277,879</b>   | <b>277,504</b>     | <b>458,334</b>                                      | <b>657,494</b>         | <b>635,483</b>         |

### **2.12.8.3 Water & Sanitation department**

The Water & Sanitation department continues to make significant progress in providing water and sanitation services to the City's residents since the formation of the one metro administration. All formal areas are adequately provided for with water and sanitation services while services within informal settlement areas are continually being improved. The principal challenge for the department is to maintain an existing water and sanitation service for the City while also providing services for an ever-increasing number of households in a sustainable way during the Level 6 water restrictions.

To ensure sustainable, fair, equitable, reliable and financially viable provision of water and sanitation services, the department has developed and is implementing strategies that address priorities to ensure effective water services management. The strategies also seek to ensure compliance with the National Water Act, Water Services Act and the related regulations, National and City policies.

The ongoing drought in the Western Cape has given rise to a number of initiatives focused on averting a crisis in the short term but also incrementally diversifying water sources away from the reliance on surface water. The diverse water sources will be made of ground water which will be a major thrust, wastewater reuse and to a lesser extent desalination. Recovery from the drought and improved dam levels is expected to take a minimum of three years.

To reduce pressure on the system a number of demand management interventions is underway, which includes aggressive pressure management, leak detection on public and private water infrastructure, rapid installation of water demand management devices and the use of treated effluent. All these interventions will receive substantially more funding over the next 3 years.

The development of expertise to manage the City's infrastructure under drought has also been part of the program. The drought has required the department to redirect many of its resources to managing the impact of the drought with major thrust on diversifying the City's water resource base.

The following business improvements initiatives are receiving focused attention:

- The Informal Settlements & Backyarders department will enable improvement of the level of basic service (water and sanitation) to ensure adherence to the City's Basic Service Level Targets to households.
- Alternative waterless technologies will need to urgently be explored due to the current drought imperative;
- Internal staff with experience and expertise in the development and maintenance of alternative sanitation technologies are needed. This is to further develop fast track service delivery and to sustain technology lifecycle maintenance.
- The increased amount of people needing to be in the indigent bracket, due to the high rate of urbanisation coupled with the ageing infrastructure, which will put stress on the tariffs and subsidies.
- Asset performance and monitoring systems in order to improve asset operations, and thereby asset performance, where the use of technology is being investigated as a facilitation tool.

- A service provider was employed to assist the department in developing line managers to be coaches who will support shift workers to cope with a changing environment.
- A communication protocol, which addresses the communication needs with both internal and external customers, has been developed and it is currently in the implementation stage.
- Scientific Services has developed productivity standards for the Sampling Laboratory and it is the objective of the Business Development section to determine productivity standards across the entire department.

The department conforms to the City's financial budgeting process, which forms part of the IDP and bases its budget formulation on some key strategic plans.

### **Capital budget**

The high requirement for necessary infrastructure is driven largely by capacity requirements resulting from growth and economic development, the refurbishment of current infrastructure as well as projects relating to system efficiency, which places severe pressure on the City's capital budget.

The capital budget had to be reprioritised with the focus on diversifying the City's water resources, due to the drought measures being implemented in the City.

The capital budget for the 2018/19 financial year includes the Catchment and Stormwater branch as they form part of the Water & Sanitation department.

To achieve the required capital budget, it is necessary to maximise the use of grant funding and to make optimal use of the Capital Replacement Reserve (CRR) within the financial constraints.

### **Operating budget**

It is difficult to reach optimum levels of staff, maintain acceptable levels of infrastructure maintenance and carry the impact of the capital programme within the financial constraints during difficult economic conditions.

The pressure on the operating budget needs to be addressed via possible above-inflation tariff increases and initiatives to ensure that money due to the City is collected. There is a benefit envisaged from the current debt action and projects related to metering efficiency gains and data purification.



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

| Directorate: Informal Settlements, Water & Waste Serv                          |                  |                  |                  |                      |                  |                    |   |                        |                        |
|--|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| Department: Water & Sanitation   |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Budgeted Financial Performance (revenue and expenditure)                       |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Description  | 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 |
| <b>R thousand</b>  |                  |                  |                  |                      |                  |                    |   |                        |                        |
| <b>Operating Revenue By Source</b>   |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Property rates   | –                | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| Service charges - electricity revenue  | –                | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| Service charges - water revenue  | 2,524,667        | 2,984,862        | 3,463,964        | 3,932,868            | 3,041,234        | 3,041,234          | 3,612,044   | 4,998,122              | 6,293,919              |
| Service charges - sanitation revenue   | 1,335,268        | 1,546,709        | 1,628,514        | 2,092,272            | 1,521,522        | 1,521,522          | 2,074,286   | 2,775,805              | 3,150,519              |
| Service charges - refuse revenue   | –                | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| Service charges - other  | 15,557           | 17,199           | (352)            | –                    | –                | –                  | –   | –                      | –                      |
| Rental of facilities and equipment   | 77               | 62               | 78               | 127                  | 127              | 127                | 137   | 144                    | 152                    |
| Interest earned - external investments   | 0                | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| Interest earned - outstanding debtors  | 98,000           | 112,114          | 152,259          | 135,000              | 135,000          | 135,000            | 172,017   | 181,676                | 191,947                |
| Dividends received   | –                | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| Fines, penalties and forfeits  | 239              | 11,653           | (3,072)          | –                    | 97,210           | 97,210             | 195   | 206                    | 217                    |
| Licences and permits   | –                | 216              | 351              | 807                  | 807              | 807                | 933   | 984                    | 1,039                  |
| Agency services  | –                | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| Transfers and subsidies  | 1,346            | –                | 960              | 1,944                | 1,944            | 1,944              | 3,289   | 2,150                  | –                      |
| Other revenue  | 45,127           | 49,139           | 61,095           | 33,685               | 48,945           | 48,945             | 50,911  | 53,711                 | 56,686                 |
| Gains on disposal of PPE   | 3,752            | 2,196            | 762              | 3,000                | 1,000            | 1,000              | 1,000   | 1,055                  | 1,114                  |
| <b>Total Operating Revenue (excluding capital transfers and contributions)</b> | <b>4,024,031</b> | <b>4,724,149</b> | <b>5,304,559</b> | <b>6,199,703</b>     | <b>4,847,789</b> | <b>4,847,789</b>   | <b>5,914,812</b>                                    | <b>8,013,852</b>       | <b>9,695,593</b>       |
| <b>Expenditure By Type</b>   |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Employee related costs   | 1,044,765        | 1,186,811        | 1,254,622        | 1,621,218            | 1,517,515        | 1,517,515          | 1,885,763   | 1,869,837              | 1,990,617              |
| Remuneration of councillors  | –                | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| Debt impairment  | 510,183          | 752,749          | 1,121,034        | 894,414              | 921,861          | 921,861            | 1,212,168   | 1,491,619              | 1,675,398              |
| Depreciation & asset impairment  | 355,376          | 408,183          | 465,228          | 531,180              | 530,149          | 530,149            | 768,786   | 1,029,128              | 1,262,701              |
| Finance charges  | –                | –                | –                | 20,378               | –                | –                  | –   | –                      | –                      |
| Bulk purchases   | 400,066          | 417,263          | 368,642          | 445,335              | 647,493          | 647,493            | 1,488,082   | 1,769,898              | 2,496,935              |
| Other materials  | 51,412           | 62,067           | 99,647           | 307,337              | 282,828          | 282,730            | 353,479   | 369,198                | 386,023                |
| Contracted services  | 380,837          | 489,956          | 620,559          | 834,365              | 950,730          | 953,730            | 932,004   | 1,044,224              | 1,163,028              |
| Transfers and subsidies  | –                | –                | –                | –                    | 1,000            | 1,000              | –   | –                      | –                      |
| Other expenditure  | 515,816          | 473,683          | 484,157          | 246,764              | 347,159          | 344,257            | 282,994   | 337,503                | 357,137                |
| Loss on disposal of PPE  | 436              | 967              | 811              | 0                    | 0                | 0                  | 0   | 0                      | 0                      |
| <b>Total Operating Expenditure</b>   | <b>3,258,891</b> | <b>3,791,679</b> | <b>4,414,700</b> | <b>4,900,990</b>     | <b>5,198,735</b> | <b>5,198,735</b>   | <b>6,923,277</b>                                    | <b>7,911,406</b>       | <b>9,331,840</b>       |
| <b>Surplus/(Deficit)</b>   |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Transfers & subsidies capital NT & PT  | 182,885          | 398,084          | 372,757          | 440,975              | 477,912          | 477,912            | 574,824   | 532,244                | 437,000                |
| Transfers & subsidies capital agency, oth                                      | 8,554            | 8,342            | 8,750            | 12,000               | 28,000           | 28,000             | 12,000  | 12,000                 | 12,000                 |
| Transfers & subsidies capital in-kind  | –                | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>           | <b>956,580</b>   | <b>1,338,897</b> | <b>1,271,367</b> | <b>1,751,688</b>     | <b>154,966</b>   | <b>154,966</b>     | <b>(421,642)</b>                                    | <b>646,690</b>         | <b>812,753</b>         |
| Taxation   | –                | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| <b>Surplus/(Deficit) after taxation</b>  | <b>956,580</b>   | <b>1,338,897</b> | <b>1,271,367</b> | <b>1,751,688</b>     | <b>154,966</b>   | <b>154,966</b>     | <b>(421,642)</b>                                    | <b>646,690</b>         | <b>812,753</b>         |
| Attributable to minorities   | –                | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| <b>Surplus/(Deficit) attributable to municipality</b>                          | <b>956,580</b>   | <b>1,338,897</b> | <b>1,271,367</b> | <b>1,751,688</b>     | <b>154,966</b>   | <b>154,966</b>     | <b>(421,642)</b>                                    | <b>646,690</b>         | <b>812,753</b>         |
| Share of surplus/ (deficit) of associate                                       | –                | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| <b>Surplus/(Deficit) for the year</b>  | <b>956,580</b>   | <b>1,338,897</b> | <b>1,271,367</b> | <b>1,751,688</b>     | <b>154,966</b>   | <b>154,966</b>     | <b>(421,642)</b>                                    | <b>646,690</b>         | <b>812,753</b>         |
| <b>Capital Expenditure</b>   |                  |                  |                  |                      |                  |                    |   |                        |                        |
|  | <b>965,435</b>   | <b>1,375,969</b> | <b>1,540,334</b> | <b>1,779,925</b>     | <b>3,201,143</b> | <b>3,200,932</b>   | <b>4,436,818</b>                                    | <b>4,244,599</b>       | <b>4,893,295</b>       |

### 2.12.9 Safety & Security (Vote 9)

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

- **Metropolitan Police Services**

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

- **Law Enforcement, Traffic and Coordination**

This department consist of Law Enforcement Services, Traffic Services and Special Investigation Unit.

*Law Enforcement Services*

The department is responsible for the enforcement of bylaws and regulations in terms of the Criminal Procedures Act. This includes general bylaw enforcement in residential areas and resorts as well as specialised enforcement through various units. These units are responsible in dealing with copper theft, informal trading, displaced people, land invasion, liquor control, problem buildings and security at Council rental housing stock. The department plays a major role in beach management over festive seasons as well as other public events and actively supports other directorates in land invasion actions. Major projects include purchasing of specialised equipment for the combating of land invasions, strike actions and reducing anti-social behaviour and illegal activities within the City's rental housing areas, building improvements to very old buildings and replacement of vehicles.

*Traffic Services*

The department was established in terms of the National Road Traffic Act. It consists of two sections; the Operations and the Licensing Sections. The Operations Section deals with specialised and general activities, the enforcement on roads, while the Licensing Section deals with all learner- and driver licence testing, card conversions and renewals, as well as managing the traffic court division and the public/private partnership agreement on traffic cameras.

Major projects include replacement of vehicles, purchasing of specialised vehicles to assist during protest actions and strikes, improvements to various traffic and licensing centres and the acquisition of various traffic licensing equipment and radios.

#### *Special Investigation Unit*

The function of this unit is to provide investigation support to the directorate and the City in areas such as, fraud and corruption, misconduct by City employees, malicious damage to Council property, hijacking and theft of council vehicles, protest actions, land invasions, service delivery strikes, gang-related violence and anti-social behaviour within communities.

- **107 Public Communication Emergency Call Centre**

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

- **Fire and Rescue Services**

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

- **Disaster Risk Management Centre**

The core function of this department is to prevent and mitigate the effect of disasters. To this end, the department aims to identify, prevent and reduce the occurrence of disasters. The department has a well-established volunteer corps, who plays a key role in event safety, co-ordination of corporate safety initiatives, festive season planning, winter preparedness planning, unrest, and service delivery protest. Key projects include the upgrading of various Disaster Management centres, replacement of IT equipment and procurement of vehicle for volunteers.

- **Events Department**

The function of this department includes the support of community events in order to create economic opportunities and to build social cohesion. The department seeks to establish Cape Town through improved strategic management, logistical coordination and support as the top events destination locally and regionally, and a premier events destination globally. Major projects include the e-Permitting system, which will allow applications to be made online as well as the Online Event Calendar project.

**Significant capital projects for the 2018/19 MTREF**

- Implementation of phase 2 of the Integrated Emergency Contact Centre (EPIC);
- Upgrading and improving the driving and licencing testing centres;
- Installation and upgrading of CCTV cameras in various areas within the City, including the MURP areas and wards;
- Implementation of Phase 2 of the construction of Lwandle and Masiphumelele fire stations;
- Implementation of Phase 2 of the e-Permitting and Online Event Calendar systems;
- Replacement and acquisition of additional vehicles;
- Replacement and acquisition of additional radios and equipment;
- Expansion of shot spotter installation in various areas within the City; and
- Acquisition of firearms and related equipment.

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

| Directorate: Safety & Security   |                    |                    |                    |                      |                    |                    |   |                        |                        |
|--|--------------------|--------------------|--------------------|----------------------|--------------------|--------------------|---|------------------------|------------------------|
| Budgeted Financial Performance (revenue and expenditure)                       |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Description  | 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 |
| <b>Operating Revenue By Source</b>   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Property rates   | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| Service charges - electricity revenue  | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| Service charges - water revenue  | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| Service charges - sanitation revenue   | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| Service charges - refuse revenue   | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| Service charges - other  | (7)                | 4                  | 187                | –                    | –                  | –                  | –   | –                      | –                      |
| Rental of facilities and equipment   | 418                | 376                | 583                | 268                  | 268                | 268                | 283   | 298                    | 315                    |
| Interest earned - external investments   | 0                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| Interest earned - outstanding debtors  | 1,044              | 1,255              | 1,716              | 1,130                | 1,130              | 1,130              | 1,192   | 1,258                  | 1,327                  |
| Dividends received   | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| Fines, penalties and forfeits  | 997,658            | 1,098,967          | 1,251,561          | 1,140,262            | 1,140,262          | 1,140,262          | 1,273,476   | 1,343,518              | 1,418,083              |
| Licences and permits   | 40,144             | 37,161             | 38,287             | 29,962               | 29,962             | 29,962             | 31,610  | 33,349                 | 35,200                 |
| Agency services  | 12,513             | 11,838             | 12,942             | 11,620               | 11,620             | 11,620             | 12,259  | 12,933                 | 13,651                 |
| Transfers and subsidies  | 37,594             | 40,867             | 46,373             | 47,931               | 58,971             | 58,971             | 20,156  | 19,658                 | 19,915                 |
| Other revenue  | 20,584             | 23,825             | 22,819             | 11,754               | 11,754             | 11,754             | 12,400  | 13,082                 | 13,808                 |
| Gains on disposal of PPE   | 145                | 54                 | 124                | –                    | –                  | –                  | –   | –                      | –                      |
| <b>Total Operating Revenue (excluding capital transfers and contributions)</b> | <b>1,110,094</b>   | <b>1,214,347</b>   | <b>1,374,591</b>   | <b>1,242,927</b>     | <b>1,253,967</b>   | <b>1,253,967</b>   | <b>1,351,377</b>                                    | <b>1,424,096</b>       | <b>1,502,299</b>       |
| <b>Expenditure By Type</b>   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Employee related costs   | 1,375,142          | 1,474,879          | 1,595,384          | 1,832,594            | 1,813,322          | 1,811,760          | 1,869,868   | 2,007,065              | 2,161,084              |
| Remuneration of councillors  | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| Debt impairment  | 605,795            | 764,300            | 828,823            | 854,602              | 854,602            | 854,602            | 936,732   | 1,030,453              | 1,087,643              |
| Depreciation & asset impairment  | 33,861             | 42,416             | 52,659             | 66,630               | 70,397             | 70,397             | 88,461  | 98,596                 | 97,542                 |
| Finance charges  | –                  | –                  | –                  | 4,999                | –                  | –                  | –   | –                      | –                      |
| Bulk purchases   | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| Other materials  | 5,246              | 4,254              | 11,547             | 79,814               | 62,854             | 62,656             | 55,385  | 55,668                 | 55,964                 |
| Contracted services  | 46,879             | 51,381             | 52,324             | 105,757              | 83,999             | 84,415             | 106,237   | 111,946                | 118,050                |
| Transfers and subsidies  | 36,333             | 54,423             | 33,902             | 38,805               | 34,408             | 34,408             | 42,517  | 44,855                 | 47,344                 |
| Other expenditure  | 220,280            | 275,921            | 264,212            | 165,276              | 153,647            | 154,990            | 165,907   | 174,715                | 184,093                |
| Loss on disposal of PPE  | 432                | 199                | 258                | 34                   | 45                 | 45                 | 47  | 50                     | 52                     |
| <b>Total Operating Expenditure</b>   | <b>2,323,967</b>   | <b>2,667,773</b>   | <b>2,839,108</b>   | <b>3,148,512</b>     | <b>3,073,273</b>   | <b>3,073,273</b>   | <b>3,265,153</b>                                    | <b>3,523,347</b>       | <b>3,751,774</b>       |
| <b>Surplus/(Deficit)</b>   | <b>(1,213,873)</b> | <b>(1,453,426)</b> | <b>(1,464,517)</b> | <b>(1,905,585)</b>   | <b>(1,819,306)</b> | <b>(1,819,306)</b> | <b>(1,913,777)</b>                                  | <b>(2,099,251)</b>     | <b>(2,249,475)</b>     |
| Transfers & subsidies capital NT & PT  | 13,910             | 22,394             | 27,630             | 24,700               | 28,351             | 28,351             | –   | –                      | –                      |
| Transfers & subsidies capital agency,oth                                       | –                  | –                  | –                  | –                    | 146                | 146                | –   | –                      | –                      |
| Transfers & subsidies capital in-kind  | 35                 | –                  | 306                | –                    | –                  | –                  | –   | –                      | –                      |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>           | <b>(1,199,928)</b> | <b>(1,431,032)</b> | <b>(1,436,581)</b> | <b>(1,880,885)</b>   | <b>(1,790,808)</b> | <b>(1,790,808)</b> | <b>(1,913,777)</b>                                  | <b>(2,099,251)</b>     | <b>(2,249,475)</b>     |
| Taxation   | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| <b>Surplus/(Deficit) after taxation</b>  | <b>(1,199,928)</b> | <b>(1,431,032)</b> | <b>(1,436,581)</b> | <b>(1,880,885)</b>   | <b>(1,790,808)</b> | <b>(1,790,808)</b> | <b>(1,913,777)</b>                                  | <b>(2,099,251)</b>     | <b>(2,249,475)</b>     |
| Attributable to minorities   | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| <b>Surplus/(Deficit) attributable to municipality</b>                          | <b>(1,199,928)</b> | <b>(1,431,032)</b> | <b>(1,436,581)</b> | <b>(1,880,885)</b>   | <b>(1,790,808)</b> | <b>(1,790,808)</b> | <b>(1,913,777)</b>                                  | <b>(2,099,251)</b>     | <b>(2,249,475)</b>     |
| Share of surplus/ (deficit) of associate                                       | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| <b>Surplus/(Deficit) for the year</b>  | <b>(1,199,928)</b> | <b>(1,431,032)</b> | <b>(1,436,581)</b> | <b>(1,880,885)</b>   | <b>(1,790,808)</b> | <b>(1,790,808)</b> | <b>(1,913,777)</b>                                  | <b>(2,099,251)</b>     | <b>(2,249,475)</b>     |
| <b>Capital Expenditure</b>   | <b>83,097</b>      | <b>152,051</b>     | <b>114,835</b>     | <b>191,120</b>       | <b>162,819</b>     | <b>162,761</b>     | <b>167,433</b>                                      | <b>79,515</b>          | <b>42,115</b>          |

### **2.12.10 Social Services (Vote 10)**

Social Services continues to provide community facilities, spaces and services, as well as developmental programmes in support of building communities and individuals' capabilities towards improved social well-being of all the citizens of Cape Town. In so doing, the directorate directly supports "The Opportunity City", "The Caring City" and "The Inclusive City", as well as contributes to "The Safe City" and "The Well-Run City".

The directorate is the lead coordinator of the Social Development Strategy (SDS) and as such ensures coordination of same across all directorates. As the key driver of the City's Expanded Public Works Programme (EPWP), the directorate is a contributor towards giving life to the Economic Growth Strategy (EGS).

Service delivery is achieved through six line departments within the directorate, namely:

- City Health;
- Library and Information Services;
- Recreation and Parks;
- Social Development and Early Childhood Development;
- Expanded Public Works Programme; and
- Planning, Development and Project Management Office.

Within the Transversal Safe Communities Working Group, Social Services drives the following Transversal Work Streams through its Social Development & Early Childhood Development department:

- Integrated Youth Development Strategy with its implementation Plan;
- Social & Situational Crime Prevention Strategy with its implementation Plan; and
- Alcohol & Other Drug Harm Minimisation Strategy with its implementation Plan.

Through the directorate's departments, the broad social challenges and needs are addressed by providing and maintaining a holistic and integrated range of mandated social facilities, services and developmental programmes and functions, including, but not limited to the following:

- Delivering a Comprehensive Primary Health Care Service, including Personal and Specialised Primary Health Care (commonly referred to as clinic services) as well as Municipal Health Care (also referred to as Environmental Health Services);
- Providing access to the services and resources required for informational, educational, cultural and recreational needs through a free public library service that includes spaces and programmes for social development;
- Providing attractive, safe, accessible and sustainable social facilities and spaces where the citizens of Cape Town can engage in active and passive recreation;
- Providing cemeteries and crematoria, which are an integral part of a dignified and efficient interment service;
- Horticultural services at City facilities;
- Community engagements and social preparation;
- Providing a number of targeted social services programmes focusing on substance abuse, homelessness, youth development, early childhood development, poverty alleviation and vulnerable groups;
- Developing, implementing and maintaining community orientated arts, culture and heritage programmes, services, infrastructure and partnerships; and

- Providing new Social Service facilities that are planned and developed in a joint, integrated, clustered and multifunctional manner in areas that maximise community use, ownership and pride. Protective measures are also put in place to ensure that these facilities are safe and secure.

The core capital function is to provide social facilities (Libraries, ECD's, clinics, recreational facilities, etc.) linked to the Caring City Strategic Focus Area (SFA) with the Excellence in Basic Service delivery objective and Social Services facility provision programme. Significant capital projects to be undertaken over the MTREF include, but are not limited to:

- IT Modernisation: Sports Field & Swimming Pool SAP Booking System; Library Halls/Meeting Room SAP Booking System; X-Ray System; Integrated Facility Booking Mobile Field Services App;
- New Pelican Park and Fisantekraal Clinics;
- Manenberg Integrated Project;
- Sport and Recreation Facilities Upgrade (which will be prioritised as per the City's New Water Plan) as well as major upgrade requirements identified;
- Du Noon Library Construction;
- Construction of New Zakhele Clinic; and
- Vaalfontein Cemetery Development.

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

| Directorate: Social Services   |                    |                    |                    |                      |                    |                    |   |                        |                        |
|--|--------------------|--------------------|--------------------|----------------------|--------------------|--------------------|---|------------------------|------------------------|
| Budgeted Financial Performance (revenue and expenditure)                       |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Description  | 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   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| <b>Operating Revenue By Source</b>   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Property rates   | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| Service charges - electricity revenue  | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| Service charges - water revenue  | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| Service charges - sanitation revenue   | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| Service charges - refuse revenue   | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| Service charges - other  | 68                 | 78                 | 81                 | 41                   | 41                 | 41                 | 41  | 44                     | 48                     |
| Rental of facilities and equipment   | 23,359             | 11,673             | 10,759             | 21,171               | 21,171             | 21,171             | 22,069  | 23,283                 | 24,575                 |
| Interest earned - external investments   | 2,160              | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| Interest earned - outstanding debtors  | 65                 | 53                 | 109                | –                    | –                  | –                  | –   | –                      | –                      |
| Dividends received   | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| Fines, penalties and forfeits  | 3,453              | 3,118              | 3,459              | 3,510                | 3,510              | 3,510              | 3,703   | 3,907                  | 4,124                  |
| Licences and permits   | 2,091              | 814                | 1,196              | 1,316                | 1,316              | 1,316              | 1,389   | 1,465                  | 1,546                  |
| Agency services  | –                  | 7                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| Transfers and subsidies  | 521,606            | 553,063            | 618,828            | 680,409              | 684,958            | 684,958            | 727,490   | 761,796                | 819,590                |
| Other revenue  | 20,538             | 33,848             | 35,022             | 51,666               | 51,666             | 51,666             | 53,404  | 56,341                 | 59,469                 |
| Gains on disposal of PPE   | 1,014              | 494                | 403                | –                    | –                  | –                  | –   | –                      | –                      |
| <b>Total Operating Revenue (excluding capital transfers and contributions)</b> | <b>574,353</b>     | <b>603,147</b>     | <b>669,856</b>     | <b>758,114</b>       | <b>762,662</b>     | <b>762,662</b>     | <b>808,095</b>                                      | <b>846,836</b>         | <b>909,352</b>         |
| <b>Expenditure By Type</b>   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Employee related costs   | 1,485,407          | 1,586,747          | 1,719,578          | 2,120,985            | 2,060,228          | 2,060,228          | 2,268,260   | 2,550,029              | 2,760,812              |
| Remuneration of councillors  | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| Debt impairment  | 5,111              | 2,896              | (163)              | –                    | –                  | –                  | –   | –                      | –                      |
| Depreciation & asset impairment  | 105,318            | 127,374            | 88,777             | 139,842              | 137,820            | 137,820            | 154,173   | 172,743                | 185,012                |
| Finance charges  | –                  | –                  | –                  | 18,248               | 1,019              | 1,020              | 1,075   | 1,134                  | 1,197                  |
| Bulk purchases   | –                  | 2                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| Other materials  | 16,896             | 18,158             | 29,866             | 304,019              | 335,381            | 335,332            | 384,653   | 419,417                | 458,290                |
| Contracted services  | 241,332            | 320,970            | 346,709            | 759,841              | 659,579            | 659,654            | 667,555   | 744,310                | 784,334                |
| Transfers and subsidies  | 5,881              | 8,342              | 2,275              | 12,861               | 12,861             | 12,861             | 15,568  | 16,425                 | 17,336                 |
| Other expenditure  | 597,989            | 618,057            | 762,889            | 107,341              | 109,342            | 109,314            | 117,091   | 119,403                | 126,221                |
| Loss on disposal of PPE  | 91                 | 154                | 154                | 14                   | 14                 | 14                 | 15  | 15                     | 16                     |
| <b>Total Operating Expenditure</b>   | <b>2,458,026</b>   | <b>2,682,700</b>   | <b>2,950,086</b>   | <b>3,463,150</b>     | <b>3,316,242</b>   | <b>3,316,242</b>   | <b>3,608,390</b>                                    | <b>4,023,476</b>       | <b>4,333,218</b>       |
| <b>Surplus/(Deficit)</b>   | <b>(1,883,673)</b> | <b>(2,079,553)</b> | <b>(2,280,229)</b> | <b>(2,705,036)</b>   | <b>(2,553,580)</b> | <b>(2,553,580)</b> | <b>(2,800,294)</b>                                  | <b>(3,176,641)</b>     | <b>(3,423,866)</b>     |
| Transfers & subsidies capital NT & PT  | 112,682            | 84,587             | 113,759            | 146,550              | 136,757            | 136,757            | 120,082   | 110,469                | 148,757                |
| Transfers & subsidies capital agency,oth                                       | 3,553              | 8,288              | 291                | –                    | 2,039              | 2,039              | –   | –                      | –                      |
| Transfers & subsidies capital in-kind  | 4,918              | –                  | 6,706              | –                    | –                  | –                  | –   | –                      | –                      |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>           | <b>(1,762,520)</b> | <b>(1,986,677)</b> | <b>(2,159,473)</b> | <b>(2,558,486)</b>   | <b>(2,414,784)</b> | <b>(2,414,784)</b> | <b>(2,680,212)</b>                                  | <b>(3,066,172)</b>     | <b>(3,275,109)</b>     |
| Taxation   | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| <b>Surplus/(Deficit) after taxation</b>  | <b>(1,762,520)</b> | <b>(1,986,677)</b> | <b>(2,159,473)</b> | <b>(2,558,486)</b>   | <b>(2,414,784)</b> | <b>(2,414,784)</b> | <b>(2,680,212)</b>                                  | <b>(3,066,172)</b>     | <b>(3,275,109)</b>     |
| Attributable to minorities   | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| <b>Surplus/(Deficit) attributable to municipality</b>                          | <b>(1,762,520)</b> | <b>(1,986,677)</b> | <b>(2,159,473)</b> | <b>(2,558,486)</b>   | <b>(2,414,784)</b> | <b>(2,414,784)</b> | <b>(2,680,212)</b>                                  | <b>(3,066,172)</b>     | <b>(3,275,109)</b>     |
| Share of surplus/ (deficit) of associate                                       | –                  | –                  | –                  | –                    | –                  | –                  | –   | –                      | –                      |
| <b>Surplus/(Deficit) for the year</b>  | <b>(1,762,520)</b> | <b>(1,986,677)</b> | <b>(2,159,473)</b> | <b>(2,558,486)</b>   | <b>(2,414,784)</b> | <b>(2,414,784)</b> | <b>(2,680,212)</b>                                  | <b>(3,066,172)</b>     | <b>(3,275,109)</b>     |
| <b>Capital Expenditure</b>   | <b>243,995</b>     | <b>229,454</b>     | <b>243,940</b>     | <b>283,413</b>       | <b>287,506</b>     | <b>278,408</b>     | <b>299,214</b>                                      | <b>238,127</b>         | <b>215,704</b>         |

## 2.12.11 Transport & Urban Development Authority (Vote 11)

The City's Transport and Urban Development Authority (TDA) directorate supports spatial transformation in the built environment in planning and providing integrated transport infrastructure and services, human settlement development and development and environmental management in support or transit oriented development, to ensure the provision of basic services and build integrated communities.

### ▪ Integrated Transport Portfolio

Asset Management and Maintenance ensures the ongoing infrastructure and plant maintenance and upgrades for the metropolitan road network and is responsible for fleet and asset management relating to the MyCiTi fleet and public transport facilities. Repairs and maintenance relating to roads, storm water, culverts and local area and informal networks is the largest area of operating expenditure in this department with capital expenditure over MTREF focussed on the roads rehabilitation and Metro Roads Reconstruction programmes.

The Transport Planning department is responsible for metropolitan wide integrated transport planning, integrated public transport network, transport systems planning and modelling, universal access, conceptualisation, design and costing for bus rapid transit, bus, rail, public transport interchanges and non-motorised transport.

Network Management maintains and commissions the traffic management system in Cape Town, manages parking, destination signage, camera networks, traffic calming and contributes towards freeway management. The department is responsible for network, systems and integration across all modes of public transport including transport enforcement. The assignment of the passenger rail function represents a large areas of operating expenditure over the MTREF.

Contract Operations provides operational management and performance management of public transport contracts and advertising contracts; manages client services; ensures technical functioning of stations and facilities and provides event coordination. The department manages and oversees the control centre are the Transport Management Centre. Over the MTREF the key operating expenditure relates to the MyCiTi vehicle operating companies and station management services.

The Regulations department provides the Municipal Regulatory Entity secretariat, manages the relevant aspects of the operating licence administration system and is responsible to manage the registration of taxi associations operating in the City. The department manages the MyCiTi industry transition and negotiations for service provides.

### ▪ Urban Development and Investment Portfolio

The built environment department manages and implements transport and urban development projects through project management, contract management and capital budgeting. The key focus areas over the MTREF is on public transport infrastructure, non-motorised transport infrastructure and public transport interchanges to expand the MyCiTi integrated public transport network to increase access to social and economic activities for all citizens. The congestion relief programme aims to improve mobility in the metropolitan area though investment in road infrastructure.



Human settlement implementation is responsible for the development of new, integrated housing, which includes the transformation of hostels and land reform and restitution in the City. The focus is on integrated human settlement facilitation and implementation, technical infrastructure services, and social and rental housing in line with national housing programmes.

The Business Resource Management department provides budgeting, reporting and financial management support to TDA. The department is responsible for the development and management of the MyCiTi Automated Fare Collection System and Advanced Public Transport Management Systems, as well as business planning and analysis in support of integrated transport, housing and urban development.

Urban Catalytic Investment is responsible to provide an enabling environment for spatial transformation and investment through leveraging land, planning infrastructure to catalyse development, developing supporting financial and funding models for catalytic projects to support investment and development. Key TOD catalytic projects over the MTREF includes Paardevlei.

▪ **Environmental management**

The department aims to ensure urban resilience, low carbon compact and resource efficient development. Key areas programmes in this department include the climate change, green infrastructure, biodiversity, coastal management and heritage management.

▪ **Development management**

The department ensures the effective and efficient processing of land use and building development management applications.

▪ **Urban Integration**

The department is responsible for urban land strategy development and integration, forward planning for land acquisition for human settlements, urban planning and design, transversal alignment within TDA departments and other service delivery directorates of the City. A key focus over the MTREF is on land acquisition to support to support human settlement planning and spatial transformation.

**Major capital projects for TDA in 2018/19**

- Land acquisition in support of human settlement development
- N2 interchange supporting the Paardevlei Catalytic Project
- Integrated public transport network Metro South-East, Jan Smuts Drive
- Metro roads reconstruction programme
- Road Dualling: Kommetjie Rd & Ou Kaapse Weg
- Integrated public transport network Metro South-East, depot enablement
- Imizamo Yethu Housing Project (Phase 3)
- Forest Village (Blue Downs)
- Road construction: Belhar Main Road
- Public Transport Systems Management
- M3 Corridor Hospital Bend to Constantia Main Road
- Road rehabilitation: Bonteheuwel/ Uitsig

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

| Directorate: Transport & Urban Development Authority                           |                    |                    |                    |                      |                    |                    |   |                        |                        |
|--|--------------------|--------------------|--------------------|----------------------|--------------------|--------------------|---|------------------------|------------------------|
| Budgeted Financial Performance (revenue and expenditure)                       |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Description  | 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 |
| <b>R thousand</b>  |                    |                    |                    |                      |                    |                    |   |                        |                        |
| <b>Operating Revenue By Source</b>   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Property rates   | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| Service charges - electricity revenue  | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| Service charges - water revenue  | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| Service charges - sanitation revenue   | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| Service charges - refuse revenue   | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| Service charges - other  | (0)                | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| Rental of facilities and equipment   | 82                 | 6,511              | 7,281              | 7,018                | 7,018              | 7,018              | 7,404   | 7,812                  | 8,245                  |
| Interest earned - external investments   | 327                | 84                 | 261                | 95                   | 95                 | 95                 | 100   | 105                    | 111                    |
| Interest earned - outstanding debtors  | 36                 | 337                | 683                | 21                   | 21                 | 21                 | 22  | 24                     | 25                     |
| Dividends received   | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| Fines, penalties and forfeits  | 1,242              | 7,085              | 4,280              | 2,196                | 2,196              | 2,196              | 2,317   | 2,445                  | 2,580                  |
| Licences and permits   | 6,097              | 7,465              | 14,220             | 11,664               | 11,664             | 11,664             | 12,525  | 13,214                 | 13,947                 |
| Agency services  | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| Transfers and subsidies  | 978,935            | 988,651            | 739,431            | 874,236              | 1,400,081          | 1,400,081          | 717,918   | 706,185                | 628,437                |
| Other revenue  | 295,043            | 363,226            | 395,428            | 394,329              | 394,329            | 394,329            | 499,301   | 526,922                | 556,164                |
| Gains on disposal of PPE   | 14,013             | 3,798              | 154,154            | -                    | -                  | -                  | 2,500   | 2,637                  | 2,784                  |
| <b>Total Operating Revenue (excluding capital transfers and contributions)</b> | <b>1,295,775</b>   | <b>1,377,159</b>   | <b>1,315,738</b>   | <b>1,289,559</b>     | <b>1,815,404</b>   | <b>1,815,404</b>   | <b>1,242,087</b>                                    | <b>1,259,343</b>       | <b>1,212,294</b>       |
| <b>Expenditure By Type</b>   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Employee related costs   | 969,732            | 1,031,287          | 1,082,111          | 1,277,101            | 1,234,148          | 1,234,148          | 1,300,089   | 1,388,016              | 1,504,091              |
| Remuneration of councillors  | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| Debt impairment  | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| Depreciation & asset impairment  | 595,014            | 662,287            | 783,579            | 788,731              | 731,370            | 731,370            | 791,668   | 834,686                | 855,878                |
| Finance charges  | -                  | -                  | 0                  | 2,341                | 71                 | 361                | 74  | 78                     | 83                     |
| Bulk purchases   | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| Other materials  | 47,921             | 46,600             | 79,764             | 84,918               | 81,987             | 89,231             | 66,534  | 69,335                 | 72,341                 |
| Contracted services  | 1,362,214          | 1,455,004          | 1,623,168          | 2,269,487            | 2,420,506          | 2,411,976          | 2,113,253   | 2,218,517              | 2,238,525              |
| Transfers and subsidies  | (39,372)           | 894                | 824                | 8,878                | 272,684            | 272,684            | 9,366   | 9,881                  | 10,430                 |
| Other expenditure  | 492,219            | 503,339            | 546,647            | 129,423              | 124,008            | 125,003            | 143,084   | 149,339                | 156,029                |
| Loss on disposal of PPE  | 75                 | 120                | 93                 | -                    | -                  | -                  | -   | -                      | -                      |
| <b>Total Operating Expenditure</b>   | <b>3,427,803</b>   | <b>3,699,530</b>   | <b>4,116,187</b>   | <b>4,560,879</b>     | <b>4,864,774</b>   | <b>4,864,774</b>   | <b>4,424,070</b>                                    | <b>4,669,853</b>       | <b>4,837,377</b>       |
| <b>Surplus/(Deficit)</b>   | <b>(2,132,028)</b> | <b>(2,322,372)</b> | <b>(2,800,448)</b> | <b>(3,271,320)</b>   | <b>(3,049,371)</b> | <b>(3,049,371)</b> | <b>(3,181,983)</b>                                  | <b>(3,410,510)</b>     | <b>(3,625,083)</b>     |
| Transfers & subsidies capital NT & PT  | 1,556,222          | 1,316,333          | 1,289,217          | 1,373,911            | 1,175,190          | 1,175,190          | 1,040,147   | 1,126,977              | 1,210,041              |
| Transfers & subsidies capital agency,oth                                       | 350                | 638                | 6,616              | 20,000               | 1,400              | 1,400              | 20,000  | 20,000                 | 50,000                 |
| Transfers & subsidies capital in-kind  | -                  | 100                | 9,503              | -                    | -                  | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>           | <b>(575,456)</b>   | <b>(1,005,300)</b> | <b>(1,495,113)</b> | <b>(1,877,408)</b>   | <b>(1,872,780)</b> | <b>(1,872,780)</b> | <b>(2,121,836)</b>                                  | <b>(2,263,533)</b>     | <b>(2,365,042)</b>     |
| Taxation   | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) after taxation</b>  | <b>(575,456)</b>   | <b>(1,005,300)</b> | <b>(1,495,113)</b> | <b>(1,877,408)</b>   | <b>(1,872,780)</b> | <b>(1,872,780)</b> | <b>(2,121,836)</b>                                  | <b>(2,263,533)</b>     | <b>(2,365,042)</b>     |
| Attributable to minorities   | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) attributable to municipality</b>                          | <b>(575,456)</b>   | <b>(1,005,300)</b> | <b>(1,495,113)</b> | <b>(1,877,408)</b>   | <b>(1,872,780)</b> | <b>(1,872,780)</b> | <b>(2,121,836)</b>                                  | <b>(2,263,533)</b>     | <b>(2,365,042)</b>     |
| Share of surplus/ (deficit) of associate                                       | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) for the year</b>  | <b>(575,456)</b>   | <b>(1,005,300)</b> | <b>(1,495,113)</b> | <b>(1,877,408)</b>   | <b>(1,872,780)</b> | <b>(1,872,780)</b> | <b>(2,121,836)</b>                                  | <b>(2,263,533)</b>     | <b>(2,365,042)</b>     |
| <b>Capital Expenditure</b>   | <b>1,800,430</b>   | <b>1,642,040</b>   | <b>1,806,655</b>   | <b>1,942,035</b>     | <b>1,666,224</b>   | <b>1,655,504</b>   | <b>1,736,761</b>                                    | <b>1,591,358</b>       | <b>1,595,833</b>       |

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

### **2.13.1 Executive Summary**

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

The 2018/19 financial plan reflects that, with the projected hosting of 560 events, the company will be generating total revenue of R286.6 million (excluding interest income of R4.5million) for the year. The operational plans, which are factored into the budget, have taken into account growth in primary and secondary revenue streams, as well as the continuous drive to save on costs. The business needs in respect of capital expenditure, which is funded from CTICC reserves, have been budgeted at R49.2 million for 2018/19. The capital expenditure is for new and existing assets, which will contribute to the CTICC remaining a world class facility.

The 2018/19 budget process was prepared following a similar approach used in previous years. The budget takes into account the current market conditions, such as inflation, historical trend analysis, as well as the proposed City budget guidelines. In certain categories, zero-based budgeting was used, where all expenses were justified and analysed for its need and cost.

The company's budgeted 2018/19 operating profit before interest, tax, depreciation and amortisation (EBITDA) is projected at R7.4 million for the year. The existing facility (CTICC1) will generate a R28.6 million operating profit before interest, tax, depreciation and amortisation (EBITDA), however, this will be absorbed by the start-up costs of the CTICC2. The budget takes into account twelve (12) months of trading of the CTICC2.

The 2018/19 budget includes a 53% (R73 million) "blue sky" revenue, as the budget is prepared for the City well in advance of the start date of the 2018/19 financial year, when there are few bookings in the system on which the budget can be based. CTICC2 includes budgeted "blue sky" at 62%.

Owing to the nature of the company's business and the increase in short term bookings the CTICC has always included a portion of "unknown" revenue for the unknown or short term business. As venue rental income is the primary source of revenue, the other revenue streams' budgets are prepared with these same assumptions.

Gross margins are budgeted to be maintained at 81%. Indirect costs for the existing facility has been budgeted to increase at 11% in total, mainly as a result of an increase in tariffs relating to utility services, which have been budgeted to increase in line with the City budget guidelines. The CTICC1's and CTICC2's 2018/19 budget reflects a R3.4 million net loss and a R27.3 million respectively resulting in a combined net loss of R30.7 million.

## 2.13.2 Service Delivery Agreement between the City and the CTICC

**Table 74 CTICC – Service Delivery Agreement**

|  |   |
|--|---|
| Period of agreement                    | No period stipulated but subject to annual reviews in terms of Section 93A of the Systems Act.  |
| Service provided                       | International conference centre   |
| Expiry date of SDA                     | Not applicable  |
| Monetary value                         | No current operating funding from the City.   |
| Ownership and control                  | <p>Shareholding as at 31/01/2018</p> <p>City of Cape Town - 71.4%<br/>         Provincial Government of Western Cape - 23.2%<br/>         SunWest International Pty Ltd - 5.4%</p> <p>This shareholding % may change should the City and Provincial Government take up additional shareholding during the year.</p> |
| Oversight processes                    | The Finance directorate (Treasury Department) of the City monitors performance and compliance.  |
| Mandate                                | To provide a world class international conference centre.   |
| Funding over medium term               | The CTICC does not intend taking up loan funding to fund their capital programme.   |
| Summary of SDA                         | Sets out the obligations of the CTICC and the City in respect of compliance and performance issues.   |
| Link to IDP                            | SFA 1: Opportunity City<br>SFA 5: Well-run City   |
| Past performance and future objectives | <p>The CTICC has exceeded its targets in the past.</p> <p>As the CTICC's expansion enters into its first full year of operations in 2018/19, it will support the CTICC's vision and growth outlook, as well as the City's objective of establishing Cape Town as Africa's top business events destination.</p>      |

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

The aggregated annual budget, as required in terms of section 9 of the MBRR, are presented in the five primary budget tables on page 159 to page 163. These tables reflect the CTICC's 2018/19 budget and MTREF to be supported by Council.

Schedule D reflecting the annual budget and supporting documents for the CTICC is attached as Annexure 23 while the business plan is attached as Annexure 24.

**Table 75 CTICC - Table D1 Budget Summary**

| Description   | 2014/15         | 2015/16         | 2016/17         | Current Year 2017/18 |                  |                    | Medium Term Revenue and 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 |
| <b>R thousands</b>  |                 |                 |                 |                      |                  |                    |   |                        |                        |
| <b>Financial Performance</b>  |                 |                 |                 |                      |                  |                    |   |                        |                        |
| Property rates  | –               | –               | –               | –                    | –                | –                  | –   | –                      | –                      |
| Service charges   | –               | –               | –               | –                    | –                | –                  | –   | –                      | –                      |
| Investment revenue  | 30,742          | 35,272          | 28,825          | 11,671               | 11,671           | 11,671             | 4,515   | 4,786                  | 5,073                  |
| Transfers and subsidies   | –               | –               | –               | –                    | –                | –                  | –   | –                      | –                      |
| Other own revenue   | 195,924         | 208,733         | 215,648         | 272,780              | 249,738          | 249,738            | 286,614                                       | 303,811                | 322,040                |
| <b>Total Revenue (excluding capital transfers and contributions)</b>                          | <b>226,666</b>  | <b>244,005</b>  | <b>244,473</b>  | <b>284,451</b>       | <b>261,409</b>   | <b>261,409</b>     | <b>291,129</b>                                | <b>308,597</b>         | <b>327,113</b>         |
| Employee costs  | 44,017          | 47,502          | 57,457          | 88,887               | 77,513           | 77,513             | 92,542  | 98,432                 | 104,338                |
| Remuneration of Board Members   | 356             | 457             | 578             | 804                  | 700              | 700                | 756   | 816                    | 882                    |
| Depreciation & asset impairment   | 22,968          | 24,832          | 24,424          | 702,868              | 705,317          | 705,317            | 42,651  | 45,211                 | 47,923                 |
| Finance charges   | –               | 42              | 3               | 3,651                | –                | –                  | –   | –                      | –                      |
| Materials and bulk purchases  | –               | –               | –               | –                    | –                | –                  | 41,317  | –                      | –                      |
| Transfers and subsidies   | –               | –               | –               | –                    | –                | –                  | 57  | –                      | –                      |
| Other expenditure   | 98,606          | 103,911         | 104,551         | 167,947              | 147,477          | 147,477            | 144,517                                       | 198,165                | 210,038                |
| <b>Total Expenditure</b>  | <b>165,947</b>  | <b>176,745</b>  | <b>187,013</b>  | <b>964,158</b>       | <b>931,008</b>   | <b>931,008</b>     | <b>321,840</b>                                | <b>342,624</b>         | <b>363,182</b>         |
| <b>Surplus/(Deficit)</b>  | <b>60,719</b>   | <b>67,260</b>   | <b>57,460</b>   | <b>(679,707)</b>     | <b>(669,599)</b> | <b>(669,599)</b>   | <b>(30,711)</b>                               | <b>(34,027)</b>        | <b>(36,069)</b>        |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | –               | –               | –               | –                    | –                | –                  | –   | –                      | –                      |
| Contributions recognised - capital & contributed assets                                       | –               | –               | –               | –                    | –                | –                  | –   | –                      | –                      |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>                          | <b>60,719</b>   | <b>67,260</b>   | <b>57,460</b>   | <b>(679,707)</b>     | <b>(669,599)</b> | <b>(669,599)</b>   | <b>(30,711)</b>                               | <b>(34,027)</b>        | <b>(36,069)</b>        |
| Taxation  | 18,576          | 20,007          | 13,983          | –                    | –                | –                  | –   | –                      | –                      |
| <b>Surplus/ (Deficit) for the year</b>  | <b>42,143</b>   | <b>47,253</b>   | <b>43,476</b>   | <b>(679,707)</b>     | <b>(669,599)</b> | <b>(669,599)</b>   | <b>(30,711)</b>                               | <b>(34,027)</b>        | <b>(36,069)</b>        |
| <b>Capital expenditure &amp; funds sources</b>  |                 |                 |                 |                      |                  |                    |   |                        |                        |
| <b>Capital expenditure</b>  | <b>81,879</b>   | <b>380,306</b>  | <b>367,936</b>  | <b>47,982</b>        | <b>175,476</b>   | <b>175,476</b>     | <b>49,193</b>                                 | <b>40,631</b>          | <b>43,069</b>          |
| Transfers recognised - capital  | –               | –               | –               | –                    | –                | –                  | –   | –                      | –                      |
| Public contributions & donations  | –               | –               | –               | –                    | –                | –                  | –   | –                      | –                      |
| Borrowing   | –               | –               | –               | –                    | –                | –                  | –   | –                      | –                      |
| Internally generated funds  | 81,879          | 380,306         | 367,936         | 47,982               | 175,476          | 175,476            | 49,193  | 40,631                 | 43,069                 |
| <b>Total sources of capital funds</b>   | <b>81,879</b>   | <b>380,306</b>  | <b>367,936</b>  | <b>47,982</b>        | <b>175,476</b>   | <b>175,476</b>     | <b>49,193</b>                                 | <b>40,631</b>          | <b>43,069</b>          |
| <b>Financial position</b>   |                 |                 |                 |                      |                  |                    |   |                        |                        |
| Total current assets  | 579,936         | 437,337         | 268,623         | 248,244              | 149,536          | 149,536            | 132,686                                       | 110,948                | 87,460                 |
| Total non current assets  | 264,115         | 619,426         | 961,750         | 345,398              | 431,909          | 431,909            | 438,450                                       | 433,870                | 429,016                |
| Total current liabilities   | 91,881          | 142,989         | 77,470          | 109,454              | 98,140           | 98,140             | 118,543                                       | 126,252                | 133,979                |
| Total non current liabilities   | (5)             | (2,654)         | –               | 37,552               | –                | –                  | –   | –                      | –                      |
| Community wealth/Equity   | 752,174         | 916,427         | 1,152,904       | 446,636              | 483,304          | 483,304            | 452,593                                       | 418,566                | 382,498                |
| <b>Cash flows</b>   |                 |                 |                 |                      |                  |                    |   |                        |                        |
| Net cash from (used) operating  | 78,796          | 127,270         | 46,030          | 40,398               | 49,982           | 49,982             | 29,498  | 17,566                 | 18,175                 |
| Net cash from (used) investing  | (81,879)        | (380,307)       | (405,437)       | (47,982)             | (175,476)        | (175,476)          | (49,193)                                      | (40,631)               | (43,069)               |
| Net cash from (used) financing  | 202,715         | 117,000         | 193,000         | (2,573)              | –                | –                  | –   | –                      | –                      |
| <b>Cash/cash equivalents at the year end</b>  | <b>554,632</b>  | <b>418,595</b>  | <b>252,188</b>  | <b>242,031</b>       | <b>126,694</b>   | <b>126,694</b>     | <b>107,000</b>                                | <b>83,935</b>          | <b>59,041</b>          |

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

| Description  | 2014/15         | 2015/16         | 2016/17         | Current Year 2017/18 |                  |                    | Medium Term Revenue and 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 |
| <b>Revenue by Source</b>   |                 |                 |                 |                      |                  |                    |   |                        |                        |
| Property rates   | -               | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| Service charges - electricity revenue  | -               | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| Service charges - water revenue  | -               | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| Service charges - sanitation revenue   | -               | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| Service charges - refuse revenue   | -               | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| Service charges - other  | -               | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| Rental of facilities and equipment   | 94,607          | 99,937          | 104,571         | 131,571              | 121,642          | 121,642            | 242,832                                       | 147,131                | 155,958                |
| Interest earned - external investments   | 30,742          | 35,272          | 28,825          | 11,671               | 11,671           | 11,671             | 4,515   | 4,786                  | 5,073                  |
| Interest earned - outstanding debtors  | -               | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| Dividends received   | -               | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| Fines, penalties and forfeits  | -               | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| Licences and permits   | -               | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| Agency services  | -               | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| Transfers and subsidies  | -               | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| Other revenue  | 101,318         | 108,796         | 111,077         | 141,209              | 128,096          | 128,096            | 43,782  | 156,680                | 166,081                |
| Gains on disposal of PPE   | -               | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| <b>Total Revenue (excluding capital transfers and contributions)</b>   | <b>226,666</b>  | <b>244,005</b>  | <b>244,473</b>  | <b>284,451</b>       | <b>261,409</b>   | <b>261,409</b>     | <b>291,129</b>                                | <b>308,597</b>         | <b>327,113</b>         |
| <b>Expenditure By Type</b>   |                 |                 |                 |                      |                  |                    |   |                        |                        |
| Employee related costs   | 44,017          | 47,502          | 57,457          | 88,887               | 77,513           | 77,513             | 92,542  | 98,432                 | 104,338                |
| Remuneration of Directors  | 356             | 457             | 578             | 804                  | 700              | 700                | 756   | 816                    | 882                    |
| Debt impairment  | -               | -               | -               | -                    | -                | -                  | 300   | -                      | -                      |
| Depreciation & asset impairment  | 22,968          | 24,832          | 24,424          | 702,868              | 705,317          | 705,317            | 42,651  | 45,211                 | 47,923                 |
| Finance charges  | -               | 42              | 3               | 3,651                | -                | -                  | -   | -                      | -                      |
| Bulk purchases   | -               | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| Other materials  | -               | -               | -               | -                    | -                | -                  | 41,317  | -                      | -                      |
| Contracted services  | -               | -               | -               | -                    | -                | -                  | 62,884  | -                      | -                      |
| Transfers and subsidies  | -               | -               | -               | -                    | -                | -                  | 57  | -                      | -                      |
| Other expenditure  | 98,606          | 103,911         | 104,551         | 167,947              | 147,477          | 147,477            | 81,334  | 198,165                | 210,038                |
| Loss on disposal of PPE  | -               | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| <b>Total Expenditure</b>   | <b>165,947</b>  | <b>176,745</b>  | <b>187,013</b>  | <b>964,158</b>       | <b>931,008</b>   | <b>931,008</b>     | <b>321,840</b>                                | <b>342,624</b>         | <b>363,182</b>         |
| <b>Surplus/(Deficit)</b>   | <b>60,719</b>   | <b>67,260</b>   | <b>57,460</b>   | <b>(679,707)</b>     | <b>(669,599)</b> | <b>(669,599)</b>   | <b>(30,711)</b>                               | <b>(34,027)</b>        | <b>(36,069)</b>        |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)  | -               | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) | -               | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| Transfers and subsidies - capital (in-kind - all)  | -               | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>   | <b>60,719</b>   | <b>67,260</b>   | <b>57,460</b>   | <b>(679,707)</b>     | <b>(669,599)</b> | <b>(669,599)</b>   | <b>(30,711)</b>                               | <b>(34,027)</b>        | <b>(36,069)</b>        |
| Taxation   | 18,576          | 20,007          | 13,983          | -                    | -                | -                  | -   | -                      | -                      |
| <b>Surplus/ (Deficit) for the year</b>   | <b>42,143</b>   | <b>47,253</b>   | <b>43,476</b>   | <b>(679,707)</b>     | <b>(669,599)</b> | <b>(669,599)</b>   | <b>(30,711)</b>                               | <b>(34,027)</b>        | <b>(36,069)</b>        |

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

| Vote Description                                    | 2014/15         | 2015/16         | 2016/17         | Current Year 2017/18 |                 |                    | Medium Term Revenue and 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 |
| <b>R thousands</b>                                  |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Capital expenditure by Asset Class/Sub-class</b> |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Other assets</b>                                 | <b>71,598</b>   | <b>367,264</b>  | <b>351,231</b>  | <b>25,300</b>        | <b>151,793</b>  | <b>151,793</b>     | <b>27,247</b>                                 | <b>22,450</b>          | <b>23,797</b>          |
| Operational Buildings                               | 71,598          | 367,264         | 351,231         | 25,300               | 151,793         | 151,793            | 27,247  | 22,450                 | 23,797                 |
| Municipal Offices                                   | 71,598          | 367,264         | 351,231         | 25,300               | 151,793         | 151,793            | 27,247  | 22,450                 | 23,797                 |
| <b>Computer Equipment</b>                           | <b>7,078</b>    | <b>9,413</b>    | <b>12,853</b>   | <b>15,224</b>        | <b>15,224</b>   | <b>15,224</b>      | <b>15,218</b>                                 | <b>15,803</b>          | <b>16,751</b>          |
| Computer Equipment                                  | 7,078           | 9,413           | 12,853          | 15,224               | 15,224          | 15,224             | 15,218  | 15,803                 | 16,751                 |
| <b>Furniture and Office Equipment</b>               | <b>3,203</b>    | <b>2,609</b>    | <b>3,165</b>    | <b>6,110</b>         | <b>6,110</b>    | <b>6,110</b>       | <b>5,380</b>                                  | <b>1,030</b>           | <b>1,092</b>           |
| Furniture and Office Equipment                      | 3,203           | 2,609           | 3,165           | 6,110                | 6,110           | 6,110              | 5,380   | 1,030                  | 1,092                  |
| <b>Machinery and Equipment</b>                      | <b>-</b>        | <b>1,020</b>    | <b>687</b>      | <b>1,348</b>         | <b>2,348</b>    | <b>2,348</b>       | <b>1,348</b>                                  | <b>1,348</b>           | <b>1,429</b>           |
| Machinery and Equipment                             | -               | 1,020           | 687             | 1,348                | 2,348           | 2,348              | 1,348   | 1,348                  | 1,429                  |
| <b>Total capital expenditure on assets</b>          | <b>81,879</b>   | <b>380,306</b>  | <b>367,936</b>  | <b>47,982</b>        | <b>175,476</b>  | <b>175,476</b>     | <b>49,193</b>                                 | <b>40,631</b>          | <b>43,069</b>          |
| <b>Funded by:</b>                                   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| National Government                                 | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Provincial Government                               | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Parent Municipality                                 | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| District Municipality                               | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Transfers recognised - capital</b>               | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>                                      | <b>-</b>               | <b>-</b>               |
| <b>Public contributions &amp; donations</b>         | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>                                      | <b>-</b>               | <b>-</b>               |
| <b>Borrowing</b>                                    | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>                                      | <b>-</b>               | <b>-</b>               |
| <b>Internally generated funds</b>                   | <b>81,879</b>   | <b>380,306</b>  | <b>367,936</b>  | <b>47,982</b>        | <b>175,476</b>  | <b>175,476</b>     | <b>49,193</b>                                 | <b>40,631</b>          | <b>43,069</b>          |
| <b>Total Capital Funding</b>                        | <b>81,879</b>   | <b>380,306</b>  | <b>367,936</b>  | <b>47,982</b>        | <b>175,476</b>  | <b>175,476</b>     | <b>49,193</b>                                 | <b>40,631</b>          | <b>43,069</b>          |

**Table 78 CTICC - Table D4 Budgeted Financial Position**

| Description                              | 2014/15         | 2015/16          | 2016/17          | Current Year 2017/18 |                 |                    | Medium Term Revenue and 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 |
| <b>R thousands</b>                       |                 |                  |                  |                      |                 |                    |   |                        |                        |
| <b>ASSETS</b>                            |                 |                  |                  |                      |                 |                    |   |                        |                        |
| <b>Current assets</b>                    |                 |                  |                  |                      |                 |                    |   |                        |                        |
| Cash                                     | 9,770           | 9,771            | 14,301           | -                    | -               | -                  | -   | -                      | -                      |
| Call investment deposits                 | 544,862         | 408,824          | 237,887          | 225,378              | 126,694         | 126,694            | 107,000                                       | 83,935                 | 59,041                 |
| Consumer debtors                         | -               | -                | -                | -                    | -               | -                  | -   | -                      | -                      |
| Other debtors                            | 23,539          | 17,482           | 15,237           | 21,004               | 21,396          | 21,396             | 24,027  | 25,254                 | 26,555                 |
| Current portion of long-term receivables | -               | -                | -                | -                    | -               | -                  | -   | -                      | -                      |
| Inventory                                | 1,766           | 1,260            | 1,198            | 1,862                | 1,445           | 1,445              | 1,659   | 1,758                  | 1,864                  |
| <b>Total current assets</b>              | <b>579,936</b>  | <b>437,337</b>   | <b>268,623</b>   | <b>248,244</b>       | <b>149,536</b>  | <b>149,536</b>     | <b>132,686</b>                                | <b>110,948</b>         | <b>87,460</b>          |
| <b>Non current assets</b>                |                 |                  |                  |                      |                 |                    |   |                        |                        |
| Long-term receivables                    | -               | -                | -                | -                    | -               | -                  | -   | -                      | -                      |
| Investments                              | -               | -                | 0                | 0                    | 0               | 0                  | 0   | 0                      | 0                      |
| Investment property                      | -               | -                | -                | -                    | -               | -                  | -   | -                      | -                      |
| Investment in Associate                  | -               | -                | -                | -                    | -               | -                  | -   | -                      | -                      |
| Property, plant and equipment            | 264,115         | 619,426          | 961,750          | 345,398              | 431,909         | 431,909            | 438,450                                       | 433,870                | 429,016                |
| Agricultural                             | -               | -                | -                | -                    | -               | -                  | -   | -                      | -                      |
| Biological                               | -               | -                | -                | -                    | -               | -                  | -   | -                      | -                      |
| Intangible                               | -               | -                | -                | -                    | -               | -                  | -   | -                      | -                      |
| Other non-current assets                 | -               | -                | -                | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total non current assets</b>          | <b>264,115</b>  | <b>619,426</b>   | <b>961,750</b>   | <b>345,398</b>       | <b>431,909</b>  | <b>431,909</b>     | <b>438,450</b>                                | <b>433,870</b>         | <b>429,016</b>         |
| <b>TOTAL ASSETS</b>                      | <b>844,051</b>  | <b>1,056,763</b> | <b>1,230,373</b> | <b>593,642</b>       | <b>581,444</b>  | <b>581,444</b>     | <b>571,136</b>                                | <b>544,818</b>         | <b>516,476</b>         |
| <b>LIABILITIES</b>                       |                 |                  |                  |                      |                 |                    |   |                        |                        |
| <b>Current liabilities</b>               |                 |                  |                  |                      |                 |                    |   |                        |                        |
| Bank overdraft                           | -               | -                | -                | -                    | -               | -                  | -   | -                      | -                      |
| Borrowing                                | -               | -                | -                | -                    | -               | -                  | -   | -                      | -                      |
| Consumer deposits                        | 36,429          | 46,620           | 19,687           | 49,100               | 22,799          | 22,799             | 26,166  | 27,736                 | 29,400                 |
| Trade and other payables                 | 52,088          | 92,831           | 56,399           | 56,680               | 69,964          | 69,964             | 86,549  | 92,198                 | 97,730                 |
| Provisions                               | 3,365           | 3,538            | 1,383            | 3,673                | 5,376           | 5,376              | 5,828   | 6,318                  | 6,848                  |
| <b>Total current liabilities</b>         | <b>91,881</b>   | <b>142,989</b>   | <b>77,470</b>    | <b>109,454</b>       | <b>98,140</b>   | <b>98,140</b>      | <b>118,543</b>                                | <b>126,252</b>         | <b>133,979</b>         |
| <b>Non current liabilities</b>           |                 |                  |                  |                      |                 |                    |   |                        |                        |
| Borrowing                                | -               | -                | -                | 36,821               | -               | -                  | -   | -                      | -                      |
| Provisions                               | (5)             | (2,654)          | -                | 731                  | -               | -                  | -   | -                      | -                      |
| <b>Total non current liabilities</b>     | <b>(5)</b>      | <b>(2,654)</b>   | <b>-</b>         | <b>37,552</b>        | <b>-</b>        | <b>-</b>           | <b>-</b>                                      | <b>-</b>               | <b>-</b>               |
| <b>TOTAL LIABILITIES</b>                 | <b>91,877</b>   | <b>140,336</b>   | <b>77,470</b>    | <b>147,006</b>       | <b>98,140</b>   | <b>98,140</b>      | <b>118,543</b>                                | <b>126,252</b>         | <b>133,979</b>         |
| <b>NET ASSETS</b>                        | <b>752,174</b>  | <b>916,427</b>   | <b>1,152,904</b> | <b>446,636</b>       | <b>483,304</b>  | <b>483,304</b>     | <b>452,593</b>                                | <b>418,566</b>         | <b>382,498</b>         |
| <b>COMMUNITY WEALTH/EQUITY</b>           |                 |                  |                  |                      |                 |                    |   |                        |                        |
| Accumulated Surplus/(Deficit)            | (215,253)       | (168,001)        | (124,524)        | (839,004)            | (794,123)       | (794,123)          | (824,834)                                     | (858,861)              | (894,930)              |
| Reserves                                 | -               | -                | -                | -                    | -               | -                  | -   | -                      | -                      |
| Share capital                            | 967,428         | 1,084,428        | 1,277,428        | 1,285,640            | 1,277,428       | 1,277,428          | 1,277,428                                     | 1,277,428              | 1,277,428              |
| <b>TOTAL COMMUNITY WEALTH/EQUITY</b>     | <b>752,174</b>  | <b>916,427</b>   | <b>1,152,904</b> | <b>446,636</b>       | <b>483,304</b>  | <b>483,304</b>     | <b>452,593</b>                                | <b>418,566</b>         | <b>382,498</b>         |



**Table 79 CTICC – Table D5 Budgeted Cash Flow**

| Description                                       | 2014/15         | 2015/16          | 2016/17          | Current Year 2017/18 |                  |                    | Medium Term Revenue and 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 |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>        |                 |                  |                  |                      |                  |                    |   |                        |                        |
| <b>Receipts</b>                                   |                 |                  |                  |                      |                  |                    |   |                        |                        |
| Property rates                                    | –               | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| Service charges                                   | –               | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| Other revenue                                     | 191,274         | 225,326          | 194,518          | 268,000              | 247,272          | 247,272            | 284,135                                       | 302,755                | 320,933                |
| Government - operating                            | –               | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| Government - capital                              | –               | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| Interest  | 30,837          | 35,272           | 28,825           | 11,671               | 11,671           | 11,671             | 4,515   | 4,786                  | 5,073                  |
| Dividends   | –               | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| <b>Payments</b>                                   |                 |                  |                  |                      |                  |                    |   |                        |                        |
| Suppliers and employees                           | (143,220)       | (133,285)        | (177,310)        | (235,621)            | (208,961)        | (208,961)          | (259,151)                                     | (289,975)              | (307,831)              |
| Finance charges                                   | (95)            | (42)             | (3)              | (3,651)              | –                | –                  | –   | –                      | –                      |
| Dividends paid                                    | –               | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| Transfers and Grants                              | –               | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>  | <b>78,796</b>   | <b>127,270</b>   | <b>46,030</b>    | <b>40,398</b>        | <b>49,982</b>    | <b>49,982</b>      | <b>29,498</b>                                 | <b>17,566</b>          | <b>18,175</b>          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>       |                 |                  |                  |                      |                  |                    |   |                        |                        |
| <b>Receipts</b>                                   |                 |                  |                  |                      |                  |                    |   |                        |                        |
| Proceeds on disposal of PPE                       | –               | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| Decrease (Increase) in non-current debtors        | –               | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| Decrease (increase) other non-current receivables | –               | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| Decrease (increase) in non-current investments    | –               | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| <b>Payments</b>                                   |                 |                  |                  |                      |                  |                    |   |                        |                        |
| Capital assets                                    | (81,879)        | (380,307)        | (405,437)        | (47,982)             | (175,476)        | (175,476)          | (49,193)                                      | (40,631)               | (43,069)               |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>  | <b>(81,879)</b> | <b>(380,307)</b> | <b>(405,437)</b> | <b>(47,982)</b>      | <b>(175,476)</b> | <b>(175,476)</b>   | <b>(49,193)</b>                               | <b>(40,631)</b>        | <b>(43,069)</b>        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>       |                 |                  |                  |                      |                  |                    |   |                        |                        |
| <b>Receipts</b>                                   |                 |                  |                  |                      |                  |                    |   |                        |                        |
| Short term loans                                  | –               | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| Borrowing long term/refinancing                   | 202,715         | 117,000          | 193,000          | –                    | –                | –                  | –   | –                      | –                      |
| Increase (decrease) in consumer deposits          | –               | –                | –                | –                    | –                | –                  | –   | –                      | –                      |
| <b>Payments</b>                                   |                 |                  |                  |                      |                  |                    |   |                        |                        |
| Repayment of borrowing                            | –               | –                | –                | (2,573)              | –                | –                  | –   | –                      | –                      |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>  | <b>202,715</b>  | <b>117,000</b>   | <b>193,000</b>   | <b>(2,573)</b>       | <b>–</b>         | <b>–</b>           | <b>–</b>                                      | <b>–</b>               | <b>–</b>               |
| <b>NET INCREASE/ (DECREASE) IN CASH HELD</b>      | <b>199,632</b>  | <b>(136,037)</b> | <b>(166,407)</b> | <b>(10,157)</b>      | <b>(125,493)</b> | <b>(125,493)</b>   | <b>(19,694)</b>                               | <b>(23,065)</b>        | <b>(24,894)</b>        |
| Cash/cash equivalents at the year begin:          | 354,999         | 554,632          | 418,595          | 252,188              | 252,188          | 252,188            | 126,694                                       | 107,000                | 83,935                 |
| Cash/cash equivalents at the year end:            | 554,632         | 418,595          | 252,188          | 242,031              | 126,694          | 126,694            | 107,000                                       | 83,935                 | 59,041                 |

## **2.14 Annual budget and service delivery agreement – Cape Town Stadium (CTS)**

### **2.14.1 Executive Summary**

The CTS has entered into an exciting and dynamic phase of its business development and commercialization process. A flexible independent public/private governance and management vehicle for CTS, a municipal entity (Cape Town Stadium (RF) SOC Limited), has been established and commenced business operations as of 1 February 2018.

The recent re-zoning of the use-rights of the land upon which CTS and its immediate precinct is built has laid the platform upon which an optimised commercialisation of the CTS and its immediate precinct can take place. Critically, this leveraging of the commercialisation of CTS will be effected against the backdrop of an open canvass – a commercially clean stadium. These long awaited developments have provided the catalyst for a compelling sustainable business case to be developed for CTS to, inter alia, materially attenuate the historical financial burden carried by City ratepayers to operate and maintain this iconic, world class arena.

The 2018/19 budget is drafted under the mandate given in terms of the Service Delivery Agreement between the City and the CTS.

The CTS's budget is balanced through the provision of an annual grant allocation from the City. The expenditure component of this budget is only subject to prior year actual level plus inflationary increases. The income determination is based on carry over events from the prior year and anticipated demand for the current budget year.

This 2018/19 Business Plan, which is aligned with the City's Integrated Development Plan (IDP) and Economic Growth Strategy (EGS), and constitutes its vision toward achieving local and international recognition as a preferred major venue for the hosting of significant, financially sustainable, international, national and local sports, recreational, cultural and community events.

### **2.14.2 Purpose & Service Mandate**

- **Key Aspects of Required Service Delivery**

Municipal legislation (Municipal Systems Act, 2000 read with Municipal Finance Management Act, 2003) required the CTS ME to enter into a monitored service delivery agreement (“SDA”) with the City in respect of the governance, management and operation of the CTS.

- **SDA to be entered into between the City and CTS**

The salient features of the SDA to be entered into between the City and the CTS are captured in Table 80 on page 166.

- **CTS's services and functions to the SDA**

The CTS has been mandated in terms of the SDA between the City and the Stadium to, inter alia, provide the following services and functions:

- **General Facility Operations**

Asset management and maintenance: ICT services and infrastructure support (tickets, advertising, audio-visual, etc.); safety and security; capital and refurbishment; and investment projects.

- **Events and Entertainment Services Management**

Bowl and non-bowl event scheduling; planning and execution; development and hosting of signature events; managing of events industry and service provider requirement; events leveraging and bidding processes etc.

- **Commercialization, Marketing and Hospitality Management**

Advertising; merchandising; supplier and pouring rights; ticketing; hospitality; sponsorships; tourism; marketing of bowl and non-bowl facilities; property development and management; commercial legal services.

- **Finance, Legal and Administration Management**

Establishment and management of structures, systems and processes with regards to finance, revenue and expenditure, legal, governance and administration and such additional services as the City may require from time to time.

### 2.14.3 Service Delivery Agreement between the City and the CTS

**Table 80 CTS – Service Delivery Agreement**

|                         |   |
|-------------------------|---|
| Period of agreement     | The City may, at its sole discretion, extend the Service Provider's (ME's) appointment for a further period of 49 years. Then say effectively 50 years from Commencement date.  |
| Funding                 | The City will provide the grant/allocation to cover CTS operational expenditure in terms of an approved budget and provide support services for the first three years. The ME will be responsible for all maintenance which will be based on the City's maintenance standards. The City will be liable for all capital expenditure, including additional hospitality suites.  |
| Staffing                | The City will second staff members to the ME with the concurrence of the staff members concerned. Staff currently employed at CTS will remain as City employees, will be paid by the City and will receive their standard benefits including bonuses and leave pay. The ME may appoint additional staff.  |
| Services to be Provided | <ul style="list-style-type: none"> <li>• General facility maintenance &amp; event support operations</li> <li>• Events and entertainment services management</li> <li>• Commercialisation, marketing and hospitality management</li> <li>• Finance, legal and administration management</li> </ul>  |
| Ownership and Control   | The City of Cape Town is the 100% shareholder of the ME.  |
| Oversight Processes     | The Finance Directorate (Treasury Department) of the City monitors SDA and related performance and compliance of the ME.  |
| City's Obligations      | The City must provide dedicated and prioritised support with regards to accounting, financial management and budgeting per MFMA, including utilization of the SAP (Systems, Applications and Products) System as used by the City and Supply Chain Management support, legal company secretary, brand management and communication. In addition the City must provide dedicated and prioritised services in regard to human resource management support, as well as internal audit and risk management support including oversight over the Service Provider's audit committee. |

The aggregated annual budget, as required in terms of section 9 of the MBRR, are presented in the five primary budget tables on page 167 to page 170. These tables reflect the CTS's 2018/19 budget and MTREF to be supported by Council.

Schedule D reflecting the annual budget and supporting documents for the CTS is attached as Annexure 25 while the business plan is attached as Annexure 26.

**Table 81 CTS - Table D1 Budget Summary**

| Description   | Current Year 2017/18 |                 |                    | Medium Term Revenue and Expenditure Framework |                        |                        |
|---|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2018/19                           | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| <b>R thousands</b>  |                      |                 |                    |   |                        |                        |
| <b>Financial Performance</b>  |                      |                 |                    |   |                        |                        |
| Property rates  | -                    | -               | -                  | -   | -                      | -                      |
| Service charges   | -                    | -               | -                  | -   | -                      | -                      |
| Investment revenue  | -                    | -               | -                  | -   | -                      | -                      |
| Transfers and subsidies   | 37,106               | -               | 37,106             | 70,160  | 68,696                 | 67,162                 |
| Other own revenue   | 6,462                | -               | 6,462              | 18,731  | 22,921                 | 24,524                 |
| <b>Total Revenue (excluding capital transfers and contributions)</b>                          | <b>43,568</b>        | <b>-</b>        | <b>43,568</b>      | <b>88,891</b>                                 | <b>91,617</b>          | <b>91,686</b>          |
| Employee costs  | -                    | -               | -                  | -   | -                      | -                      |
| Remuneration of Board Members   | 250                  | -               | 250                | 660   | 739                    | 776                    |
| Depreciation & asset impairment   | -                    | -               | -                  | -   | -                      | -                      |
| Finance charges   | -                    | -               | -                  | -   | -                      | -                      |
| Materials and bulk purchases  | -                    | -               | -                  | -   | -                      | -                      |
| Transfers and subsidies   | -                    | -               | -                  | -   | -                      | -                      |
| Other expenditure   | 43,318               | -               | 43,318             | 88,231  | 90,878                 | 90,910                 |
| <b>Total Expenditure</b>  | <b>43,568</b>        | <b>-</b>        | <b>43,568</b>      | <b>88,891</b>                                 | <b>91,617</b>          | <b>91,686</b>          |
| <b>Surplus/(Deficit)</b>  | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>                                      | <b>0</b>               | <b>(0)</b>             |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | -                    | -               | -                  | -   | -                      | -                      |
| Contributions recognised - capital & contributed assets                                       | -                    | -               | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>                          | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>                                      | <b>0</b>               | <b>(0)</b>             |
| Taxation  | -                    | -               | -                  | -   | -                      | -                      |
| <b>Surplus/ (Deficit) for the year</b>  | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>                                      | <b>0</b>               | <b>(0)</b>             |
| <b>Financial position</b>   |                      |                 |                    |   |                        |                        |
| Total current assets  | -                    | -               | -                  | 5,846   | 11,096                 | 3,592                  |
| Total non current assets  | -                    | -               | -                  | -   | -                      | -                      |
| Total current liabilities   | -                    | -               | -                  | 5,846   | 11,096                 | 3,592                  |
| Total non current liabilities   | -                    | -               | -                  | -   | -                      | -                      |
| Community wealth/Equity   | -                    | -               | -                  | -   | -                      | -                      |
| <b>Cash flows</b>   |                      |                 |                    |   |                        |                        |
| Net cash from (used) operating  | -                    | -               | -                  | 5,846   | 5,250                  | (7,504)                |
| Net cash from (used) investing  | -                    | -               | -                  | -   | -                      | -                      |
| Net cash from (used) financing  | -                    | -               | -                  | -   | -                      | -                      |
| <b>Cash/cash equivalents at the year end</b>  | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>5,846</b>                                  | <b>11,096</b>          | <b>3,592</b>           |

**Table 82 CTS - Table D2 Budgeted Financial Performance (revenue and expenditure)**

| Description  | Current Year 2017/18 |                 |                    | Medium Term Revenue and Expenditure Framework |                        |                        |
|--|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|  | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2018/19                           | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| <b>R thousands</b>   |                      |                 |                    |   |                        |                        |
| <b>Revenue by Source</b>   |                      |                 |                    |   |                        |                        |
| Property rates   | -                    | -               | -                  | -   | -                      | -                      |
| Service charges - electricity revenue  | -                    | -               | -                  | -   | -                      | -                      |
| Service charges - water revenue  | -                    | -               | -                  | -   | -                      | -                      |
| Service charges - sanitation revenue   | -                    | -               | -                  | -   | -                      | -                      |
| Service charges - refuse revenue   | -                    | -               | -                  | -   | -                      | -                      |
| Service charges - other  | -                    | -               | -                  | -   | -                      | -                      |
| Rental of facilities and equipment   | 6,195                | -               | 6,195              | 14,131  | 16,582                 | 17,582                 |
| Interest earned - external investments   | -                    | -               | -                  | -   | -                      | -                      |
| Interest earned - outstanding debtors  | -                    | -               | -                  | -   | -                      | -                      |
| Dividends received   | -                    | -               | -                  | -   | -                      | -                      |
| Fines, penalties and forfeits  | -                    | -               | -                  | -   | -                      | -                      |
| Licences and permits   | -                    | -               | -                  | -   | -                      | -                      |
| Agency services  | -                    | -               | -                  | -   | -                      | -                      |
| Transfers and subsidies  | 37,106               | -               | 37,106             | 70,160  | 68,696                 | 67,162                 |
| Other revenue  | 267                  | -               | 267                | 4,600   | 6,339                  | 6,942                  |
| Gains on disposal of PPE   | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total Revenue (excluding capital transfers and contributions)</b>   | <b>43,568</b>        | <b>-</b>        | <b>43,568</b>      | <b>88,891</b>                                 | <b>91,617</b>          | <b>91,686</b>          |
| <b>Expenditure By Type</b>   |                      |                 |                    |   |                        |                        |
| Employee related costs   | -                    | -               | -                  | -   | -                      | -                      |
| Remuneration of Directors  | 250                  | -               | 250                | 660   | 739                    | 776                    |
| Debt impairment  | -                    | -               | -                  | -   | -                      | -                      |
| Depreciation & asset impairment  | -                    | -               | -                  | -   | -                      | -                      |
| Finance charges  | -                    | -               | -                  | -   | -                      | -                      |
| Bulk purchases   | -                    | -               | -                  | -   | -                      | -                      |
| Other materials  | -                    | -               | -                  | -   | -                      | -                      |
| Contracted services  | 33,608               | -               | 33,608             | 51,540  | 53,087                 | 53,106                 |
| Transfers and subsidies  | -                    | -               | -                  | -   | -                      | -                      |
| Other expenditure  | 9,710                | -               | 9,710              | 36,690  | 37,791                 | 37,804                 |
| Loss on disposal of PPE  | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total Expenditure</b>   | <b>43,568</b>        | <b>-</b>        | <b>43,568</b>      | <b>88,891</b>                                 | <b>91,617</b>          | <b>91,686</b>          |
| <b>Surplus/(Deficit)</b>   |                      |                 |                    |   |                        |                        |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)  | -                    | -               | -                  | -   | -                      | -                      |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) | -                    | -               | -                  | -   | -                      | -                      |
| Transfers and subsidies - capital (in-kind - all)  | -                    | -               | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>   | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>                                      | <b>0</b>               | <b>(0)</b>             |
| Taxation   | -                    | -               | -                  | -   | -                      | -                      |
| <b>Surplus/ (Deficit) for the year</b>   | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>                                      | <b>0</b>               | <b>(0)</b>             |

**Table 83 CTS - Table D4 Budgeted Financial Position**

| Description                              | Current Year 2017/18 |                 |                    | Medium Term Revenue and Expenditure Framework |                        |                        |
|--|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|  | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2018/19                           | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| <b>R thousands</b>                       |                      |                 |                    |   |                        |                        |
| <b>ASSETS</b>                            |                      |                 |                    |   |                        |                        |
| <b>Current assets</b>                    |                      |                 |                    |   |                        |                        |
| Cash                                     | -                    | -               | -                  | 5,846   | 11,096                 | 3,592                  |
| Call investment deposits                 | -                    | -               | -                  | -   | -                      | -                      |
| Consumer debtors                         | -                    | -               | -                  | -   | -                      | -                      |
| Other debtors                            | -                    | -               | -                  | -   | -                      | -                      |
| Current portion of long-term receivables | -                    | -               | -                  | -   | -                      | -                      |
| Inventory                                | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total current assets</b>              | -                    | -               | -                  | <b>5,846</b>                                  | <b>11,096</b>          | <b>3,592</b>           |
| <b>Non current assets</b>                |                      |                 |                    |   |                        |                        |
| Long-term receivables                    | -                    | -               | -                  | -   | -                      | -                      |
| Investments                              | -                    | -               | -                  | -   | -                      | -                      |
| Investment property                      | -                    | -               | -                  | -   | -                      | -                      |
| Investment in Associate                  | -                    | -               | -                  | -   | -                      | -                      |
| Property, plant and equipment            | -                    | -               | -                  | -   | -                      | -                      |
| Agricultural                             | -                    | -               | -                  | -   | -                      | -                      |
| Biological                               | -                    | -               | -                  | -   | -                      | -                      |
| Intangible                               | -                    | -               | -                  | -   | -                      | -                      |
| Other non-current assets                 | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total non current assets</b>          | -                    | -               | -                  | -   | -                      | -                      |
| <b>TOTAL ASSETS</b>                      | -                    | -               | -                  | <b>5,846</b>                                  | <b>11,096</b>          | <b>3,592</b>           |
| <b>LIABILITIES</b>                       |                      |                 |                    |   |                        |                        |
| <b>Current liabilities</b>               |                      |                 |                    |   |                        |                        |
| Bank overdraft                           | -                    | -               | -                  | -   | -                      | -                      |
| Borrowing                                | -                    | -               | -                  | -   | -                      | -                      |
| Consumer deposits                        | -                    | -               | -                  | -   | -                      | -                      |
| Trade and other payables                 | -                    | -               | -                  | 5,846   | 11,096                 | 3,592                  |
| Provisions                               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total current liabilities</b>         | -                    | -               | -                  | <b>5,846</b>                                  | <b>11,096</b>          | <b>3,592</b>           |
| <b>Non current liabilities</b>           |                      |                 |                    |   |                        |                        |
| Borrowing                                | -                    | -               | -                  | -   | -                      | -                      |
| Provisions                               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total non current liabilities</b>     | -                    | -               | -                  | -   | -                      | -                      |
| <b>TOTAL LIABILITIES</b>                 | -                    | -               | -                  | <b>5,846</b>                                  | <b>11,096</b>          | <b>3,592</b>           |
| <b>NET ASSETS</b>                        | -                    | -               | -                  | -   | -                      | -                      |
| <b>COMMUNITY WEALTH/EQUITY</b>           |                      |                 |                    |   |                        |                        |
| Accumulated Surplus/(Deficit)            | -                    | -               | -                  | -   | -                      | -                      |
| Reserves                                 | -                    | -               | -                  | -   | -                      | -                      |
| Share capital                            | -                    | -               | -                  | -   | -                      | -                      |
| <b>TOTAL COMMUNITY WEALTH/EQUITY</b>     | -                    | -               | -                  | -   | -                      | -                      |

**Table 84 CTS – Table D5 Budgeted Cash Flow**

| Description                                       | Current Year 2017/18 |                 |                    | Medium Term Revenue and Expenditure Framework |                        |                        |
|---|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2018/19                           | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| <b>R thousands</b>                                |                      |                 |                    |   |                        |                        |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>        |                      |                 |                    |   |                        |                        |
| <b>Receipts</b>                                   |                      |                 |                    |   |                        |                        |
| Property rates                                    | -                    | -               | -                  | -   | -                      | -                      |
| Service charges                                   | -                    | -               | -                  | -   | -                      | -                      |
| Other revenue                                     | 6,462                | -               | 6,462              | 18,731  | 22,921                 | 24,524                 |
| Government - operating                            | -                    | -               | -                  | 70,160  | 68,696                 | 67,162                 |
| Government - capital                              | -                    | -               | -                  | -   | -                      | -                      |
| Interest  | -                    | -               | -                  | -   | -                      | -                      |
| Dividends   | -                    | -               | -                  | -   | -                      | -                      |
| <b>Payments</b>                                   |                      |                 |                    |   |                        |                        |
| Suppliers and employees                           | (43,568)             | -               | (43,568)           | (83,045)                                      | (86,367)               | (88,094)               |
| Finance charges                                   | -                    | -               | -                  | -   | -                      | -                      |
| Dividends paid                                    | -                    | -               | -                  | -   | -                      | -                      |
| Transfers and Grants                              | 37,106               | -               | 37,106             | -   | -                      | (11,096)               |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>  | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>5,846</b>                                  | <b>5,250</b>           | <b>(7,504)</b>         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>       |                      |                 |                    |   |                        |                        |
| <b>Receipts</b>                                   |                      |                 |                    |   |                        |                        |
| Proceeds on disposal of PPE                       | -                    | -               | -                  | -   | -                      | -                      |
| Decrease (Increase) in non-current debtors        | -                    | -               | -                  | -   | -                      | -                      |
| Decrease (increase) other non-current receivables | -                    | -               | -                  | -   | -                      | -                      |
| Decrease (increase) in non-current investments    | -                    | -               | -                  | -   | -                      | -                      |
| <b>Payments</b>                                   |                      |                 |                    |   |                        |                        |
| Capital assets                                    | -                    | -               | -                  | -   | -                      | -                      |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>  | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>                                      | <b>-</b>               | <b>-</b>               |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>       |                      |                 |                    |   |                        |                        |
| <b>Receipts</b>                                   |                      |                 |                    |   |                        |                        |
| Short term loans                                  | -                    | -               | -                  | -   | -                      | -                      |
| Borrowing long term/refinancing                   | -                    | -               | -                  | -   | -                      | -                      |
| Increase (decrease) in consumer deposits          | -                    | -               | -                  | -   | -                      | -                      |
| <b>Payments</b>                                   |                      |                 |                    |   |                        |                        |
| Repayment of borrowing                            | -                    | -               | -                  | -   | -                      | -                      |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>  | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>                                      | <b>-</b>               | <b>-</b>               |
| <b>NET INCREASE/ (DECREASE) IN CASH HELD</b>      | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>5,846</b>                                  | <b>5,250</b>           | <b>(7,504)</b>         |
| Cash/cash equivalents at the year begin:          | -                    | -               | -                  | -   | 5,846                  | 11,096                 |
| Cash/cash equivalents at the year end:            | -                    | -               | -                  | 5,846   | 11,096                 | 3,592                  |



## 2.15 Contracts having future budgetary implications

**Table 85 MBRR Table SA33 - Contracts having future budgetary implications**

| Description  | Preceding Years  | Current Year 2017/18 | 2018/19 Medium Term Revenue & Expenditure Framework |                        |                        | Forecast 2021/22 | Forecast 2022/23 | Forecast 2023/24 | Forecast 2024/25 | Forecast 2025/26 | Forecast 2026/27 | Forecast 2027/28 | Total Contract Value |
|--|------------------|----------------------|---|------------------------|------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------------|
|  | Total            | Original Budget      | Budget Year 2018/19                                 | Budget Year +1 2019/20 | Budget Year +2 2020/21 | Estimate         | Estimate         | Estimate         | Estimate         | Estimate         | Estimate         | Estimate         | Estimate             |
| <b>Revenue Obligation By Contract</b>  |                  |                      |   |                        |                        |                  |                  |                  |                  |                  |                  |                  |                      |
| <i>Transnet (waste from Athlone Transfer Station to Vissershok landfill site)</i>  | 20,240           | 21,096               | 22,257  | 23,481                 | 24,772                 | 26,135           | 27,572           | 29,089           | 30,689           | 32,376           | 34,157           | -                | 291,864              |
| <i>Provisional of professional services in the appointment of a legal panel for the provision of legal services for the collection of debts owed to the City</i>                                       | 29,260           | 6,133                | 6,133   | 6,133                  | -                      | -                | -                | -                | -                | -                | -                | -                | 47,660               |
| <i>Provision of a third party payment service to the City</i>  | 138,315          | 42,339               | 48,000  | 48,000                 | 48,000                 | -                | -                | -                | -                | -                | -                | -                | 324,654              |
| <i>Bulk Printing and Postal Processing</i>   | 77,726           | 23,974               | 15,000  | 15,000                 | 15,000                 | -                | -                | -                | -                | -                | -                | -                | 146,701              |
| <i>The Financing, Provision, Implementation, Maintenance and Operation of a Managed Parking System for Various Selected Areas within the Metropolitan Area of the City of Cape Town (197S/2016/17)</i> | -                | -                    | 96,923  | 106,661                | 115,957                | 125,041          | 131,534          | 139,521          | 147,598          | 154,295          | 81,145           | -                | 1,098,677            |
| <b>Total Operating Revenue Implication</b>   | <b>265,542</b>   | <b>93,543</b>        | <b>188,313</b>                                      | <b>199,275</b>         | <b>203,730</b>         | <b>151,176</b>   | <b>159,106</b>   | <b>168,610</b>   | <b>178,287</b>   | <b>186,671</b>   | <b>115,302</b>   | <b>-</b>         | <b>1,909,556</b>     |
| <b>Expenditure Obligation By Contract</b>  |                  |                      |   |                        |                        |                  |                  |                  |                  |                  |                  |                  |                      |
| <i>Operations, Maintenance and Management of the Fisantekraal Wastewater Treatment (442S/2010/11)</i>  | 32,748           | 20,612               | 21,751  | 23,274                 | 24,903                 | 26,646           | 28,511           | 30,507           | 32,643           | 34,928           | -                | -                | 276,523              |
| <i>Operations, Maintenance and Management of the Zandvliet Wastewater Treatment (441S/2010/11)</i>   | 294,300          | 70,942               | 71,198  | 76,182                 | 81,514                 | 87,220           | 93,326           | 99,858           | 106,849          | 114,328          | -                | -                | 1,095,716            |
| <i>AFS (Automated Fuel Systems)</i>  | 1,353,564        | 297,732              | 78,676  | -                      | -                      | -                | -                | -                | -                | -                | -                | -                | 1,729,972            |
| <i>Nedbank Limited: Main Bank Tender and other services</i>  | -                | 7,547                | 31,045  | 32,655                 | 34,579                 | 36,618           | 28,781           | -                | -                | -                | -                | -                | 171,225              |
| <i>Management and Operation of the Transport Information Centre (Tender No. 311S/2014/15)</i>  | 33,275           | 19,038               | 19,800  | 20,592                 | -                      | -                | -                | -                | -                | -                | -                | -                | 92,705               |
| <i>Vehicle Operator Agreement - Transpeninsula</i>   | 394,994          | 126,062              | 133,626   | 141,643                | 150,142                | 159,150          | 168,699          | 178,821          | 189,551          | 200,924          | 212,979          | 225,758          | 2,282,349            |
| <i>Vehicle Operator Agreement - Table Bay Area Rapid Transit</i>   | 342,765          | 118,417              | 125,522   | 133,053                | 141,037                | 149,499          | 158,469          | 167,977          | 178,055          | 188,739          | 200,063          | 212,067          | 2,115,663            |
| <i>Vehicle Operator Agreement - Kidrogen</i>   | 524,741          | 182,102              | 193,028   | 204,610                | 216,886                | 229,900          | 243,694          | 258,315          | 273,814          | 290,243          | 307,658          | 326,117          | 3,251,108            |
| <i>The Financing, Provision, Implementation, Maintenance and Operation of a Managed Parking System for Various Selected Areas within the Metropolitan Area of the City of Cape Town (197S/2016/17)</i> | -                | -                    | 82,324  | 85,427                 | 88,916                 | 92,497           | 96,090           | 99,833           | 103,679          | 107,421          | 57,159           | -                | 813,346              |
| <i>Provision of a Public Transport Dial-a-Ride Service of behalf of the City of Cape Town (Contract Operations)(104S/2017/18)</i>  | -                | -                    | 26,700  | 26,700                 | 26,700                 | 26,700           | 26,700           | 26,700           | -                | -                | -                | -                | 160,200              |
| <b>Total Operating Expenditure Implication</b>   | <b>2,976,387</b> | <b>842,453</b>       | <b>783,669</b>                                      | <b>744,135</b>         | <b>764,677</b>         | <b>808,230</b>   | <b>844,270</b>   | <b>862,012</b>   | <b>884,590</b>   | <b>936,582</b>   | <b>777,859</b>   | <b>763,942</b>   | <b>11,988,806</b>    |

Table continues on next page.

City of Cape Town 2018/19 Tabled Budget

| Description  | Preceding Years | Current Year 2017/18 | 2018/19 Medium Term Revenue & Expenditure Framework |                        |                        | Forecast 2021/22 | Forecast 2022/23 | Forecast 2023/24 | Forecast 2024/25 | Forecast 2025/26 | Forecast 2026/27 | Forecast 2027/28 | Total Contract   |
|--|-----------------|----------------------|---|------------------------|------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|  | Total           | Original Budget      | Budget Year 2018/19                                 | Budget Year +1 2019/20 | Budget Year +2 2020/21 | Estimate         | Estimate         | Estimate         | Estimate         | Estimate         | Estimate         | Estimate         | Estimate         |
| <b>Capital Expenditure Obligation By Contract</b>  |                 |                      |   |                        |                        |                  |                  |                  |                  |                  |                  |                  |                  |
| <i>Provision of Professional Services iro the Steenbras Pumped Storage Main Plant Refurbishment - Aurecon</i>  | 115             | 2,500                | 33,500  | 4,600                  | 4,600                  | 10,000           | 101,200          | -                | -                | -                | -                | -                | 156,515          |
| <i>Increase of scope of work to include Cape Flats wastewater treatment plant: Provision of professional services, sludge dewatering and sludge handling facilities at various wastewater treatment plants (WWTPS) and a mobile sludge dewatering unit. (141C/2011/12)</i> | 65,421          | 20,000               | 50,000  | 19,000                 | 100,000                | 40,000           | 30,000           | -                | -                | -                | -                | -                | 324,421          |
| <i>Appointment of a lead transaction advisor, project administrator and a specialist MFMA consultant to undertake work related to alternative waste management mechanisms in ISWWS directorate (215C/2014/15)</i>  | 2,000           | 7                    | 40,285  | 30,000                 | 60,000                 | 104,800          | 120,000          | -                | -                | -                | -                | -                | 357,092          |
| <i>1. Construction of the New Inlet Works, Pump Stations, Primary Settling Tanks and Sludge Dewatering Building at Zandvliet Wastewater Treatment Works: Civil Works (84Q/2016/17)</i>   | 119,392         | 89,899               | 230,747   | 137,300                | 387,700                | 237,500          | 100,000          | -                | -                | -                | -                | -                | 1,302,537        |
| <i>2. Design-Build of Mechanical and Electrical Works for the Construction of Primary Treatment and Sludge Handling Facilities at Zandvliet Wastewater Treatment Works (85Q/2016/17)</i>   |                 |                      |   |                        |                        |                  |                  |                  |                  |                  |                  |                  |                  |
| <i>3. Design-Build of Mechanical and Electrical Works for The Construction of An MBR Plant and Bottle Neck Alleviation at Zandvliet Wastewater Treatment Works (178Q/2016/17)</i>  |                 |                      |   |                        |                        |                  |                  |                  |                  |                  |                  |                  |                  |
| <i>4. Construction of an MBR Plant and Bottleneck Alleviation at Zandvliet Wastewater Treatment Works: Civil Works (179Q/2016/17)</i>  |                 |                      |   |                        |                        |                  |                  |                  |                  |                  |                  |                  |                  |
| <i>Philippi Collector Sewer (429C/2014/15)</i>   | 300             | 3,000                | 71,810  | 54,000                 | 41,000                 | -                | -                | -                | -                | -                | -                | -                | 170,110          |
| <i>Provision of Professional Services in respect of the Design, Tender Documentation of Administration, Construction and Supervision of Civil Engineering Services for Monwood (Philippi) (329C/2016/17)</i>   | -               | -                    | 2,923   | 10,000                 | 46,152                 | 37,581           | 28,463           | -                | -                | -                | -                | -                | 125,120          |
| <i>Monwabisi Park UISP Phase 1 (DP3042Q/2017/18)</i>   | -               | -                    | 2,000   | 3,500                  | 78,000                 | 73,000           | 68,000           | 53,000           | 77,000           | 54,000           | 58,000           | -                | 466,500          |
| <i>Professional services for the preliminary investigation, design, tender documentation, administration and construction supervision of civil engineering services for the upgrading of Enkanini Informal Settlement, Khayelitsha (288C/2016/17)</i>                      | -               | 5,000                | 7,381   | 46,457                 | 64,058                 | 68,318           | 67,520           | 70,365           | 72,199           | 76,155           | -                | -                | 477,453          |
| <i>Provision of Professional Services iro the Steenbras Pumped Storage Main Plant Refurbishment - Aurecon</i>  | 4,576           | 4,650                | 6,000   | 7,500                  | 7,274                  | -                | -                | -                | -                | -                | -                | -                | 30,000           |
| <i>IRT - Provision of professional services iro the Design and Construction of Phase 2A Infrastructure: Trunk &amp; Feeder (59C/2014/15)</i>   | 24,123          | 33,500               | 24,000  | 30,000                 | -                      | -                | -                | -                | -                | -                | -                | -                | 111,623          |
| <i>Design, supply, delivery, installation, testing and commissioning of the IRT Fare System, supply and distribution of fare cards and provision of maintenance and other related services (AFC) (24G/2009/10)</i>   | 739,308         | 30,593               | 15,000  | 12,000                 | -                      | -                | -                | -                | -                | -                | -                | -                | 796,901          |
| <i>Provision of civil, traffic, geotechnical and electrical engineering services to plan, design and monitor Integrated Human Settlement Development within the City (101C/2016/17)</i>  | 454             | 11,074               | 11,271  | 14,495                 | 1,858                  | -                | -                | -                | -                | -                | -                | -                | 39,151           |
| <b>Total Capital Expenditure Implication</b>   | <b>955,688</b>  | <b>200,222</b>       | <b>494,917</b>                                      | <b>368,852</b>         | <b>790,642</b>         | <b>571,198</b>   | <b>515,184</b>   | <b>123,365</b>   | <b>149,199</b>   | <b>130,155</b>   | <b>58,000</b>    | <b>-</b>         | <b>4,357,423</b> |

**Table 86 – Projects having future budgetary implications**

| Description  | Project number | Preceding Years | Current Year 2017/18 | 2018/19 Medium Term Revenue & Expenditure Framework |                        |                        | Forecast 2021/22 | Forecast 2022/23 | Forecast 2023/24 | Total Contract Value |
|--|----------------|-----------------|----------------------|---|------------------------|------------------------|------------------|------------------|------------------|----------------------|
|  |                | Total           | Adjusted Budget      | Budget Year 2018/19                                 | Budget Year +1 2019/20 | Budget Year +2 2020/21 | Estimate         | Estimate         | Estimate         | Estimate             |
| <b>Capital Expenditure Obligation By Project</b>   |                |                 |                      |   |                        |                        |                  |                  |                  |                      |
| Information Systems and Technology: Dark Fibre Broadband Infrastructure  | CPX/0000931    | 753,994         | 256,305              | 253,155   | 260,155                | 260,190                | 222,850          | 222,850          | –                | 2,504,656            |
| Facilities Management: Facilities Management (FM) Structural Rehabilitation  | CPX/0000924    | 243,175         | 13,484               | 18,330  | 6,057                  | 2,257                  | –                | 5,461            | –                | 441,227              |
| Property Management: Upgrading of City Hall  | C13.00213      | 27,109          | 23,010               | 2,500   | 5,000                  | 4,100                  | 10,000           | –                | –                | 77,119               |
| Property Management: Upgrade of Athlone Stadium  | C14.00035      | 20,304          | 7,001                | 4,900   | 5,000                  | 10,000                 | 10,000           | –                | –                | 54,748               |
| Property Management: Basement Parking and Access   | CPX.0004113    | 88,630          | 6,218                | 8,694   | –                      | –                      | –                | –                | –                | 120,912              |
| Solid Waste Management: Purchase of Land Regional Landfill   | CPX.0003136    | –               | –                    | –   | 100,000                | –                      | –                | –                | –                | 100,000              |
| Solid Waste Management: Development of the Regional Landfill Site  | CPX.0003137    | –               | –                    | 1,500   | 20,000                 | 100,000                | 100,000          | –                | –                | 271,500              |
| Solid Waste Management: Athlone Refuse Transfer Station (ARTS): Material Recovery Facility / Mechanical Biological Treatment (MBT) | CPX.0007847    | 160             | 600                  | 3,400   | 20,000                 | 70,000                 | 47,000           | –                | –                | 150,000              |
| Solid Waste Management: Coastal Park: Design and develop (Material Recovery Facility)  | CPX.0007910    | –               | 4,000                | 27,000  | 45,000                 | 18,000                 | –                | –                | –                | 210,000              |
| Solid Waste Management: Vissershok South: Landfill Gas Infrastructure to Flaring   | CPX.0007916    | –               | 1,000                | 29,000  | 18,100                 | 21,000                 | 5,000            | –                | –                | 75,000               |
| Solid Waste Management: Vissershok North: Design and develop Airs  | CPX.0007920    | 157             | 500                  | 15,000  | 32,000                 | –                      | 42,500           | –                | –                | 119,000              |
| Solid Waste Management: Coastal Park: Design and develop   | CPX.0007924    | 728             | 2,122                | 3,000   | 45,000                 | 10,000                 | 25,000           | –                | –                | 85,122               |
| Solid Waste Management: Parow depot Upgrade  | CPX.0008732    | 2,865           | 27,000               | 6,620   | –                      | –                      | –                | –                | –                | 54,109               |
| Solid Waste Management: Helderberg Transfer Station (HTS): Material Recovery Facility New  | CPX.0010023    | –               | –                    | 10,000  | 40,000                 | 50,000                 | –                | –                | –                | 100,000              |
| Solid Waste Management: CPTS: Transfer Station New   | CPX.0010025    | –               | –                    | –   | –                      | 2,500                  | 10,000           | 50,000           | –                | 62,500               |
| Solid Waste Management: Bellville Transfer Station (BTS): Material Recovery Facility / Mechanical Biological Treatment (MBT)       | CPX.0010026    | –               | –                    | –   | –                      | 5,000                  | 25,000           | 75,000           | –                | 105,000              |
| Solid Waste Management: Coastal Park: Landfill Gas Infrastructure - Beneficiation  | CPX.0011067    | –               | 2,100                | 31,200  | –                      | –                      | 35,000           | –                | –                | 68,700               |
| Solid Waste Management: Material Recovery Facility: Mechanical Biological Treatment (MBT) (Phase 2)                                | CPX.0011068    | –               | –                    | 1,000   | 30,000                 | 80,000                 | 200,000          | 200,000          | –                | 800,000              |
| Water and Sanitation: Water Supply at Baden Powell Dr to Khayelitsha   | C12.86082      | 33              | 2,000                | 22,000  | 56,000                 | –                      | –                | –                | –                | 160,000              |
| Water and Sanitation: Scottsdene Wastewater Treatment Works (WWTW)   | C12.86094      | 6,017           | 14,969               | 20,017  | 18,150                 | –                      | –                | –                | –                | 58,153               |
| Water and Sanitation: Melkbos Wastewater Treatment Works (WWTW) -Effluent Disinfection   | C14.86043      | 4,700           | –                    | 12,000  | 30,000                 | –                      | –                | –                | –                | 59,700               |
| Water and Sanitation: Wesfleur Wastewater Treatment Works (WWTW) - Capacity Extension  | C14.86044      | 3,500           | 10,000               | 35,000  | 20,000                 | –                      | –                | –                | –                | 100,000              |
| Water and Sanitation: Main Road Clovelly Simonstown  | CPX.0007405    | 18,526          | 9,000                | 12,000  | 9,500                  | 20,000                 | 20,000           | 20,000           | 20,000           | 238,026              |
| Water and Sanitation: Paardevlei Development - Bulk Water  | CPX.0009700    | –               | –                    | –   | 2,200                  | 17,897                 | 4,000            | –                | –                | 297,250              |
| Water and Sanitation: Sir Lowry's Pass River Upgrade   | CPX.0012948    | –               | 39,230               | 9,000   | 122,000                | 47,400                 | –                | –                | –                | 217,630              |
| Water and Sanitation: Flood Alleviation - Lourens River  | CPX.0013019    | –               | 10,686               | 10,000  | 10,000                 | 15,000                 | 100,000          | 100,000          | –                | 235,000              |
| Water and Sanitation: Borchards Quarry Wastewater Treatment Works (WWTW)   | CPX/0000471    | 176,148         | 95,500               | 59,086  | 63,000                 | –                      | –                | –                | –                | 402,744              |
| Water and Sanitation: Athlone Wastewater Treatment Works (WWTW) - Capacity Extension-phase 1                                       | CPX/0000479    | 6,498           | 6,000                | 10,000  | 39,000                 | 128,000                | 195,000          | 50,000           | –                | 771,500              |
| Water and Sanitation: Bellville Wastewater Treatment Works (WWTW)  | CPX/0000512    | 353,328         | 73,578               | 113,700   | 60,000                 | 84,805                 | –                | 5,000            | –                | 684,065              |
| Water and Sanitation: Bulk Water Augmentation Scheme   | CPX/0000524    | 75,314          | 48,177               | 115,500   | 186,200                | 254,050                | 219,000          | 476,900          | –                | 2,706,597            |

Table continues on next page.

City of Cape Town 2018/19 Tabled Budget

| Description  | Project number | Preceding Years | Current Year 2017/18 | 2018/19 Medium Term Revenue & Expenditure Framework |                        |                        | Forecast 2021/22 | Forecast 2022/23 | Forecast 2023/24 | Total Contract Value |
|--|----------------|-----------------|----------------------|---|------------------------|------------------------|------------------|------------------|------------------|----------------------|
|  |                | Total           | Adjusted Budget      | Budget Year 2018/19                                 | Budget Year +1 2019/20 | Budget Year +2 2020/21 | Estimate         | Estimate         | Estimate         | Estimate             |
| <b>Capital Expenditure Obligation By Project continued</b>   |                |                 |                      |   |                        |                        |                  |                  |                  |                      |
| Water and Sanitation: Cape Flats Rehabilitation  | CPX/0000532    | 6,778           | 1,000                | 35,750  | 100,000                | 114,250                | 26,000           | 6,000            | -                | 292,000              |
| Water and Sanitation: Cape Flats Wastewater Treatment Works (WWTW) - Refurbish various struct                              | CPX/0000533    | 65,031          | 20,000               | 75,000  | 159,000                | 100,000                | 40,000           | 30,000           | -                | 489,100              |
| Water and Sanitation: Zandvliet Wastewater Treatment Works (WWTW) - Extension  | CPX/0000628    | 150,666         | 91,000               | 366,500   | 437,600                | 387,700                | 237,500          | 100,000          | -                | 1,585,235            |
| Water and Sanitation: Macassar Wastewater Treatment Works (WWTW) Extension   | CPX/0000639    | 162             | 10,000               | 25,000  | 60,000                 | 35,700                 | 20,000           | -                | -                | 400,000              |
| Water and Sanitation: Philippi Collector Sewer   | CPX/0000679    | -               | 3,000                | 41,000  | 81,000                 | 41,000                 | -                | -                | -                | 200,000              |
| Water and Sanitation: Potsdam Wastewater Treatment Works (WWTW) - Extension  | CPX/0000681    | 17,492          | 4,000                | 35,100  | 106,000                | 180,000                | 300,000          | 300,000          | -                | 942,600              |
| Water and Sanitation: Mitchells Plain Wastewater Treatment Works (WWTW) Phase 2  | CPX/0000684    | 91,476          | 10,800               | 2,000   | 21,000                 | 54,700                 | 55,100           | 90,000           | -                | 264,263              |
| Water and Sanitation: Northern Regional Sludge Facility  | CPX/0000694    | 1,973           | 7                    | 21,285  | 27,000                 | 60,000                 | 104,800          | 120,000          | -                | 900,000              |
| Water and Sanitation: Contermanskloof Reservoir  | CPX/0003850    | 31,179          | 79,916               | 51,000  | 500                    | -                      | -                | -                | -                | 214,377              |
| Water and Sanitation: OSEC (Electrolytic Chlorination Infrastructure)  | CPX/0003892    | 32,623          | 200                  | 2,150   | 2,000                  | 6,000                  | 20,000           | 5,000            | -                | 91,129               |
| Water and Sanitation: Steenbras Reservoir  | CPX/0003894    | 109             | 2,500                | 500   | 500                    | 4,600                  | 10,000           | 101,200          | -                | 465,628              |
| Water and Sanitation: Bulk Retic Sewers in Milnerton Rehab   | CPX/0006478    | -               | 2,000                | 42,000  | 30,000                 | 70,000                 | 81,000           | 40,000           | -                | 265,000              |
| Water and Sanitation: Helderberg/Faure Bulk Water Scheme   | CPX/0009468    | -               | 100                  | 800   | 7,000                  | 50,000                 | 15,000           | 10,000           | -                | 84,280               |
| Water and Sanitation: Table Mountain Group Aquifer   | CPX.0010518    | -               | 80,812               | 720,000   | -                      | -                      | -                | -                | -                | 800,812              |
| Water and Sanitation: Desalination   | CPX.0010519    | -               | 50,000               | 10,000  | -                      | -                      | -                | -                | -                | 100,000              |
| Water and Sanitation: Cape Flats Aquifer   | CPX.0010520    | -               | 259,000              | 450,000   | -                      | -                      | -                | -                | -                | 709,000              |
| Water and Sanitation: Atlantis Aquifer   | CPX.0011032    | -               | 220,000              | 370,000   | -                      | -                      | -                | -                | -                | 590,000              |
| Water and Sanitation: Zandvliet Plant Re-use   | CPX.0011035    | -               | 128,500              | 500,000   | 650,000                | -                      | -                | -                | -                | 1,278,500            |
| Water and Sanitation: Potsdam Plant Re-use   | CPX.0011036    | -               | -                    | 322,000   | -                      | -                      | -                | -                | -                | 322,000              |
| Water and Sanitation: Bellville Plant Re-use   | CPX.0011037    | -               | -                    | -   | 100,000                | 200,000                | 151,000          | -                | -                | 451,000              |
| Water and Sanitation: Cape Flats Plant Re-use  | CPX.0011039    | -               | -                    | -   | -                      | 800,000                | 800,000          | 900,000          | -                | 2,500,000            |
| Water and Sanitation: Macassar Plant Re-use  | CPX.0011040    | -               | -                    | 50,000  | 750,000                | -                      | -                | -                | -                | 800,000              |
| Water and Sanitation: Desalination: Cap Town Harbour Land Based  | CPX.0011636    | -               | 615,514              | 1,000   | -                      | -                      | -                | -                | -                | 2,908,800            |
| Water and Sanitation: Desalination Koeberg (LT)  | CPX.0013412    | -               | -                    | -   | -                      | 1,000,000              | 1,000,000        | 1,000,000        | -                | 3,000,000            |
| Informal Settlements and Backyarders: Internal Services: Mfuleni Extension 2   | CPX.0005741    | -               | 22,420               | 19,882  | -                      | -                      | -                | -                | -                | 54,120               |
| Informal Settlements and Backyarders: Informal Settlement Upgrade - Enkanini   | CPX.0005816    | -               | 5,000                | 7,381   | 46,457                 | 64,058                 | 66,318           | 67,520           | -                | 475,000              |
| Informal Settlements and Backyarders: Internal Services: Monwabisi Park  | CPX.0005817    | -               | -                    | 2,000   | 10,000                 | 64,343                 | 73,000           | 68,000           | 53,000           | 466,500              |
| Informal Settlements and Backyarders: Professional Services: Monwood, Philippi   | CPX.0005818    | -               | -                    | 2,923   | 10,000                 | 46,152                 | 37,581           | 28,463           | -                | 133,120              |
| Informal Settlements and Backyarders: IDA/UIISP Sweethomes-Philippi  | CPX.0005819    | 11,908          | 25,000               | 33,364  | -                      | -                      | -                | -                | -                | 95,000               |
| Informal Settlements and Backyarders: Barney Molokwana section(BM)-Khayelitsha   | CPX.0005823    | -               | -                    | -   | 5,000                  | 15,000                 | 20,000           | -                | -                | 68,000               |
| Informal Settlements and Backyarders: Upgrading of Informal Settlements Programme (UIISP): Kalkfontein Informal Settlement | CPX.0005826    | 1,226           | 29,711               | 28,545  | -                      | -                      | -                | -                | -                | 76,066               |
| Informal Settlements and Backyarders: Upgrading of Informal Settlements Programme (UIISP): 8ste Laan - Valhalla Park       | CPX.0005827    | 5,204           | 4,000                | 4,500   | 5,000                  | -                      | -                | -                | -                | 58,032               |
| Informal Settlements and Backyarders: Informal Settlement Upgrade - Driftsands   | CPX.0010360    | -               | -                    | 2,700   | 2,300                  | 20,000                 | 33,300           | 36,000           | -                | 122,922              |
| Informal Settlements and Backyarders: Imizamo Yethu IS Emergency Project   | CPX.0010896    | -               | 5,000                | 18,300  | 41,990                 | 1,010                  | -                | -                | -                | 66,300               |

Table continues on next page.

City of Cape Town 2018/19 Tabled Budget

| Description  | Project number | Preceding Years | Current Year 2017/18 | 2018/19 Medium Term Revenue & Expenditure Framework |                        |                        | Forecast 2021/22 | Forecast 2022/23 | Forecast 2023/24 | Total Contract Value |
|--|----------------|-----------------|----------------------|---|------------------------|------------------------|------------------|------------------|------------------|----------------------|
|  |                | Total           | Adjusted Budget      | Budget Year 2018/19                                 | Budget Year +1 2019/20 | Budget Year +2 2020/21 | Estimate         | Estimate         | Estimate         | Estimate             |
| <b>Capital Expenditure Obligation By Project continued</b>   |                |                 |                      |   |                        |                        |                  |                  |                  |                      |
| Recreation and Parks: Hanover Park Integrated Rec Facility   | CPX.0011618    | -               | -                    | -   | -                      | 10,000                 | 47,000           | -                | -                | 250,000              |
| Recreation and Parks: Upgrade Atlantis Cemetery  | C09.94014      | 10,510          | 1,430                | 900   | 3,000                  | -                      | -                | -                | -                | 50,000               |
| Recreation and Parks: Upgrade Maitland Crematorium   | CPX.0003490    | 597             | 2,300                | 1,700   | -                      | -                      | -                | -                | -                | 50,134               |
| TDA Business Enablement: Public Transport Systems Management Project                               | CPX.0013284    | -               | -                    | 70,000  | 28,000                 | 28,000                 | -                | -                | -                | 133,000              |
| Asset Management and Maintenance: Road Rehabilitation: Bishop Lavis                                | CPX.0013213    | -               | -                    | 16,459  | -                      | -                      | -                | -                | -                | 99,367               |
| Asset Management and Maintenance: Road Rehabilitation: Hanover Park: Area 3                        | CPX.0013214    | -               | -                    | 5,000   | -                      | -                      | -                | -                | -                | 50,000               |
| Asset Management and Maintenance: Road Rehabilitation: Broadlands                                  | CPX.0013223    | -               | -                    | -   | 35,000                 | 20,000                 | -                | -                | -                | 55,000               |
| Network Management: Public Transport Systems Management Project                                    | C14.01601      | 305,501         | 105,000              | 30,000  | 12,000                 | 12,000                 | 75,000           | 75,000           | -                | 690,175              |
| Built Environment Management: Gugulethu Concrete Roads   | CPX.0005708    | 32,793          | 492                  | -   | -                      | 20,000                 | 20,000           | -                | -                | 73,285               |
| Built Environment Management: Integrated Rapid Transit Phase 2 A                                   | CPX/0000257    | 359,056         | 221,389              | 255,000   | 232,011                | 329,167                | 588,200          | 822,242          | -                | 2,727,609            |
| Built Environment Management: Integrated Bus Rapid Transit System                                  | CPX/0000287    | 362,620         | 36,500               | 5,000   | 5,000                  | 5,000                  | 5,000            | -                | -                | 414,310              |
| Built Environment Management: Dualling: Broadway boulevard: Beach Road: MR27                       | C08.10285      | 28,876          | 24,300               | 7,000   | -                      | -                      | -                | -                | -                | 65,000               |
| Built Environment Management: Retreat Public Transport Interchange                                 | C11.10537      | 3,347           | -                    | 18,000  | 30,000                 | 17,000                 | -                | -                | -                | 87,314               |
| Built Environment Management: Somerset West Public Transport Interchange                           | C11.10552      | 811             | 6,500                | 6,000   | 20,000                 | 30,000                 | -                | -                | -                | 102,081              |
| Built Environment Management: Metro South East Public Transport Facility                           | CPX.0003806    | 8,506           | 1,400                | 20,000  | 20,000                 | 50,000                 | -                | -                | -                | 146,479              |
| Built Environment Management: Road Upgrade: Amandle Road: Bottelary River bridge and Church street | CPX.0007857    | 500             | 1,350                | 11,400  | 25,000                 | 25,000                 | -                | -                | -                | 70,400               |
| Built Environment Management: Road Upgrade: Langverwacht Road: Amandle to Zevenwacht               | CPX.0007861    | 1,716           | 12,000               | 31,000  | 2,000                  | -                      | -                | -                | -                | 50,000               |
| Built Environment Management: Congestion Relief - Erica Drive                                      | CPX.0007892    | 649             | 4,301                | 16,000  | 30,000                 | 30,000                 | 20,000           | -                | -                | 146,950              |
| Built Environment Management: Road Constr:Belhar Main Road:Stlndl-Hghby                            | CPX.0007893    | -               | 3,500                | 28,000  | 16,000                 | 150                    | -                | -                | -                | 62,150               |
| Built Environment Management: Road Dualling: Kommetjie Road Ou Kaapse Weg                          | CPX.0007894    | 19,999          | 55,333               | 60,000  | -                      | -                      | -                | -                | -                | 175,350              |
| Built Environment Management: Kommetjie Road Dualling (Phase 3)                                    | CPX.0007895    | -               | 5,000                | 3,000   | 2,000                  | 19,850                 | 35,000           | 50,000           | -                | 114,850              |
| Built Environment Management: M3 Corridor: Hospital Bend-Constantia Main Road                      | CPX.0008663    | 1,747           | 4,000                | 27,000  | 30,000                 | 25,000                 | 20,000           | -                | -                | 103,750              |
| Built Environment Management: Durbanville Non-Motorised Transport (NMT)                            | CPX.0009269    | -               | -                    | 14,000  | 21,000                 | 19,000                 | -                | -                | -                | 58,400               |
| Built Environment Management: Inner City: Public Transport Hub                                     | CPX.0009696    | 1,024           | -                    | 10,000  | 10,000                 | 10,000                 | 40,000           | 40,000           | -                | 182,000              |
| Business Resource Management: Integrated Rapid Transit (IRT): Fare Collection                      | CPX.0008849    | 16,999          | 30,593               | 15,000  | 12,000                 | 25,000                 | 25,000           | 25,000           | -                | 740,333              |
| Business Resource Management: Integrated Rapid Transit (IRT): Control Centre                       | CPX.0008858    | 53,958          | 28,383               | 15,000  | 10,000                 | 10,000                 | 10,000           | 10,000           | -                | 401,654              |
| Urban Catalytic Investment: N2 Interchange (Phase 1)   | CPX.0013060    | -               | -                    | 81,300  | 81,300                 | -                      | -                | -                | -                | 162,600              |
| Human Settlement Implementation: Bardale / Fairdale: Development 4000 Units                        | C06.41540      | 144,160         | 132                  | 836   | -                      | -                      | -                | -                | -                | 147,186              |
| Human Settlement Implementation: Delft - The Hague Housing Project                                 | C08.15508      | 52,947          | 5,000                | 2,000   | -                      | -                      | -                | -                | -                | 62,134               |
| Human Settlement Implementation: Imizamo Yethu Housing Project (Phase 3)                           | CPX.0003139    | 772             | 2,550                | 22,015  | 40,500                 | 47,230                 | 15,789           | -                | -                | 194,250              |

## 2.16 Details of expenditure by asset class

Table 87 MBRR Table SA34a - Capital expenditure on new assets by 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 |
| <b>R thousand</b>   |                  |                  |                  |                      |                  |                    |   |                        |                        |
| <b>Capital expenditure on new assets by Asset Class/Sub-class</b> |                  |                  |                  |                      |                  |                    |   |                        |                        |
| <b>Infrastructure</b>   | <b>1,576,886</b> | <b>1,778,186</b> | <b>1,992,367</b> | <b>2,671,635</b>     | <b>3,527,790</b> | <b>3,359,851</b>   | <b>3,749,891</b>                                    | <b>2,605,308</b>       | <b>3,908,066</b>       |
| Roads Infrastructure  | 616,988          | 665,367          | 897,860          | 956,768              | 808,645          | 900,007            | 665,185   | 705,566                | 716,396                |
| Roads   | 616,988          | 665,367          | 897,860          | 956,768              | 808,645          | 900,007            | 665,185   | 705,566                | 716,396                |
| Storm water Infrastructure  | 200              | 2,803            | 3,845            | 124,492              | 125,752          | 3,888              | 93,818  | 120,121                | 132,265                |
| Drainage Collection   | 200              | 2,803            | 3,845            | 124,492              | 125,752          | 3,888              | 93,818  | 120,121                | 132,265                |
| Electrical Infrastructure   | 447,696          | 509,555          | 555,112          | 567,420              | 534,914          | 530,013            | 516,806   | 568,545                | 658,971                |
| Power Plants  | -                | -                | 412              | -                    | -                | -                  | -   | -                      | -                      |
| HV Substations  | 373,581          | 417,000          | 471,341          | 423,065              | 383,449          | 411,248            | 454,306   | 497,845                | 563,371                |
| MV Networks   | 20,561           | 23,677           | 19,257           | 74,600               | 86,300           | 53,600             | -   | 8,200                  | 30,600                 |
| LV Networks   | 53,554           | 68,877           | 64,102           | 69,754               | 65,165           | 65,165             | 62,500  | 62,500                 | 65,000                 |
| Water Supply Infrastructure                                       | 136,191          | 143,479          | 208,170          | 518,930              | 1,699,053        | 1,614,965          | 1,880,585   | 452,474                | 1,545,977              |
| Reservoirs  | 40,359           | 75,016           | 81,564           | 369,977              | 1,422,195        | 1,317,195          | 1,730,450   | 226,199                | 1,326,743              |
| Bulk Mains  | 31,831           | 25,162           | 99,300           | 32,600               | 68,634           | 133,634            | 50,630  | 80,000                 | 75,000                 |
| Distribution  | 64,001           | 43,300           | 27,306           | 116,353              | 208,224          | 164,136            | 99,505  | 146,275                | 144,234                |
| Sanitation Infrastructure   | 103,850          | 205,274          | 154,686          | 120,422              | 127,338          | 73,243             | 189,290   | 268,075                | 239,337                |
| Pump Station  | 8,045            | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Reticulation  | 95,505           | 193,874          | 151,686          | 114,415              | 127,331          | 73,243             | 156,005   | 211,075                | 176,337                |
| Waste Water Treatment Works                                       | 300              | 1,400            | 3,000            | 6,007                | 7                | -                  | 33,285  | 57,000                 | 63,000                 |
| Outfall Sewers  | -                | 10,000           | -                | -                    | -                | -                  | -   | -                      | -                      |
| Solid Waste Infrastructure  | 138,914          | 68,991           | 41,370           | 194,077              | 80,929           | 80,929             | 167,300   | 290,100                | 417,140                |
| Landfill Sites  | 138,914          | 68,991           | 41,370           | 194,077              | 80,929           | 80,929             | 167,300   | 290,100                | 417,140                |
| Information and Communication Infrastructure                      | 133,046          | 182,718          | 131,324          | 189,528              | 151,159          | 156,805            | 236,906   | 200,427                | 197,980                |
| Data Centres  | 133,046          | 182,718          | 131,324          | 189,528              | 151,159          | 156,805            | 236,906   | 200,427                | 197,980                |
| <b>Community Assets</b>   | <b>534,963</b>   | <b>264,089</b>   | <b>300,154</b>   | <b>342,663</b>       | <b>239,347</b>   | <b>238,682</b>     | <b>484,332</b>                                      | <b>318,874</b>         | <b>164,952</b>         |
| Community Facilities  | 532,831          | 262,462          | 300,144          | 342,313              | 238,104          | 237,440            | 484,192   | 318,874                | 164,952                |
| Halls   | -                | 40               | -                | -                    | -                | -                  | 40  | -                      | -                      |
| Centres   | 5,492            | 4,923            | -                | 30,181               | -                | -                  | 44,911  | 33,000                 | 33,000                 |
| Clinics/Care Centres  | 8,133            | 13,217           | 25,620           | 41,168               | 38,322           | 38,322             | 49,435  | 19,296                 | 30,170                 |
| Fire/Ambulance Stations   | -                | 2,000            | 3,905            | 24,436               | 15,351           | 15,351             | -   | -                      | -                      |
| Testing Stations  | -                | 3,000            | -                | 1,345                | 1,345            | 1,345              | -   | -                      | -                      |
| Museums   | -                | -                | -                | 3,000                | 500              | 500                | 2,500   | -                      | -                      |
| Libraries   | 33,562           | 17,534           | 11,634           | 23,410               | 19,746           | 19,746             | 9,505   | 7,375                  | 2,375                  |
| Cemeteries/Crematoria   | 752              | 4,502            | 9,961            | 20,500               | 13,873           | 13,209             | 20,500  | 13,400                 | -                      |
| Public Open Space   | 421,754          | 61,410           | 166,306          | 70,390               | 2,544            | 2,544              | 158,100   | 110,250                | 100                    |
| Nature Reserves   | 5,685            | 11,412           | 8,984            | 14,843               | 14,423           | 14,423             | 3,701   | 10,707                 | 5,907                  |
| Taxi Ranks/Bus Terminals  | 57,047           | 144,424          | 73,735           | 113,040              | 132,000          | 132,000            | 195,500   | 124,846                | 93,400                 |
| Sport and Recreation Facilities                                   | 2,131            | 1,626            | 10               | 350                  | 1,243            | 1,243              | 140   | -                      | -                      |
| Indoor Facilities   | -                | 19               | -                | -                    | -                | -                  | -   | -                      | -                      |
| Outdoor Facilities  | 2,131            | 1,607            | 10               | 350                  | 1,243            | 1,243              | 140   | -                      | -                      |
| <b>Investment properties</b>                                      | <b>-</b>         | <b>-</b>         | <b>81</b>        | <b>-</b>             | <b>-</b>         | <b>-</b>           | <b>-</b>  | <b>-</b>               | <b>-</b>               |
| Revenue Generating  | -                | -                | 81               | -                    | -                | -                  | -   | -                      | -                      |
| Improved Property   | -                | -                | 81               | -                    | -                | -                  | -   | -                      | -                      |
| <b>Other assets</b>   | <b>59,728</b>    | <b>145,465</b>   | <b>220,198</b>   | <b>282,558</b>       | <b>209,073</b>   | <b>217,786</b>     | <b>160,638</b>                                      | <b>198,067</b>         | <b>172,690</b>         |
| Operational Buildings   | 45,365           | 100,642          | 216,943          | 216,517              | 195,657          | 204,158            | 106,898   | 68,498                 | 51,250                 |
| Municipal Offices   | 22,278           | 44,470           | 172,453          | 186,517              | 165,588          | 162,893            | 66,898  | 22,498                 | 5,250                  |
| Training Centres  | -                | -                | -                | -                    | 2,500            | 2,500              | -   | -                      | -                      |
| Depots  | 23,087           | 56,173           | 44,490           | 30,000               | 27,570           | 38,765             | 40,000  | 46,000                 | 46,000                 |
| Housing   | 14,364           | 44,823           | 3,255            | 66,041               | 13,416           | 13,628             | 53,740  | 129,570                | 121,440                |
| Social Housing  | 14,364           | 44,823           | 3,255            | 66,041               | 13,416           | 13,628             | 53,740  | 129,570                | 121,440                |
| <b>Intangible Assets</b>  | <b>-</b>         | <b>495</b>       | <b>500</b>       | <b>2,000</b>         | <b>5,240</b>     | <b>3,800</b>       | <b>10,565</b>                                       | <b>58,565</b>          | <b>31,565</b>          |
| Licences and Rights   | -                | 495              | 500              | 2,000                | 5,240            | 3,800              | 10,565  | 58,565                 | 31,565                 |
| Computer Software and Applications                                | -                | 495              | 500              | 2,000                | 5,240            | 3,800              | 10,565  | 58,565                 | 31,565                 |
| <b>Computer Equipment</b>   | <b>71,679</b>    | <b>122,051</b>   | <b>144,155</b>   | <b>207,103</b>       | <b>247,821</b>   | <b>234,519</b>     | <b>156,667</b>                                      | <b>167,050</b>         | <b>93,344</b>          |
| Computer Equipment  | 71,679           | 122,051          | 144,155          | 207,103              | 247,821          | 234,519            | 156,667   | 167,050                | 93,344                 |
| <b>Furniture and Office Equipment</b>                             | <b>252,027</b>   | <b>306,688</b>   | <b>133,346</b>   | <b>78,378</b>        | <b>134,561</b>   | <b>137,581</b>     | <b>73,293</b>                                       | <b>51,470</b>          | <b>68,087</b>          |
| Furniture and Office Equipment                                    | 252,027          | 306,688          | 133,346          | 78,378               | 134,561          | 137,581            | 73,293  | 51,470                 | 68,087                 |
| <b>Machinery and Equipment</b>                                    | <b>42,245</b>    | <b>97,819</b>    | <b>152,897</b>   | <b>128,188</b>       | <b>261,186</b>   | <b>261,184</b>     | <b>907,302</b>                                      | <b>1,532,900</b>       | <b>1,037,841</b>       |
| Machinery and Equipment   | 42,245           | 97,819           | 152,897          | 128,188              | 261,186          | 261,184            | 907,302   | 1,532,900              | 1,037,841              |
| <b>Transport Assets</b>   | <b>349,210</b>   | <b>105,449</b>   | <b>62,793</b>    | <b>51,970</b>        | <b>64,286</b>    | <b>193,168</b>     | <b>81,885</b>                                       | <b>48,863</b>          | <b>35,850</b>          |
| Transport Assets  | 349,210          | 105,449          | 62,793           | 51,970               | 64,286           | 193,168            | 81,885  | 48,863                 | 35,850                 |
| <b>Total Capital Expenditure on new assets</b>                    | <b>2,886,738</b> | <b>2,820,243</b> | <b>3,006,491</b> | <b>3,764,497</b>     | <b>4,689,304</b> | <b>4,646,571</b>   | <b>5,624,572</b>                                    | <b>4,981,098</b>       | <b>5,512,396</b>       |

**Table 88 MBRR Table SA34b - Capital expenditure on the renewal of existing assets by 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 |
| <b>R thousand</b>   |                  |                  |                  |                      |                  |                    |   |                        |                        |
| <b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b> |                  |                  |                  |                      |                  |                    |   |                        |                        |
| <b>Infrastructure</b>   | <b>1,329,768</b> | <b>1,866,859</b> | <b>1,089,361</b> | <b>1,054,639</b>     | <b>1,116,337</b> | <b>1,147,316</b>   | <b>1,445,967</b>                                    | <b>1,946,608</b>       | <b>2,178,848</b>       |
| <i>Roads Infrastructure</i>   | 278,810          | 435,911          | 254,173          | 183,678              | 180,456          | 216,785            | 220,181   | 213,908                | 254,748                |
| Roads   | 278,810          | 435,911          | 254,173          | 183,678              | 180,456          | 216,785            | 220,181   | 213,908                | 254,748                |
| <i>Storm water Infrastructure</i>   | 18,768           | 44,902           | 27,082           | 48,495               | 49,810           | 12,930             | 13,900  | 10,900                 | 15,000                 |
| Drainage Collection   | 18,768           | 44,902           | 27,082           | 48,495               | 49,810           | 12,930             | 13,900  | 10,900                 | 15,000                 |
| <i>Electrical Infrastructure</i>  | 358,552          | 429,547          | 305,935          | 461,479              | 360,933          | 360,933            | 427,796   | 669,300                | 673,200                |
| HV Substations  | 168,685          | 200,127          | 46,918           | 150,479              | 99,531           | 99,531             | 140,996   | 397,300                | 364,200                |
| MV Substations  | 22,334           | 74,457           | 63,740           | 101,000              | 86,402           | 86,402             | 74,000  | 50,000                 | 54,000                 |
| MV Networks   | 143,624          | 135,619          | 169,591          | 155,000              | 140,000          | 140,000            | 174,800   | 182,000                | 211,000                |
| LV Networks   | 23,910           | 19,343           | 25,685           | 55,000               | 35,000           | 35,000             | 38,000  | 40,000                 | 44,000                 |
| <i>Water Supply Infrastructure</i>  | 306,728          | 401,675          | 318,909          | 275,892              | 423,025          | 453,025            | 437,500   | 486,500                | 570,000                |
| Reservoirs  | -                | 134              | 11,145           | 3,000                | 15,393           | 15,393             | 14,500  | 21,500                 | 24,000                 |
| Pump Stations   | 5,636            | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Bulk Mains  | 30,257           | 57,416           | 46,989           | 20,000               | 24,900           | 24,900             | 50,000  | 60,000                 | 80,000                 |
| Distribution  | 270,835          | 344,124          | 260,775          | 252,892              | 382,732          | 412,732            | 373,000   | 405,000                | 466,000                |
| <i>Sanitation Infrastructure</i>  | 348,155          | 467,650          | 182,065          | 79,595               | 99,584           | 99,584             | 339,750   | 564,500                | 653,250                |
| Pump Station  | -                | 20,591           | 10,748           | 500                  | 500              | 500                | 24,000  | 25,000                 | 30,000                 |
| Reticulation  | 73,261           | 97,658           | 25,343           | 5,389                | 12,789           | 12,789             | 163,000   | 216,000                | 309,000                |
| Waste Water Treatment Works   | 274,894          | 349,080          | 126,508          | 62,705               | 76,294           | 76,294             | 105,000   | 214,000                | 180,000                |
| Outfall Sewers  | -                | 321              | 19,466           | 11,000               | 10,000           | 10,000             | 47,750  | 109,500                | 134,250                |
| <i>Solid Waste Infrastructure</i>   | 18,755           | 87,176           | 1,059            | 4,000                | 1,000            | 1,000              | 5,280   | -                      | 10,000                 |
| Landfill Sites  | 18,755           | 87,176           | 1,059            | 4,000                | 1,000            | 1,000              | 5,280   | -                      | 10,000                 |
| <i>Information and Communication Infrastructure</i>                               | -                | -                | 138              | 1,500                | 1,530            | 3,060              | 1,560   | 1,500                  | 2,650                  |
| Data Centres  | -                | -                | 138              | 1,500                | 1,530            | 3,060              | 1,560   | 1,500                  | 2,650                  |
| <b>Community Assets</b>   | <b>154,279</b>   | <b>130,739</b>   | <b>3,493</b>     | <b>40,373</b>        | <b>47,816</b>    | <b>13,815</b>      | <b>5,522</b>  | <b>800</b>             | <b>100</b>             |
| <i>Community Facilities</i>   | 94,584           | 93,572           | 3,493            | 40,373               | 47,816           | 13,815             | 5,522   | 800                    | 100                    |
| Halls   | 2,737            | 746              | -                | -                    | -                | -                  | -   | -                      | -                      |
| Centres   | 2,091            | 595              | -                | 35,000               | 38,001           | 4,000              | -   | -                      | -                      |
| Clinics/Care Centres  | 17,605           | 7,850            | 127              | 2,000                | 2,140            | 2,140              | 1,172   | -                      | 100                    |
| Fire/Ambulance Stations   | -                | 400              | -                | -                    | -                | -                  | -   | -                      | -                      |
| Testing Stations  | 1,438            | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Museums   | 168              | 2,822            | -                | -                    | -                | -                  | -   | -                      | -                      |
| Theatres  | 484              | 695              | -                | -                    | -                | -                  | -   | -                      | -                      |
| Libraries   | 11,393           | 8,166            | 719              | 2,000                | 2,227            | 2,227              | 3,050   | -                      | -                      |
| Cemeteries/Crematoria   | 2,564            | 11,100           | -                | -                    | -                | -                  | -   | -                      | -                      |
| Public Open Space   | 52,305           | 55,586           | 2,600            | 1,373                | 5,448            | 5,448              | 1,300   | 800                    | -                      |
| Nature Reserves   | 1,680            | 1,414            | 46               | -                    | -                | -                  | -   | -                      | -                      |
| Public Ablution Facilities  | 1,000            | 1,239            | -                | -                    | -                | -                  | -   | -                      | -                      |
| Markets   | 200              | 143              | -                | -                    | -                | -                  | -   | -                      | -                      |
| Taxi Ranks/Bus Terminals  | 920              | 2,816            | -                | -                    | -                | -                  | -   | -                      | -                      |
| Sport and Recreation Facilities   | 59,695           | 37,166           | -                | -                    | -                | -                  | -   | -                      | -                      |
| Indoor Facilities   | -                | 59               | -                | -                    | -                | -                  | -   | -                      | -                      |
| Outdoor Facilities  | 59,695           | 37,107           | -                | -                    | -                | -                  | -   | -                      | -                      |
| <b>Heritage assets</b>  | 514              | 6,547            | -                | 650                  | 570              | 476                | 1,800   | 1,800                  | 2,000                  |
| Monuments   | 514              | 6,547            | -                | 650                  | 570              | 476                | 1,800   | 1,800                  | 2,000                  |
| <b>Other assets</b>   | <b>570,159</b>   | <b>281,954</b>   | <b>132,926</b>   | <b>19,330</b>        | <b>48,359</b>    | <b>42,610</b>      | <b>14,017</b>                                       | <b>15,417</b>          | <b>97,767</b>          |
| <i>Operational Buildings</i>  | 224,296          | 157,526          | 83,740           | 10,150               | 27,784           | 22,035             | 14,017  | 15,417                 | 97,767                 |
| Municipal Offices   | 210,032          | 147,087          | 67,139           | 8,100                | 25,477           | 19,735             | 11,667  | 13,067                 | 94,417                 |
| Laboratories  | -                | -                | -                | -                    | -                | -                  | 300   | 300                    | 300                    |
| Training Centres  | 834              | 260              | 2,607            | -                    | -                | -                  | -   | -                      | -                      |
| Depots  | 13,430           | 10,180           | 13,994           | 2,050                | 2,307            | 2,300              | 2,050   | 2,050                  | 3,050                  |
| <i>Housing</i>  | 345,863          | 124,428          | 49,186           | 9,180                | 20,575           | 20,575             | -   | -                      | -                      |
| Social Housing  | 345,863          | 124,428          | 49,186           | 9,180                | 20,575           | 20,575             | -   | -                      | -                      |
| <b>Intangible Assets</b>  | -                | -                | -                | 2,500                | 7,500            | 2,500              | 5,000   | 5,000                  | 5,000                  |
| <i>Licences and Rights</i>  | -                | -                | -                | 2,500                | 7,500            | 2,500              | 5,000   | 5,000                  | 5,000                  |
| Computer Software and Applications  | -                | -                | -                | 2,500                | 7,500            | 2,500              | 5,000   | 5,000                  | 5,000                  |
| <b>Computer Equipment</b>   | 112,064          | 98,753           | 70,328           | 75,080               | 75,496           | 80,127             | 62,960  | 65,907                 | 54,722                 |
| Computer Equipment  | 112,064          | 98,753           | 70,328           | 75,080               | 75,496           | 80,127             | 62,960  | 65,907                 | 54,722                 |
| <b>Furniture and Office Equipment</b>   | 49,270           | 47,862           | 13,047           | 18,658               | 23,219           | 15,671             | 18,605  | 19,972                 | 20,514                 |
| Furniture and Office Equipment  | 49,270           | 47,862           | 13,047           | 18,658               | 23,219           | 15,671             | 18,605  | 19,972                 | 20,514                 |
| <b>Machinery and Equipment</b>  | 20,369           | 17,207           | 6,318            | 29,713               | 53,691           | 56,379             | 29,100  | 11,604                 | 13,350                 |
| Machinery and Equipment   | 20,369           | 17,207           | 6,318            | 29,713               | 53,691           | 56,379             | 29,100  | 11,604                 | 13,350                 |
| <b>Transport Assets</b>   | 128,582          | 219,670          | 272,011          | 182,714              | 251,782          | 282,388            | 211,700   | 178,667                | 189,479                |
| Transport Assets  | 128,582          | 219,670          | 272,011          | 182,714              | 251,782          | 282,388            | 211,700   | 178,667                | 189,479                |
| <b>Total Capital Expenditure on renewal of existing assets</b>                    | <b>2,365,004</b> | <b>2,669,591</b> | <b>1,587,484</b> | <b>1,423,658</b>     | <b>1,624,771</b> | <b>1,641,283</b>   | <b>1,794,673</b>                                    | <b>2,245,776</b>       | <b>2,561,781</b>       |
| <i>Renewal of Existing Assets as % of total capex</i>                             | 0.0%             | 48.6%            | 26.9%            | 20.4%                | 20.7%            | 21.0%              | 19.3%   | 24.3%                  | 25.7%                  |
| <i>Renewal of Existing Assets as % of deprecn"</i>                                | 123.4%           | 126.1%           | 68.6%            | 55.3%                | 64.5%            | 65.1%              | 61.1%   | 67.1%                  | 69.8%                  |

**Table 89 MBRR Table SA34c - Repairs and maintenance expenditure by 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 |
| <b>Repairs and maintenance expenditure by Asset Class/Sub-class</b> |                 |                 |                 |                      |                  |                    |   |                        |                        |
| <b>Infrastructure</b>   | -               | -               | -               | <b>2,031,486</b>     | <b>1,926,297</b> | <b>1,926,297</b>   | <b>1,850,029</b>                                    | <b>2,032,831</b>       | <b>2,227,290</b>       |
| Roads Infrastructure  | -               | -               | -               | 664,923              | 656,419          | 656,419            | 703,170   | 748,876                | 797,927                |
| <i>Roads</i>  | -               | -               | -               | 664,923              | 656,419          | 656,419            | 703,170   | 748,876                | 797,927                |
| Storm water Infrastructure  | -               | -               | -               | -                    | -                | -                  | 59,217  | 63,066                 | 67,197                 |
| <i>Drainage Collection</i>  | -               | -               | -               | -                    | -                | -                  | 59,217  | 63,066                 | 67,197                 |
| Electrical Infrastructure   | -               | -               | -               | 523,507              | 503,480          | 503,480            | 536,787   | 571,679                | 609,122                |
| <i>Power Plants</i>   | -               | -               | -               | 18,788               | 18,788           | 18,788             | 22,646  | 24,118                 | 25,698                 |
| <i>HV Substations</i>   | -               | -               | -               | 27,853               | 27,614           | 27,614             | 31,262  | 33,294                 | 35,475                 |
| <i>MV Substations</i>   | -               | -               | -               | 366,551              | 360,425          | 360,425            | 393,574   | 419,157                | 446,611                |
| <i>LV Networks</i>  | -               | -               | -               | 110,315              | 96,653           | 96,653             | 89,305  | 95,109                 | 101,339                |
| Water Supply Infrastructure   | -               | -               | -               | 421,887              | 396,382          | 396,382            | 255,774   | 307,559                | 366,167                |
| <i>Reservoirs</i>   | -               | -               | -               | 41,336               | 42,371           | 42,371             | 25,088  | 61,879                 | 104,394                |
| <i>Pump Stations</i>  | -               | -               | -               | 46,444               | 49,424           | 49,424             | 38,396  | 40,892                 | 43,570                 |
| <i>Water Treatment Works</i>  | -               | -               | -               | 33,966               | 34,097           | 34,097             | 31,939  | 34,016                 | 36,244                 |
| <i>Bulk Mains</i>   | -               | -               | -               | 12,716               | 12,716           | 12,716             | 2,991   | 3,185                  | 3,394                  |
| <i>Distribution</i>   | -               | -               | -               | 287,425              | 257,774          | 257,774            | 157,360   | 167,588                | 178,566                |
| Sanitation Infrastructure   | -               | -               | -               | 418,866              | 366,166          | 366,166            | 287,354   | 333,423                | 378,109                |
| <i>Reticulation</i>   | -               | -               | -               | 291,490              | 238,851          | 238,851            | 159,607   | 194,621                | 233,146                |
| <i>Waste Water Treatment Works</i>                                  | -               | -               | -               | 116,402              | 116,341          | 116,341            | 116,320   | 126,631                | 131,995                |
| <i>Outfall Sewers</i>   | -               | -               | -               | 10,973               | 10,973           | 10,973             | 11,428  | 12,171                 | 12,968                 |
| Solid Waste Infrastructure  | -               | -               | -               | 2,303                | 3,850            | 3,850              | 7,727   | 8,229                  | 8,768                  |
| <i>Landfill Sites</i>   | -               | -               | -               | 2,303                | 3,850            | 3,850              | 7,727   | 8,229                  | 8,768                  |
| <b>Community Assets</b>   | -               | -               | -               | <b>548,047</b>       | <b>485,537</b>   | <b>485,537</b>     | <b>257,790</b>                                      | <b>274,547</b>         | <b>292,529</b>         |
| Community Facilities  | -               | -               | -               | 100,442              | 94,820           | 94,820             | 210,985   | 224,700                | 239,417                |
| <i>Halls</i>  | -               | -               | -               | 25,417               | 33,811           | 33,811             | 5,855   | 6,235                  | 6,644                  |
| <i>Centres</i>  | -               | -               | -               | 6,322                | 5,945            | 5,945              | 7,142   | 7,606                  | 8,104                  |
| <i>Clinics/Care Centres</i>   | -               | -               | -               | 5,921                | 5,919            | 5,919              | 9,336   | 9,943                  | 10,594                 |
| <i>Fire/Ambulance Stations</i>                                      | -               | -               | -               | 2,477                | 1,364            | 1,364              | 2,283   | 2,431                  | 2,590                  |
| <i>Testing Stations</i>   | -               | -               | -               | -                    | -                | -                  | 9,833   | 10,472                 | 11,158                 |
| <i>Libraries</i>  | -               | -               | -               | 32,362               | 20,569           | 20,569             | 13,761  | 14,656                 | 15,616                 |
| <i>Cemeteries/Crematoria</i>  | -               | -               | -               | 16,860               | 16,203           | 16,203             | 10,021  | 10,673                 | 11,371                 |
| <i>Public Open Space</i>  | -               | -               | -               | -                    | -                | -                  | 137,572   | 146,514                | 156,111                |
| <i>Nature Reserves</i>  | -               | -               | -               | 4,180                | 4,500            | 4,500              | 3,187   | 3,394                  | 3,616                  |
| <i>Public Ablution Facilities</i>                                   | -               | -               | -               | 6,657                | 6,262            | 6,262              | 11,732  | 12,495                 | 13,313                 |
| <i>Markets</i>  | -               | -               | -               | 248                  | 248              | 248                | 264   | 281                    | 300                    |
| Sport and Recreation Facilities                                     | -               | -               | -               | 447,605              | 390,717          | 390,717            | 46,805  | 49,847                 | 53,112                 |
| <i>Indoor Facilities</i>  | -               | -               | -               | 5                    | 5                | 5                  | 8,322   | 8,863                  | 9,443                  |
| <i>Outdoor Facilities</i>   | -               | -               | -               | 447,600              | 390,712          | 390,712            | 38,483  | 40,985                 | 43,669                 |
| <b>Heritage assets</b>  | -               | -               | -               | <b>1,812</b>         | <b>1,811</b>     | <b>1,811</b>       | <b>11,620</b>                                       | <b>12,375</b>          | <b>13,186</b>          |
| Works of Art  | -               | -               | -               | 1,812                | 1,811            | 1,811              | 11,620  | 12,375                 | 13,186                 |
| <b>Investment properties</b>  | -               | -               | -               | <b>19,800</b>        | <b>12,755</b>    | <b>12,877</b>      | <b>10,822</b>                                       | <b>11,525</b>          | <b>12,280</b>          |
| Revenue Generating  | -               | -               | -               | 64                   | 15               | 136                | 264   | 281                    | 300                    |
| <i>Improved Property</i>  | -               | -               | -               | 64                   | 15               | 136                | 264   | 281                    | 300                    |
| Non-revenue Generating  | -               | -               | -               | 19,735               | 12,740           | 12,740             | 10,558  | 11,244                 | 11,981                 |
| <i>Unimproved Property</i>  | -               | -               | -               | 19,735               | 12,740           | 12,740             | 10,558  | 11,244                 | 11,981                 |

Table continues on next page



City of Cape Town 2018/19 Tabled Budget

| 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 |
| <b>R thousand</b>                                |                 |                 |                  |                      |                  |                    |   |                        |                        |
| <b>Other assets</b>                              | -               | -               | -                | 144,517              | 144,999          | 144,999            | 226,008   | 244,391                | 262,204                |
| Operational Buildings                            | -               | -               | -                | 144,517              | 144,999          | 144,999            | 188,922   | 204,894                | 220,120                |
| Municipal Offices                                | -               | -               | -                | 139,025              | 139,684          | 139,684            | 178,281   | 190,562                | 203,045                |
| Laboratories                                     | -               | -               | -                | 1,391                | 1,659            | 1,659              | 1,745   | 1,858                  | 1,980                  |
| Training Centres                                 | -               | -               | -                | 624                  | 180              | 180                | 248   | 264                    | 281                    |
| Depots   | -               | -               | -                | 3,477                | 3,477            | 3,477              | 8,648   | 12,210                 | 14,813                 |
| Housing  | -               | -               | -                | -                    | -                | -                  | 37,086  | 39,497                 | 42,084                 |
| Social Housing                                   | -               | -               | -                | -                    | -                | -                  | 37,086  | 39,497                 | 42,084                 |
| <b>Computer Equipment</b>                        | 117,859         | 144,340         | 179,935          | 312,785              | 248,652          | 248,662            | 753,869   | 804,945                | 852,033                |
| Computer Equipment                               | 117,859         | 144,340         | 179,935          | 312,785              | 248,652          | 248,662            | 753,869   | 804,945                | 852,033                |
| <b>Furniture and Office Equipment</b>            | 360,714         | 354,833         | 424,463          | 504,006              | 502,068          | 502,096            | 408,774   | 435,324                | 463,831                |
| Furniture and Office Equipment                   | 360,714         | 354,833         | 424,463          | 504,006              | 502,068          | 502,096            | 408,774   | 435,324                | 463,831                |
| <b>Machinery and Equipment</b>                   | -               | -               | -                | -                    | -                | -                  | 998   | 1,063                  | 1,132                  |
| Machinery and Equipment                          | -               | -               | -                | -                    | -                | -                  | 998   | 1,063                  | 1,132                  |
| <b>Transport Assets</b>                          | 153,131         | 348,190         | 453,049          | 471,840              | 421,385          | 421,385            | 433,043   | 461,191                | 491,399                |
| Transport Assets                                 | 153,131         | 348,190         | 453,049          | 471,840              | 421,385          | 421,385            | 433,043   | 461,191                | 491,399                |
| <b>Total Repairs and Maintenance Expenditure</b> | <b>631,704</b>  | <b>847,362</b>  | <b>1,057,447</b> | <b>4,034,293</b>     | <b>3,743,505</b> | <b>3,743,664</b>   | <b>3,952,953</b>                                    | <b>4,278,193</b>       | <b>4,615,885</b>       |
| <b>R&amp;M as a % of PPE</b>                     | 1.9%            | 2.3%            | 2.6%             | 9.0%                 | 8.2%             | 8.2%               | 0.0%  | 8.3%                   | 8.1%                   |
| <b>R&amp;M as % Operating Expenditure</b>        | 2.3%            | 2.8%            | 3.2%             | 10.8%                | 10.3%            | 10.3%              | 0.0%  | 10.7%                  | 10.5%                  |

Table 90 MBRR Table SA34d Depreciation by 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 |
| <b>R thousand</b>                            |                 |                 |                 |                      |                  |                    |   |                        |                        |
| <b>Depreciation by Asset Class/Sub-class</b> |                 |                 |                 |                      |                  |                    |   |                        |                        |
| <b>Infrastructure</b>                        | <b>913,086</b>  | <b>899,066</b>  | <b>596,055</b>  | <b>1,154,472</b>     | <b>1,096,523</b> | <b>1,096,523</b>   | <b>1,310,908</b>                                    | <b>1,511,364</b>       | <b>1,662,195</b>       |
| Roads Infrastructure                         | 262,069         | 289,523         | 190,264         | 370,548              | 311,058          | 311,058            | 353,864   | 389,063                | 425,041                |
| Roads  | 262,069         | 289,523         | 190,264         | 370,548              | 311,058          | 311,058            | 353,864   | 389,063                | 425,041                |
| Storm water Infrastructure                   | 31,452          | 34,550          | -               | 45,940               | 43,937           | 43,937             | 56,693  | 58,351                 | 58,859                 |
| Drainage Collection                          | 31,452          | 34,550          | -               | 45,940               | 43,937           | 43,937             | 56,693  | 58,351                 | 58,859                 |
| Electrical Infrastructure                    | 164,231         | 175,039         | 187,775         | 215,517              | 221,110          | 221,110            | 252,380   | 279,505                | 307,370                |
| Power Plants                                 | 6,946           | 6,946           | 5,712           | 6,951                | 6,957            | 6,957              | 6,955   | 6,955                  | 6,955                  |
| HV Substations                               | 143,712         | 15,652          | 55,440          | 28,971               | 19,611           | 19,611             | 39,488  | 51,751                 | 65,097                 |
| MV Substations                               | -               | 32,073          | 116,780         | 36,656               | 42,661           | 42,661             | 44,658  | 46,302                 | 47,414                 |
| MV Switching Stations                        | 13,573          | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| MV Networks                                  | -               | 77,624          | -               | 91,791               | 95,998           | 95,998             | 100,720   | 104,604                | 108,831                |
| LV Networks                                  | -               | 42,744          | 9,844           | 51,147               | 55,883           | 55,883             | 60,559  | 69,893                 | 79,074                 |
| Water Supply Infrastructure                  | 295,920         | 156,288         | 107,575         | 209,628              | 203,579          | 203,579            | 306,882   | 418,914                | 468,513                |
| Reservoirs                                   | 15,784          | 17,712          | 13,467          | 18,982               | 21,247           | 21,247             | 77,141  | 161,295                | 174,717                |
| Pump Stations                                | 2,911           | 2,911           | 1,879           | 3,015                | 4,850            | 4,850              | 4,776   | 4,736                  | 4,602                  |
| Water Treatment Works                        | 115,503         | 23,047          | 1,369           | 24,216               | 26,152           | 26,152             | 26,143  | 26,136                 | 26,128                 |
| Bulk Mains                                   | 144,258         | 10,025          | 303             | 19,301               | 11,732           | 11,732             | 20,747  | 25,779                 | 32,779                 |
| Distribution                                 | 17,465          | 102,592         | 90,557          | 144,114              | 139,598          | 139,598            | 178,075   | 200,968                | 230,286                |
| Sanitation Infrastructure                    | -               | 182,290         | 106,372         | 229,208              | 227,698          | 227,698            | 257,982   | 266,510                | 301,253                |
| Pump Station                                 | -               | 3,618           | -               | 7,336                | 4,151            | 4,151              | 7,239   | 8,269                  | 8,997                  |
| Reticulation                                 | -               | 112,942         | 38,517          | 141,227              | 135,829          | 135,829            | 154,505   | 156,557                | 167,782                |
| Waste Water Treatment Works                  | -               | 62,922          | 67,350          | 78,017               | 79,206           | 79,206             | 87,779  | 93,247                 | 116,071                |
| Outfall Sewers                               | -               | 2,809           | 505             | 2,628                | 8,512            | 8,512              | 8,460   | 8,437                  | 8,403                  |
| Solid Waste Infrastructure                   | 98,861          | 50,032          | 2,925           | 58,352               | 57,179           | 57,179             | 48,376  | 49,892                 | 50,932                 |
| Landfill Sites                               | 49,706          | 50,032          | 2,925           | 58,352               | 57,179           | 57,179             | 48,376  | 49,892                 | 50,932                 |
| Waste Drop-off Points                        | 49,155          | -               | -               | -                    | -                | -                  | -   | -                      | -                      |
| Rail Infrastructure                          | 60,552          | -               | 1,143           | -                    | -                | -                  | -   | -                      | -                      |
| Drainage Collection                          | 60,552          | -               | 1,143           | -                    | -                | -                  | -   | -                      | -                      |
| Information and Communication Infrastructure | -               | 11,344          | -               | 25,281               | 31,963           | 31,963             | 34,731  | 49,129                 | 50,229                 |
| Data Centres                                 | -               | 11,344          | -               | 25,281               | 31,963           | 31,963             | 34,731  | 49,129                 | 50,229                 |
| <b>Community Assets</b>                      | <b>366,621</b>  | <b>299,983</b>  | <b>297,765</b>  | <b>313,120</b>       | <b>316,116</b>   | <b>316,116</b>     | <b>323,413</b>                                      | <b>327,719</b>         | <b>330,491</b>         |
| Community Facilities                         | 164,489         | 83,704          | 60,318          | 95,023               | 98,224           | 98,224             | 105,011   | 113,787                | 123,501                |
| Halls  | 5,825           | 1,872           | 12,170          | 2,167                | 2,668            | 2,668              | 2,678   | 2,689                  | 2,689                  |
| Centres                                      | 11,871          | 3,465           | 7,300           | 3,934                | 3,669            | 3,669              | 4,529   | 5,627                  | 6,327                  |
| Clinics/Care Centres                         | 3,544           | 4,591           | 3,385           | 5,447                | 5,732            | 5,732              | 5,946   | 8,005                  | 9,528                  |
| Fire/Ambulance Stations                      | 1,683           | 1,684           | 5,543           | 1,687                | 1,794            | 1,794              | 2,140   | 2,140                  | 2,140                  |
| Testing Stations                             | -               | 926             | -               | 1,056                | 1,071            | 1,071              | 1,141   | 1,164                  | 1,164                  |
| Museums                                      | 77              | 100             | (19)            | 166                  | 192              | 192                | 226   | 376                    | 376                    |
| Theatres                                     | -               | 47              | -               | 51                   | 47               | 47                 | 48  | 48                     | 48                     |
| Libraries                                    | 3,466           | 3,732           | 24,100          | 5,262                | 5,358            | 5,358              | 5,616   | 6,149                  | 6,209                  |
| Cemeteries/Crematoria                        | 2,525           | 2,674           | 5,710           | 3,663                | 3,235            | 3,235              | 3,598   | 4,473                  | 6,386                  |
| Public Open Space                            | 21,460          | 10,708          | -               | 14,025               | 13,563           | 13,563             | 15,668  | 18,017                 | 18,270                 |
| Nature Reserves                              | -               | 360             | 1,395           | 576                  | 378              | 378                | 1,090   | 1,592                  | 1,895                  |
| Public Ablution Facilities                   | 19,501          | 1,737           | 744             | 1,845                | 1,870            | 1,870              | 2,359   | 2,358                  | 2,358                  |
| Markets                                      | 2,323           | 2,706           | (9)             | 1,498                | 1,499            | 1,499              | 1,501   | 1,501                  | 1,501                  |
| Airports                                     | -               | 4               | -               | 4                    | 4                | 4                  | 4   | 4                      | 4                      |
| Taxi Ranks/Bus Terminals                     | 82,240          | 49,097          | -               | 53,643               | 57,141           | 57,141             | 58,467  | 59,642                 | 64,604                 |
| Sport and Recreation Facilities              | 202,132         | 216,279         | 237,447         | 218,096              | 217,892          | 217,892            | 218,402   | 213,932                | 206,990                |
| Indoor Facilities                            | 4,080           | 8,633           | 168             | 8,649                | 8,959            | 8,959              | 8,959   | 8,959                  | 8,959                  |
| Outdoor Facilities                           | 198,052         | 207,646         | 237,279         | 209,447              | 208,933          | 208,933            | 209,442   | 204,972                | 198,031                |

Table continues on next page

City of Cape Town 2018/19 Tabled Budget

| 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 |
| <b>Heritage assets</b>                | -               | -               | 420             | -                    | 118             | 118                | -   | -                      | -                      |
| Monuments                             | -               | -               | -               | -                    | 118             | 118                | -   | -                      | -                      |
| Other Heritage                        | -               | -               | 420             | -                    | -               | -                  | -   | -                      | -                      |
| <b>Investment properties</b>          | -               | 145             | 1,077           | 1,718                | 1,714           | 1,714              | 1,714   | 1,714                  | 1,714                  |
| Revenue Generating                    | -               | 145             | 236             | 1,718                | 1,714           | 1,714              | 1,714   | 1,714                  | 1,714                  |
| Improved Property                     | -               | 145             | 236             | 1,718                | 1,714           | 1,714              | 1,714   | 1,714                  | 1,714                  |
| Non-revenue Generating                | -               | -               | 840             | -                    | -               | -                  | -   | -                      | -                      |
| Unimproved Property                   | -               | -               | 840             | -                    | -               | -                  | -   | -                      | -                      |
| <b>Other assets</b>                   | 112,909         | 203,810         | 175,985         | 232,195              | 247,906         | 247,906            | 327,504   | 337,406                | 347,514                |
| Operational Buildings                 | 41,596          | 118,631         | 77,490          | 133,733              | 150,544         | 150,544            | 161,481   | 166,138                | 163,938                |
| Municipal Offices                     | -               | 100,426         | 73,532          | 113,264              | 128,928         | 128,928            | 138,558   | 138,621                | 132,323                |
| Yards                                 | 623             | 212             | -               | 212                  | 212             | 212                | 232   | 232                    | 232                    |
| Laboratories                          | -               | 116             | 3,938           | 116                  | 121             | 121                | 121   | 127                    | 133                    |
| Training Centres                      | 2,681           | 289             | 13              | 371                  | 289             | 289                | 340   | 340                    | 340                    |
| Depots                                | -               | 17,588          | 8               | 19,770               | 20,995          | 20,995             | 22,231  | 26,820                 | 30,912                 |
| Capital Spares                        | 38,292          | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Housing                               | 71,313          | 85,179          | 98,495          | 98,463               | 97,362          | 97,362             | 166,023   | 171,268                | 183,575                |
| Social Housing                        | 71,313          | 85,179          | 98,495          | 98,463               | 97,362          | 97,362             | 166,023   | 171,268                | 183,575                |
| <b>Intangible Assets</b>              | 92,583          | 69,931          | -               | 106,890              | 148,925         | 148,925            | 122,132   | 115,962                | 115,200                |
| Licences and Rights                   | 92,583          | 69,931          | -               | 106,890              | 148,925         | 148,925            | 122,132   | 115,962                | 115,200                |
| Computer Software and Applications    | 33,678          | 4,387           | -               | 34,988               | 78,745          | 78,745             | 51,952  | 45,782                 | 45,019                 |
| Unspecified                           | 58,905          | 65,544          | -               | 71,903               | 70,180          | 70,180             | 70,180  | 70,180                 | 70,180                 |
| <b>Computer Equipment</b>             | 180,128         | 239,968         | 158,069         | 242,774              | 239,816         | 239,816            | 226,883   | 245,966                | 253,736                |
| Computer Equipment                    | 180,128         | 239,968         | 158,069         | 242,774              | 239,816         | 239,816            | 226,883   | 245,966                | 253,736                |
| <b>Furniture and Office Equipment</b> | 42,645          | 105,994         | 986,637         | 146,972              | 113,422         | 113,422            | 125,854   | 133,955                | 124,219                |
| Furniture and Office Equipment        | 42,645          | 105,994         | 986,637         | 146,972              | 113,422         | 113,422            | 125,854   | 133,955                | 124,219                |
| <b>Machinery and Equipment</b>        | 130,639         | 77,865          | -               | 78,106               | 64,162          | 64,162             | 165,329   | 320,289                | 478,589                |
| Machinery and Equipment               | 130,639         | 77,865          | -               | 78,106               | 64,162          | 64,162             | 165,329   | 320,289                | 478,589                |
| <b>Transport Assets</b>               | 78,523          | 220,574         | 97,463          | 298,359              | 291,434         | 291,434            | 331,307   | 350,221                | 356,662                |
| Transport Assets                      | 78,523          | 220,574         | 97,463          | 298,359              | 291,434         | 291,434            | 331,307   | 350,221                | 356,662                |
| <b>Total Depreciation</b>             | 1,917,134       | 2,117,336       | 2,313,471       | 2,574,607            | 2,520,137       | 2,520,137          | 2,935,045   | 3,344,597              | 3,670,319              |

**Table 91 MBRR Table SA34e Capital expenditure on the upgrading of existing assets by asset class**

| Description   | 2016/17         | Current Year 2017/18 |                 |                    | 2018/19 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2018/19                                 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| <b>R thousand</b>   |                 |                      |                 |                    |   |                        |                        |
| <b>Capital expenditure on upgrading of existing assets by Asset Class/Sub-class</b> |                 |                      |                 |                    |   |                        |                        |
| <b>Infrastructure</b>   | <b>859,151</b>  | <b>1,019,065</b>     | <b>902,104</b>  | <b>911,730</b>     | <b>1,217,504</b>                                    | <b>1,454,202</b>       | <b>1,453,408</b>       |
| Roads Infrastructure  | 270,595         | 292,589              | 255,554         | 268,360            | 300,438   | 210,632                | 239,813                |
| <i>Roads</i>  | 270,595         | 292,589              | 255,554         | 268,360            | 300,438   | 210,632                | 239,813                |
| Storm water Infrastructure  | 25,054          | 12,925               | 45,169          | 39,292             | 9,200   | 122,000                | 47,400                 |
| <i>Drainage Collection</i>  | 25,054          | 12,925               | 45,169          | 39,292             | 9,200   | 122,000                | 47,400                 |
| Electrical Infrastructure   | 208,812         | 86,976               | 116,255         | 116,255            | 142,738   | 145,693                | 232,196                |
| <i>HV Substations</i>   | 208,812         | 86,976               | 116,255         | 116,255            | 62,338  | 65,293                 | 218,796                |
| <i>LV Networks</i>  | –               | –                    | –               | –                  | 80,400  | 80,400                 | 13,400                 |
| <i>Water Supply Infrastructure</i>  | 52,702          | 106,645              | 92,790          | 89,164             | 36,500  | 37,500                 | 25,000                 |
| Water Supply Infrastructure   | 52,702          | 106,645              | 92,790          | 89,164             | 36,500  | 37,500                 | 25,000                 |
| <i>Reservoirs</i>   | 5,346           | 48,730               | 7,154           | 7,054              | 16,500  | 12,500                 | 5,000                  |
| <i>Distribution</i>   | 47,356          | 57,915               | 85,636          | 82,110             | 20,000  | 25,000                 | 20,000                 |
| Sanitation Infrastructure   | 288,558         | 494,930              | 376,653         | 373,126            | 674,202   | 846,750                | 875,905                |
| <i>Pump Station</i>   | 21,495          | 12,000               | 19,680          | 19,680             | –   | –                      | –                      |
| <i>Reticulation</i>   | 57,533          | 69,255               | 82,026          | 78,500             | 7,800   | 12,000                 | –                      |
| <i>Waste Water Treatment Works</i>  | 209,530         | 413,675              | 274,946         | 274,946            | 666,402   | 834,750                | 875,905                |
| <i>Outfall Sewers</i>   | –               | –                    | –               | –                  | –   | –                      | –                      |
| Solid Waste Infrastructure  | 10,933          | 25,000               | 15,683          | 25,533             | 54,426  | 91,628                 | 32,742                 |
| <i>Landfill Sites</i>   | 10,933          | 25,000               | 15,683          | 25,533             | 54,426  | 91,628                 | 32,742                 |
| Information and Communication Infrastructure  | 2,497           | –                    | –               | –                  | –   | –                      | 351                    |
| <i>Data Centres</i>   | 2,497           | –                    | –               | –                  | –   | –                      | 351                    |
| <b>Community Assets</b>   | <b>205,578</b>  | <b>218,543</b>       | <b>191,797</b>  | <b>183,797</b>     | <b>227,094</b>                                      | <b>186,853</b>         | <b>185,863</b>         |
| Community Facilities  | 148,344         | 164,694              | 144,548         | 140,323            | 191,151   | 169,122                | 154,654                |
| <i>Halls</i>  | 811             | 3,020                | 3,227           | 3,227              | 180   | –                      | –                      |
| <i>Centres</i>  | 1,247           | 8,234                | 4,534           | 4,534              | 16,520  | 11,800                 | 5,000                  |
| <i>Clinics/Care Centres</i>   | 7,090           | 14,921               | 13,160          | 13,160             | 34,654  | 33,900                 | 33,950                 |
| <i>Fire/Ambulance Stations</i>  | 4,442           | 1,700                | –               | –                  | –   | –                      | –                      |
| <i>Testing Stations</i>   | 1,647           | 2,141                | 2,141           | 2,141              | 1,141   | –                      | –                      |
| <i>Museums</i>  | 3,182           | 3,000                | 3,700           | 3,700              | 2,500   | –                      | –                      |
| <i>Libraries</i>  | 4,942           | 7,060                | 6,799           | 6,799              | 8,675   | 26,594                 | 14,144                 |
| <i>Cemeteries/Crematoria</i>  | 7,749           | 3,200                | 11,919          | 9,783              | 12,800  | 16,000                 | 2,000                  |
| <i>Public Open Space</i>  | 87,594          | 66,118               | 70,135          | 68,046             | 45,532  | 22,315                 | 71,460                 |
| <i>Nature Reserves</i>  | 343             | 60                   | 60              | 60                 | 11,490  | 1,513                  | –                      |
| <i>Public Ablution Facilities</i>   | 22,990          | 16,000               | 23,010          | 23,010             | 2,500   | 5,000                  | 4,100                  |
| <i>Markets</i>  | 307             | 80                   | 87              | 87                 | –   | –                      | –                      |
| <i>Taxi Ranks/Bus Terminals</i>   | 5,867           | 39,160               | 5,708           | 5,708              | 55,160  | 52,000                 | 24,000                 |
| Sport and Recreation Facilities   | 57,234          | 53,849               | 47,248          | 43,474             | 35,943  | 17,731                 | 31,209                 |
| <i>Outdoor Facilities</i>   | 57,234          | 53,849               | 47,248          | 43,474             | 35,943  | 17,731                 | 31,209                 |
| <b>Heritage assets</b>  | <b>38,955</b>   | <b>6,800</b>         | <b>7,530</b>    | <b>7,530</b>       | <b>–</b>  | <b>–</b>               | <b>–</b>               |
| <i>Monuments</i>  | 38,955          | 6,800                | 7,530           | 7,530              | –   | –                      | –                      |

Table continues on next page

| Description  | 2016/17          | Current Year 2017/18 |                  |                    | 2018/19 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
|  | Audited Outcome  | Original Budget      | Adjusted Budget  | Full Year Forecast | Budget Year 2018/19                                 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| <b>Other assets</b>  | <b>188,106</b>   | <b>477,151</b>       | <b>393,501</b>   | <b>382,417</b>     | <b>365,307</b>                                      | <b>346,215</b>         | <b>211,336</b>         |
| Operational Buildings  | 163,823          | 385,433              | 312,722          | 301,638            | 263,902   | 248,215                | 189,186                |
| Municipal Offices  | 138,816          | 218,786              | 208,532          | 198,413            | 128,792   | 149,505                | 140,586                |
| Yards  | -                | 500                  | 665              | -                  | 100   | 200                    | 500                    |
| Training Centres   | 1,457            | -                    | 43               | 43                 | -   | -                      | 100                    |
| Depots   | 23,551           | 166,147              | 103,482          | 103,182            | 135,010   | 98,511                 | 48,000                 |
| Housing  | 24,283           | 91,717               | 80,779           | 80,779             | 101,406   | 98,000                 | 22,150                 |
| Social Housing   | 24,283           | 91,717               | 80,779           | 80,779             | 101,406   | 98,000                 | 22,150                 |
| <b>Intangible Assets</b>   | <b>3,931</b>     | <b>29,756</b>        | <b>9,269</b>     | <b>9,269</b>       | <b>12,450</b>                                       | <b>11,450</b>          | <b>6,250</b>           |
| Licences and Rights  | 3,931            | 29,756               | 9,269            | 9,269              | 12,450  | 11,450                 | 6,250                  |
| Computer Software and Applications                               | 3,931            | 29,756               | 9,269            | 9,269              | 12,450  | 11,450                 | 6,250                  |
| <b>Computer Equipment</b>  | <b>1,355</b>     | <b>6,100</b>         | <b>12,673</b>    | <b>13,765</b>      | <b>8,952</b>  | <b>-</b>               | <b>-</b>               |
| Computer Equipment   | 1,355            | 6,100                | 12,673           | 13,765             | 8,952   | -                      | -                      |
| <b>Furniture and Office Equipment</b>                            | <b>9,037</b>     | <b>19,651</b>        | <b>17,296</b>    | <b>17,918</b>      | <b>17,451</b>                                       | <b>12,100</b>          | <b>11,000</b>          |
| Furniture and Office Equipment                                   | 9,037            | 19,651               | 17,296           | 17,918             | 17,451  | 12,100                 | 11,000                 |
| <b>Machinery and Equipment</b>                                   | <b>4,534</b>     | <b>10,000</b>        | <b>3,417</b>     | <b>3,417</b>       | <b>9,218</b>  | <b>6,000</b>           | <b>9,750</b>           |
| Machinery and Equipment  | 4,534            | 10,000               | 3,417            | 3,417              | 9,218   | 6,000                  | 9,750                  |
| <b>Total Capital Expenditure on upgrading of existing assets</b> | <b>1,310,647</b> | <b>1,787,066</b>     | <b>1,537,586</b> | <b>1,529,844</b>   | <b>1,857,977</b>                                    | <b>2,016,820</b>       | <b>1,877,607</b>       |
| <b>Upgrading of Existing Assets as % of total capex</b>          | 22.2%            | 25.6%                | 19.6%            | 19.6%              | 20.0%   | 21.8%                  | 18.9%                  |
| <b>Upgrading of Existing Assets as % of deprecn"</b>             | 56.7%            | 69.4%                | 61.0%            | 60.7%              | 63.3%   | 60.3%                  | 51.2%                  |

\* The above table was introduced via Version 6.1 of the MBRR Schedule A as per NT Budget Circular 85 (dated 9 December 2016). Records older than 2016/17 cannot be split into this category as the indicator does not exist on older records.

## 2.17 Details of capital expenditure

### Table 92 MBRR Table SA35 - Future financial implication of the capital budget

| Vote Description                                      | 2018/19 Medium Term Revenue & Expenditure Framework |                        |                        | Forecasts         |                   |                  |               |
|---|---|------------------------|------------------------|-------------------|-------------------|------------------|---------------|
|   | Budget Year 2018/19                                 | Budget Year +1 2019/20 | Budget Year +2 2020/21 | Forecast 2021/22  | Forecast 2022/23  | Forecast 2023/24 | Present value |
| <b>R thousand</b>                                     |   |                        |                        |                   |                   |                  |               |
| <b>Capital expenditure</b>                            | -   | -                      | -                      | -                 | -                 | -                | -             |
| Vote 1 - Area-Based Service Delivery                  | 36,180  | 82,870                 | 74,870                 | 51,990            | -                 | -                | -             |
| Vote 2 - Assets & Facilities Management               | 402,141   | 291,073                | 91,372                 | 257,729           | 227,562           | -                | -             |
| Vote 3 - Corporate Services                           | 342,446   | 341,046                | 335,546                | 295,206           | 295,109           | -                | -             |
| Vote 4 - City Manager                                 | 222   | 222                    | 222                    | 222               | 299               | -                | -             |
| Vote 5 - Directorate of the Mayor                     | 12,663  | 2,038                  | 1,538                  | 2,376             | 2,633             | -                | -             |
| Vote 6 - Energy                                       | 1,163,506   | 1,427,000              | 1,741,137              | 1,558,971         | 1,322,339         | -                | -             |
| Vote 7 - Finance                                      | 19,949  | 65,419                 | 35,411                 | 23,661            | 12,301            | -                | -             |
| Vote 8 - Informal Settlements, Water & Waste Services | 5,096,706   | 5,125,026              | 5,818,036              | 6,119,530         | 6,030,035         | -                | -             |
| Vote 9 - Safety & Security                            | 167,433   | 79,515                 | 42,115                 | 46,027            | 33,386            | -                | -             |
| Vote 10 - Social Services                             | 299,214   | 238,127                | 215,704                | 356,207           | 185,509           | -                | -             |
| Vote 11 - Transport & Urban Development Authority     | 1,736,761   | 1,591,358              | 1,595,833              | 2,175,386         | 1,916,006         | -                | -             |
| <b>Total Capital Expenditure</b>                      | <b>9,277,222</b>                                    | <b>9,243,693</b>       | <b>9,951,785</b>       | <b>10,887,304</b> | <b>10,025,179</b> | -                | -             |
| <b>Future operational costs by vote</b>               |   |                        |                        |                   |                   |                  |               |
| Vote 1 - Area-Based Service Delivery                  | 13,833  | 16,222                 | 18,644                 | 7,254             | 7,141             | 7,364            | -             |
| Vote 2 - Assets & Facilities Management               | 526,114   | 578,742                | 631,879                | 249,015           | 266,929           | 291,900          | -             |
| Vote 3 - Corporate Services                           | 45,274  | 71,581                 | 78,122                 | 84,853            | 92,351            | 77               | -             |
| Vote 4 - City Manager                                 | 265,898   | 320,164                | 365,019                | 170,873           | 186,252           | 203,015          | -             |
| Vote 5 - Directorate of the Mayor                     | 22,263  | 26,773                 | 28,717                 | 14,679            | 16,000            | 17,440           | -             |
| Vote 6 - Energy                                       | 771,684   | 938,569                | 1,104,976              | 733,154           | 789,219           | 859,802          | -             |
| Vote 7 - Finance                                      | 134,251   | 182,487                | 230,660                | 218,368           | 238,021           | 259,442          | -             |
| Vote 8 - Informal Settlements, Water & Waste Services | 2,681,848   | 3,186,131              | 2,564,033              | 1,216,478         | 1,204,189         | 1,238,123        | -             |
| Vote 9 - Safety & Security                            | 122,159   | 147,707                | 155,642                | 61,300            | 65,355            | 65,271           | -             |
| Vote 10 - Social Services                             | 225,668   | 264,148                | 288,131                | 107,011           | 115,514           | 120,581          | -             |
| Vote 11 - Transport & Urban Development Authority     | 1,001,219   | 1,114,183              | 1,193,933              | 349,112           | 374,109           | 405,542          | -             |
| <b>Total future operational costs</b>                 | <b>5,810,213</b>                                    | <b>6,846,708</b>       | <b>6,659,756</b>       | <b>3,212,097</b>  | <b>3,355,079</b>  | <b>3,468,559</b> | -             |
| <b>Future revenue by source</b>                       |   |                        |                        |                   |                   |                  |               |
| Property rates  | 9,426,952   | 10,248,287             | 11,131,713             | -                 | -                 | -                | -             |
| Service charges - electricity revenue                 | 12,591,403  | 13,519,095             | 14,865,239             | -                 | -                 | -                | -             |
| Service charges - water revenue                       | 3,612,044   | 4,998,122              | 6,293,919              | -                 | -                 | -                | -             |
| Service charges - sanitation revenue                  | 2,074,286   | 2,775,805              | 3,150,519              | -                 | -                 | -                | -             |
| Service charges - refuse revenue                      | 1,202,096   | 1,331,946              | 1,486,110              | -                 | -                 | -                | -             |
| Service charges - other                               | 573   | 738                    | 896                    | -                 | -                 | -                | -             |
| Rental of facilities and equipment                    | 381,262   | 402,231                | 424,570                | -                 | -                 | -                | -             |
| Interest earned - external investments                | 969,548   | 989,834                | 1,020,077              | -                 | -                 | -                | -             |
| Interest earned - outstanding debtors                 | 340,970   | 362,409                | 385,462                | -                 | -                 | -                | -             |
| Dividends received                                    | -   | -                      | -                      | -                 | -                 | -                | -             |
| Fines, penalties and forfeits                         | 1,280,160   | 1,350,569              | 1,425,526              | -                 | -                 | -                | -             |
| Licences and permits                                  | 46,457  | 49,012                 | 51,732                 | -                 | -                 | -                | -             |
| Agency services                                       | 201,723   | 212,818                | 224,629                | -                 | -                 | -                | -             |
| Transfers and subsidies                               | 6,727,045   | 7,100,559              | 7,475,119              | -                 | -                 | -                | -             |
| Other revenue   | 856,170   | 903,420                | 953,546                | -                 | -                 | -                | -             |
| Gains on disposal of PPE                              | 43,870  | 46,283                 | 48,852                 | -                 | -                 | -                | -             |
| <b>Total future revenue</b>                           | <b>39,754,561</b>                                   | <b>44,291,128</b>      | <b>48,937,910</b>      | <b>-</b>          | <b>-</b>          | <b>-</b>         | <b>-</b>      |
| <b>Net Financial Implications</b>                     | <b>(24,667,126)</b>                                 | <b>(28,200,726)</b>    | <b>(32,326,369)</b>    | <b>14,099,401</b> | <b>13,380,258</b> | <b>3,468,559</b> | <b>-</b>      |

\*This includes interest and depreciation for the 2018/19 MTREF only..

**Table 93 MBRR Table SA37 - Projects delayed from previous financial year/s**

| Municipal Vote (Directorate)                   | Project name/Programme   | Project number | Asset Class                    | Asset Sub-Class                 | GPS co-ordinates                    | Previous target year to complete | Current Year 2017/18 |                    | 2018/19 Medium Term Revenue & Expenditure Framework |                        |                        |  |
|--|--|----------------|--------------------------------|---------------------------------|-------------------------------------|----------------------------------|----------------------|--------------------|---|------------------------|------------------------|--|
|  |  |                |                                |                                 |                                     |                                  | Original Budget      | Full Year Forecast | Budget Year 2018/19                                 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |  |
|  |  |                |                                |                                 |                                     |                                  | Year                 | Year               | Year  | Year                   | Year                   |  |
| <b>R thousand</b>                              |  |                |                                |                                 |                                     |                                  |                      |                    |   |                        |                        |  |
| Assets and Facilities Management               | Home Ownshp Transfer, Tenancy Management and Staff Housing: Upgrade Flats - Subcouncil 6 | CPX.0009979    | Other assets                   | Housing                         | -33.906733362243, 18.635435790492   | 2017/18                          | 1,080                | 1,080              | 900   | -                      | -                      |  |
| Informal Settlements, Water and Waste Services | Solid Waste Management: Parow depot Upgrade  | CPX.0008732    | Other assets                   | Operational Buildings           | -33.8936904830578, 18.5779928142205 | 2017/18                          | 36,206               | 27,000             | 6,620   | -                      | -                      |  |
| Informal Settlements, Water and Waste Services | Solid Waste Management: Vissershok South: Refurbishment of herita                        | CPX/0007912    | Infrastructure                 | Solid Waste Infrastructure      | -34.1411560537139, 18.5250189369998 | 2017/18                          | 4,000                | 1,000              | 5,280   | -                      | -                      |  |
| Informal Settlements, Water and Waste Services | Solid Waste Management: Coastal Park: Landfill Gas Infrastructure to Flaring             | CPX/0007912    | Infrastructure                 | Solid Waste Infrastructure      | -34.1411560537139, 18.5250189369998 | 2016/17                          | 11,850               | 10,200             | 2,500   | 2,500                  | -                      |  |
| Informal Settlements, Water and Waste Services | Solid Waste Management: Maitland Specialised Equip Depot Upgrade                         | CPX/000458     | Other assets                   | Operational Buildings           | -34.1411560537139, 18.5250189369998 | 2017/18                          | 32,500               | 11,000             | 11,500  | -                      | -                      |  |
| Informal Settlements, Water and Waste Services | Solid Waste Management: Schaapkraal Depot Upgrade  | CPX/000458     | Other assets                   | Operational Buildings           | -34.1411560537139, 18.5250189369998 | 2017/18                          | 5,640                | 3,492              | 4,800   | -                      | -                      |  |
| Informal Settlements, Water and Waste Services | Water and Sanitation: Melkbos Wastewater Treatment Works (WWTW) - Effluent Disinfection  | C14.86043      | Infrastructure                 | Sanitation Infrastructure       | -33.7050516203469, 18.459125847199  | 2016/17                          | 6,000                | 1,200              | 12,000  | 30,000                 | -                      |  |
| Informal Settlements, Water and Waste Services | Water and Sanitation: Penhill Sewer Installation   | C14.86001      | Infrastructure                 | Sanitation Infrastructure       | -33.9936634295252, 18.733782509744  | 2017/18                          | 10,000               | 5,260              | 7,000   | 12,500                 | -                      |  |
| Informal Settlements, Water and Waste Services | Water and Sanitation: Cape Flats Rehabilitation  | CPX/000532     | Infrastructure                 | Sanitation Infrastructure       | -34.1411560537139, 18.5250189369998 | 2017/18                          | 5,000                | 1,000              | 19,750  | 30,000                 | 25,000                 |  |
| Informal Settlements, Water and Waste Services | Water and Sanitation: Digtebij sewer Installation  | CPX/0003838    | Infrastructure                 | Sanitation Infrastructure       | -34.1411560537139, 18.5250189369998 | 2017/18                          | 1,600                | -                  | 1,600   | -                      | -                      |  |
| Social Services                                | Recreation and Parks: Hanover Park Synthetic Pitch                                       | CPX.0004312    | Community Assets               | Sport and Recreation Facilities | -33.9976694274858, 18.5197135321043 | 2017/18                          | 29                   | 74                 | 3,356   | -                      | -                      |  |
| Social Services                                | Recreation and Parks: NY 116 Gugulethu Synthetic Pitch                                   | CPX.0004321    | Community Assets               | Sport and Recreation Facilities | -33.9719746751852, 18.5681365394106 | 2017/18                          | 7,520                | 4,895              | 2,795   | -                      | -                      |  |
| Social Services                                | Recreation and Parks: Nyanga Rugby Field Upgrade   | CPX.0009136    | Community Assets               | Sport and Recreation Facilities | -33.9977221371464, 18.5811433706876 | 2017/18                          | 1,200                | 690                | 510   | -                      | -                      |  |
| Social Services                                | Recreation and Parks: Nyanga Football Field Upgrade                                      | CPX.0009137    | Community Assets               | Sport and Recreation Facilities | -33.9900469629555, 18.5855680229058 | 2017/18                          | 1,200                | 690                | 510   | -                      | -                      |  |
| Social Services                                | Recreation and Parks: Gugulethu Stadium Upgrade  | CPX.0009138    | Community Assets               | Sport and Recreation Facilities | -33.9888687749749, 18.5678318458848 | 2017/18                          | 1,200                | 690                | 510   | -                      | -                      |  |
| Social Services                                | Recreation and Parks: Upgrade: Sagaloda Park, Philippi                                   | CPX/0008791    | Community Assets               | Community Facilities            | -34.1411560537139, 18.5250189369998 | 2017/18                          | 2,000                | 1,800              | 200   | -                      | -                      |  |
| Social Services                                | Recreation and Parks: Upgrade of the Manenberg Precinct                                  | CPX/0006538    | Community Assets               | Sport and Recreation Facilities | -34.1411560537139, 18.5250189369998 | 2017/18                          | 8,000                | 1,900              | 2,440   | -                      | -                      |  |
| Social Services                                | Recreation and Parks: Kraaifontein Sport Facility - Further Upgrade                      | CPX.0006878    | Community Assets               | Sport and Recreation Facilities | -33.824795084559, 18.7045699567365  | 2016/17                          | 270                  | 270                | 200   | -                      | -                      |  |
| Social Services                                | Recreation and Parks: Upgrade skateboard park - Summer Greens                            | CPX.0006919    | Community Assets               | Community Facilities            | -33.8808213906483, 18.5291388175493 | 2016/17                          | 120                  | 171                | 80  | -                      | -                      |  |
| Social Services                                | Recreation and Parks: Upgrade skateboard park - Edgemead                                 | CPX.0007222    | Community Assets               | Sport and Recreation Facilities | -33.8803333587395, 18.5414104405147 | 2016/17                          | 30                   | 30                 | 50  | -                      | -                      |  |
| Social Services                                | Recreation and Parks: Upgrade Park - Hoheizen Park                                       | CPX.0009851    | Community Assets               | Community Facilities            | -33.886524388576, 18.620599577885   | 2017/18                          | 50                   | 49                 | 50  | -                      | -                      |  |
| Social Services                                | Recreation and Parks: Upgrade Park - Loevenstein Park                                    | CPX.0009852    | Community Assets               | Community Facilities            | -33.8827740342121, 18.6097441859977 | 2017/18                          | 120                  | 120                | 100   | -                      | -                      |  |
| Social Services                                | Recreation and Parks: Salberau Sportsground - Spectator fence                            | CPX.0010036    | Other assets                   | Operational Buildings           | -33.9301924531237, 18.5674196709879 | 2017/18                          | 100                  | 100                | 100   | -                      | -                      |  |
| Social Services                                | Recreation and Parks: Landscaping - Bhunga Avenue  | CPX.0010154    | Community Assets               | Community Facilities            | -33.948645485783, 18.5213929508737  | 2017/18                          | 120                  | 120                | 120   | -                      | -                      |  |
| Social Services                                | Library and Information Services: Du Noon Library Construction                           | CPX.0005413    | Community Assets               | Community Facilities            | -33.8129041468586, 18.5429382866567 | 2017/18                          | 7,810                | 1,687              | 9,005   | -                      | -                      |  |
| Social Services                                | Library and Information Services: Du Noon Information Communication Technology           | CPX.0009055    | Computer Equipment             | Computer Equipment              | -33.8131294687255, 18.5428467793822 | 2017/18                          | 1,000                | -                  | 1,000   | -                      | -                      |  |
| Social Services                                | Library and Information Services: Du Noon Furniture and Equipment                        | CPX/0009059    | Furniture and Office Equipment | Furniture and Office Equipment  | -34.1411560537139, 18.5250189369998 | 2017/18                          | 800                  | -                  | 170   | -                      | -                      |  |

Table continues on next page

City of Cape Town 2018/19 Tabled Budget

| Municipal Vote (Directorate)              | Project name/Programme   | Project number | Asset Class       | Asset Sub-Class           | GPS co-ordinates                    | Previous target year to complete | Current Year 2017/18 |                    | 2018/19 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|--|----------------|-------------------|---------------------------|-------------------------------------|----------------------------------|----------------------|--------------------|---|------------------------|------------------------|
|   |  |                |                   |                           |                                     |                                  | Original Budget      | Full Year Forecast | Budget Year 2018/19                                 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
|   |  |                |                   |                           |                                     |                                  | Year                 |                    |   |                        |                        |
| Transport and Urban Development Authority | Network Management: Public Transport Systems Management Project  | C14.01601      | Community Assets  | Community Facilities      | -34.1411560537139, 18.5250189369998 | 2015/16                          | 75,000               | 105,000            | 30,000  | 12,000                 | 12,000                 |
| Transport and Urban Development Authority | Built Environment Management: Integrated Bus Rapid Transit System  | CPX/000287     | Infrastructure    | Roads Infrastructure      | -34.1411560537139, 18.5250189369998 | 2017/18                          | 10,000               | 36,500             | 5,000   | 5,000                  | 5,000                  |
| Transport and Urban Development Authority | Built Environment Management: Masiphumelele (Site 5) Taxi Rank   | CPX/0007776    | Community Assets  | Community Facilities      | -34.1411560537139, 18.5250189369998 | 2016/17                          | 12,000               | 2,600              | 15,000  | -                      | -                      |
| Transport and Urban Development Authority | Built Environment Management: Public Transport Facility: Makhaza: Mini Bus Taxi                            | CPX/0007776    | Community Assets  | Community Facilities      | -34.1411560537139, 18.5250189369998 | 2016/17                          | 5,000                | 500                | 12,500  | -                      | -                      |
| Transport and Urban Development Authority | Built Environment Management: Integrated Rapid Transit (IRT) Phase 2A - Stock Road                         | CPX/000257     | Various           | Various                   | -34.1411560537139, 18.5250189369998 | 2017/18                          | 50,000               | 70,836             | 5,000   | -                      | -                      |
| Transport and Urban Development Authority | Built Environment Management: Mitchells Plain Station TI (PTNG)  | CPX/0007776    | Community Assets  | Community Facilities      | -34.1411560537139, 18.5250189369998 | 2016/17                          | 160                  | 3,508              | 160   | -                      | -                      |
| Transport and Urban Development Authority | Built Environment Management: Grassy Park Non-Motorised Transport (NMT)                                    | CPX/000580     | Infrastructure    | Roads Infrastructure      | -34.1411560537139, 18.5250189369998 | 2017/18                          | 16,500               | 1,000              | 10,000  | 6,000                  | -                      |
| Transport and Urban Development Authority | Built Environment Management: Blaauwberg North Non-Motorised Transport (NMT)                               | CPX/000580     | Infrastructure    | Roads Infrastructure      | -34.1411560537139, 18.5250189369998 | 2017/18                          | 15,500               | 1,000              | 14,000  | 16,000                 | -                      |
| Transport and Urban Development Authority | Built Environment Management: Edgemead / Bothasig Non-Motorised Transport (NMT)                            | CPX/000580     | Infrastructure    | Roads Infrastructure      | -34.1411560537139, 18.5250189369998 | 2017/18                          | 16,200               | 4,300              | 14,000  | 24,700                 | -                      |
| Transport and Urban Development Authority | Built Environment Management: Public Transport Facility: Makhaza: Bus Facility                             | CPX/0007776    | Community Assets  | Community Facilities      | -34.1411560537139, 18.5250189369998 | 2016/17                          | 2,000                | 300                | 500   | -                      | -                      |
| Transport and Urban Development Authority | Built Environment Management: Glencain Rail & Road Stabilisation   | CPX.0003772    | Infrastructure    | Roads Infrastructure      | -34.1586432220901, 18.4320420947166 | 2017/18                          | 3,000                | 3,000              | 8,000   | -                      | -                      |
| Transport and Urban Development Authority | New Market Development: Valhalla Park Integrated Housing Project   | CPX.0002700    | Infrastructure    | Various                   | -33.950898759016, 18.5693347039317  | 2016/17                          | 4,372                | 4,372              | 1,500   | -                      | -                      |
| Transport and Urban Development Authority | New Market Development: Morkel's Cottage Strand Housing Project  | C08.15507      | Infrastructure    | Various                   | -34.1226506483835, 18.8450900830574 | 2017/18                          | 17,596               | 4,759              | 5,000   | -                      | -                      |
| Transport and Urban Development Authority | New Market Development: Morningsbar Durbanville Housing Project  | C12.15510      | Infrastructure    | Various                   | -33.8276931027321, 18.6599731062954 | 2017/18                          | 2,802                | 2,802              | 400   | -                      | -                      |
| Transport and Urban Development Authority | New Market Development: Belhar/Pentech Housing Project: 350 Units  | C06.41518      | Infrastructure    | Various                   | -33.9362405920679, 18.6410105206959 | 2017/18                          | 6,280                | 5,630              | 650   | -                      | -                      |
| Transport and Urban Development Authority | New Market Development: Manenberg The Downs: Housing Project   | C06.41531      | Infrastructure    | Various                   | -33.9884056825605, 18.5518371541644 | 2017/18                          | 25                   | 65                 | 70  | 63                     | -                      |
| Transport and Urban Development Authority | New Market Development: Bardale / Fairdale: Development 4000 Units   | C06.41540      | Infrastructure    | Various                   | -33.9945529367614, 18.6811454652243 | 2017/18                          | 1,100                | 132                | 836   | -                      | -                      |
| Transport and Urban Development Authority | New Market Development: Dido Valley (535 units)  | CPX.0005316    | Infrastructure    | Various                   | -34.1676077031336, 18.4192696984082 | 2017/18                          | 3,838                | 10,012             | 1,200   | 400                    | -                      |
| Transport and Urban Development Authority | New Market Development: Forest Village (Blue Downs)  | CPX.0009026    | Infrastructure    | Various                   | -34.0135066174996, 18.7060649511738 | 2017/18                          | 10,444               | 78,866             | 30,000  | -                      | -                      |
| Energy                                    | Electricity Generation and Distribution: 66kV OH Line Refurb (shield/earth wires)                          | CPX/000537     | Infrastructure    | Electrical Infrastructure | -34.1411560537139, 18.5250189369998 | 2017/18                          | 1,400                | 50                 | 1,400   | -                      | -                      |
| Energy                                    | Electricity Generation and Distribution: Bloemhof Network Control Centre                                   | CPX.0001558    | Other assets      | Operational Buildings     | -33.8823446785829, 18.6411610955391 | 2017/18                          | 65,662               | 88,457             | 9,915   | -                      | -                      |
| Energy                                    | Electricity Generation and Distribution: Noordhoek Low Voltage Depot                                       | CPX.0004006    | Infrastructure    | Electrical Infrastructure | -34.1254179861546, 18.4101317648935 | 2017/18                          | 25,987               | 1,140              | 32,793  | -                      | -                      |
| Energy                                    | Electricity Generation and Distribution: Grassy Park Main Substation Upgrade                               | CPX.0003579    | Infrastructure    | Electrical Infrastructure | -34.0330034890712, 18.5037753072349 | 2017/18                          | 48,500               | 42,100             | 1,000   | -                      | -                      |
| Energy                                    | Electricity Generation and Distribution: Mitchells Plain - Steenbras 132 kilovolt (kV) overhead line (OHL) | CPX.0004798    | Infrastructure    | Electrical Infrastructure | -34.1411560537139, 18.5250189369998 | 2017/18                          | 10,685               | 120                | 46,000  | -                      | -                      |
| Energy                                    | Electricity Generation and Distribution: Steenbras: Reline Steel Penstock                                  | CPX/0000553    | Infrastructure    | Electrical Infrastructure | -34.1411560537139, 18.5250189369998 | 2017/18                          | 2,500                | -                  | 15,000  | -                      | -                      |
| Energy                                    | Electricity Generation and Distribution: Woodstock Switching Station - Switchgear Refurbishment            | CPX/0000562    | Various           | Various                   | -34.1411560537139, 18.5250189369998 | 2017/18                          | 1,400                | 9,600              | 1,000   | -                      | -                      |
| Energy                                    | Electricity Generation and Distribution: High Volgate - Switching Station Battery Replacement              | CPX/0000562    | Various           | Various                   | -34.1411560537139, 18.5250189369998 | 2017/18                          | 900                  | 450                | 500   | 550                    | 600                    |
| Energy                                    | Electricity Generation and Distribution: City Main Substation Roads and Fencing                            | CPX/0000562    | Various           | Various                   | -34.1411560537139, 18.5250189369998 | 2017/18                          | 750                  | 750                | 250   | -                      | -                      |
| Energy                                    | Electricity Generation and Distribution: Disturbance Recorder Replacement                                  | CPX/0000562    | Various           | Various                   | -34.1411560537139, 18.5250189369998 | 2017/18                          | 450                  | 350                | 300   | 200                    | -                      |
| Energy                                    | Electricity Generation and Distribution: High Voltage switchgear SICAM module replacement                  | CPX/0000562    | Various           | Various                   | -34.1411560537139, 18.5250189369998 | 2016/17                          | 1,800                | 5,200              | 3,000   | -                      | -                      |
| Energy                                    | Electricity Generation and Distribution: New water supply system: Steenbras                                | CPX/0000553    | Infrastructure    | Electrical Infrastructure | -34.1411560537139, 18.5250189369998 | 2017/18                          | 5,600                | 3,000              | 2,600   | -                      | -                      |
| Energy                                    | Electricity Generation and Distribution: Newfields Transformer Replacement                                 | CPX/0000468    | Infrastructure    | Electrical Infrastructure | -34.1411560537139, 18.5250189369998 | 2017/18                          | 32,024               | 28,885             | 1,496   | -                      | -                      |
| Energy                                    | Electricity Generation and Distribution: High Voltage substation roof replacement                          | CPX/0000562    | Various           | Various                   | -34.1411560537139, 18.5250189369998 | 2017/18                          | 1,350                | 1,035              | 850   | 500                    | -                      |
| Energy                                    | Sustainable Energy Markets: Data Management System: Smart Fleet  | CPX.0009773    | Intangible Assets | Licences and Rights       | -34.1411560537139, 18.5250189369998 | 2017/18                          | -                    | -                  | 3,000   | 3,000                  | 3,000                  |



## **2.18 Legislation compliance status**

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

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

## 2.19 Other supporting documents

Table 94 MBRR Table SA1 - Supporting detail to budgeted financial performance

| 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 |
| <b>R thousand</b>  |                  |                   |                   |                      |                   |                    |   |                        |                        |
| <b>REVENUE ITEMS:</b>  |                  |                   |                   |                      |                   |                    |   |                        |                        |
| <b>Property rates</b>  |                  |                   |                   |                      |                   |                    |   |                        |                        |
| Total Property Rates   | 7,178,381        | 7,916,322         | 9,332,946         | 9,959,921            | 9,972,855         | 9,972,855          | 10,842,753  | 11,787,353             | 12,805,777             |
| <i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i> | 1,159,647        | 1,171,275         | 1,227,820         | 1,297,571            | 1,277,924         | 1,277,924          | 1,415,801   | 1,539,066              | 1,674,064              |
| <b>Net Property Rates</b>  | <b>6,018,735</b> | <b>6,745,047</b>  | <b>8,105,126</b>  | <b>8,662,350</b>     | <b>8,694,931</b>  | <b>8,694,931</b>   | <b>9,426,952</b>                                    | <b>10,248,287</b>      | <b>11,131,713</b>      |
| <b>Service charges - electricity revenue</b>   |                  |                   |                   |                      |                   |                    |   |                        |                        |
| Total Service charges - electricity revenue  | 10,131,675       | 11,380,039        | 11,924,252        | 12,024,259           | 12,024,259        | 12,024,259         | 12,752,041  | 13,679,733             | 15,025,877             |
| <i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>  |                  |                   |                   |                      |                   |                    |   |                        |                        |
| <i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>  | 149,860          | 177,255           | 160,638           | 81,713               | 81,713            | 81,713             | 160,638   | 160,638                | 160,638                |
| <b>Net Service charges - electricity revenue</b>   | <b>9,981,814</b> | <b>11,202,784</b> | <b>11,763,615</b> | <b>11,942,546</b>    | <b>11,942,546</b> | <b>11,942,546</b>  | <b>12,591,403</b>                                   | <b>13,519,095</b>      | <b>14,865,239</b>      |
| <b>Service charges - water revenue</b>   |                  |                   |                   |                      |                   |                    |   |                        |                        |
| Total Service charges - water revenue  | 2,537,826        | 3,203,133         | 3,831,925         | 4,482,904            | 3,204,778         | 3,204,778          | 4,334,544   | 5,940,622              | 7,444,146              |
| <i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>                                  |                  |                   | 159,031           | 235,730              | 235,730           | 235,730            | 309,643   | 403,929                | 492,955                |
| <i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>                                    |                  | 202,773           | 212,041           | 314,306              | 314,306           | 314,306            | 412,857   | 538,572                | 657,273                |
| <b>Net Service charges - water revenue</b>   | <b>2,537,826</b> | <b>3,000,361</b>  | <b>3,460,853</b>  | <b>3,932,868</b>     | <b>2,654,743</b>  | <b>2,654,743</b>   | <b>3,612,044</b>                                    | <b>4,998,122</b>       | <b>6,293,919</b>       |
| <b>Service charges - sanitation revenue</b>  |                  |                   |                   |                      |                   |                    |   |                        |                        |
| Total Service charges - sanitation revenue   | 1,337,666        | 1,690,233         | 1,882,797         | 2,404,216            | 1,833,466         | 1,833,466          | 2,495,626   | 3,325,443              | 3,821,297              |
| <i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>                                 |                  |                   | 107,796           | 133,691              | 133,691           | 133,691            | 180,574   | 235,559                | 287,476                |
| <i>less Cost of Free Basis Services (free sanitation service to indigent households)</i>                                   |                  | 141,824           | 143,728           | 178,254              | 178,254           | 178,254            | 240,766   | 314,079                | 383,302                |
| <b>Net Service charges - sanitation revenue</b>  | <b>1,337,666</b> | <b>1,548,409</b>  | <b>1,631,273</b>  | <b>2,092,272</b>     | <b>1,521,522</b>  | <b>1,521,522</b>   | <b>2,074,286</b>                                    | <b>2,775,805</b>       | <b>3,150,519</b>       |
| <b>Service charges - refuse revenue</b>  |                  |                   |                   |                      |                   |                    |   |                        |                        |
| Total refuse removal revenue   | 1,208,208        | 1,323,896         | 1,426,179         | 1,618,592            | 1,341,882         | 1,341,882          | 1,494,024   | 1,639,930              | 1,811,033              |
| Total landfill revenue   |                  |                   |                   |                      |                   |                    |   |                        |                        |
| <i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>                                      |                  |                   |                   |                      |                   |                    |   |                        |                        |
| <i>less Cost of Free Basis Services (removed once a week to indigent households)</i>                                       | 227,951          | 234,084           | 235,401           | 276,709              | 276,709           | 276,709            | 291,928   | 307,984                | 324,924                |
| <b>Net Service charges - refuse revenue</b>  | <b>980,257</b>   | <b>1,089,812</b>  | <b>1,190,778</b>  | <b>1,341,882</b>     | <b>1,065,173</b>  | <b>1,065,173</b>   | <b>1,202,096</b>                                    | <b>1,331,946</b>       | <b>1,486,110</b>       |
| <b>Other Revenue by source</b>   |                  |                   |                   |                      |                   |                    |   |                        |                        |
| Fuel Levy  | 2,002,938        | 2,060,211         | 2,197,740         |                      |                   |                    |   |                        |                        |
| Other Revenue  | 381,213          | 320,278           | 411,300           | 709,425              | 719,686           | 719,686            | 856,170   | 903,420                | 953,546                |
| <b>Total 'Other' Revenue</b>   | <b>2,384,151</b> | <b>2,380,489</b>  | <b>2,609,040</b>  | <b>709,425</b>       | <b>719,686</b>    | <b>719,686</b>     | <b>856,170</b>                                      | <b>903,420</b>         | <b>953,546</b>         |

Table continues on next page.

City of Cape Town 2018/19 Tabled Budget

| 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 |
| <b>R thousand</b>                                |                  |                  |                  |                      |                   |                    |   |                        |                        |
| <b>EXPENDITURE ITEMS:</b>                        |                  |                  |                  |                      |                   |                    |   |                        |                        |
| <b>Employee related costs</b>                    |                  |                  |                  |                      |                   |                    |   |                        |                        |
| Basic Salaries and Wages                         | 5,758,534        | 6,161,468        | 5,991,920        | 8,356,839            | 7,944,035         | 7,944,035          | 8,917,519   | 9,542,719              | 10,340,630             |
| Pension and UIF Contributions                    | 912,111          | 991,532          | 1,070,317        | 1,572,662            | 1,402,164         | 1,402,164          | 1,666,112   | 1,828,063              | 1,959,085              |
| Medical Aid Contributions                        | 546,425          | 598,385          | 660,258          | 729,755              | 725,849           | 725,849            | 752,682   | 817,413                | 886,076                |
| Overtime   | 393,447          | 463,125          | 546,810          | 495,298              | 546,029           | 546,029            | 517,090   | 517,113                | 517,138                |
| Performance Bonus                                | -                | -                | -                | -                    | -                 | -                  | -   | -                      | -                      |
| Motor Vehicle Allowance                          | 190,408          | 192,863          | 191,559          | 206,313              | 207,263           | 207,263            | 221,161   | 240,180                | 260,355                |
| Cellphone Allowance                              | 13,691           | 14,297           | 16,714           | 17,686               | 17,960            | 17,960             | 23,960  | 26,021                 | 28,207                 |
| Housing Allowances                               | 28,439           | 53,086           | 56,862           | 56,026               | 59,292            | 59,292             | 64,402  | 69,941                 | 75,816                 |
| Other benefits and allowances                    | 186,406          | 204,436          | 221,281          | 227,334              | 229,151           | 229,151            | 236,440   | 256,687                | 278,164                |
| Payments in lieu of leave                        | 85,154           | 77,788           | 677,111          | 122,318              | 123,592           | 123,592            | 133,932   | 145,439                | 157,646                |
| Long service awards                              | 19,967           | 45,786           | 23,642           | 68,287               | 68,287            | 68,287             | 79,206  | 86,018                 | 93,243                 |
| Post-retirement benefit obligations              | 6,191            | 588,288          | 229,302          | 231,548              | 231,548           | 231,548            | 247,593   | 261,211                | 275,708                |
| <b>sub-total</b>                                 | <b>8,140,773</b> | <b>9,391,052</b> | <b>9,685,776</b> | <b>12,084,067</b>    | <b>11,555,171</b> | <b>11,555,171</b>  | <b>12,860,098</b>                                   | <b>13,790,805</b>      | <b>14,872,067</b>      |
| Less: Employees costs capitalised to PPE         | 16,040           | 33,312           | 26,476           | 33,377               | 33,377            | 33,377             | 40,015  | 42,216                 | 44,559                 |
| <b>Total Employee related costs</b>              | <b>8,124,733</b> | <b>9,357,740</b> | <b>9,659,300</b> | <b>12,050,690</b>    | <b>11,521,793</b> | <b>11,521,793</b>  | <b>12,820,083</b>                                   | <b>13,748,589</b>      | <b>14,827,508</b>      |
| <b>Contributions recognised - capital</b>        |                  |                  |                  |                      |                   |                    |   |                        |                        |
| Capital PCDR                                     | 44,219           | 61,488           | 71,882           | 84,900               | 96,585            | 96,585             | 76,200  | 78,600                 | 112,100                |
| <b>Total Contributions recognised - capital</b>  | <b>44,219</b>    | <b>61,488</b>    | <b>71,882</b>    | <b>84,900</b>        | <b>96,585</b>     | <b>96,585</b>      | <b>76,200</b>                                       | <b>78,600</b>          | <b>112,100</b>         |
| <b>Depreciation &amp; asset impairment</b>       |                  |                  |                  |                      |                   |                    |   |                        |                        |
| Depreciation of Property, Plant & Equipment      | 1,900,718        | 2,108,511        | 2,213,796        | 2,574,607            | 2,520,137         | 2,520,137          | 2,868,545   | 3,274,440              | 3,596,268              |
| Lease amortisation                               | -                | -                | -                | -                    | -                 | -                  | -   | -                      | -                      |
| Capital asset impairment                         | 16,416           | 8,825            | 99,675           | -                    | -                 | -                  | 66,500  | 70,158                 | 74,051                 |
| Depreciation resulting from revaluation of PPE   | -                | -                | -                | -                    | -                 | -                  | -   | -                      | -                      |
| <b>Total Depreciation &amp; asset impairment</b> | <b>1,917,134</b> | <b>2,117,336</b> | <b>2,313,471</b> | <b>2,574,607</b>     | <b>2,520,137</b>  | <b>2,520,137</b>   | <b>2,935,045</b>                                    | <b>3,344,597</b>       | <b>3,670,319</b>       |
| <b>Bulk purchases</b>                            |                  |                  |                  |                      |                   |                    |   |                        |                        |
| Electricity Bulk Purchases                       | 6,708,777        | 7,656,073        | 8,069,461        | 8,094,800            | 8,094,800         | 8,094,800          | 8,341,400   | 8,991,000              | 9,691,800              |
| Water Bulk Purchases                             | 400,066          | 417,263          | 368,642          | 445,335              | 647,493           | 647,493            | 1,488,082   | 1,769,898              | 2,496,935              |
| <b>Total bulk purchases</b>                      | <b>7,108,843</b> | <b>8,073,336</b> | <b>8,438,102</b> | <b>8,540,135</b>     | <b>8,742,293</b>  | <b>8,742,293</b>   | <b>9,829,482</b>                                    | <b>10,760,898</b>      | <b>12,188,735</b>      |
| <b>Transfers and grants</b>                      |                  |                  |                  |                      |                   |                    |   |                        |                        |
| Cash transfers and grants                        | 136,487          | 148,246          | 111,829          | 140,985              | 413,950           | 413,950            | 230,036   | 243,505                | 257,020                |
| Non-cash transfers and grants                    | -                | -                | -                | -                    | -                 | -                  | -   | -                      | -                      |
| <b>Total transfers and grants</b>                | <b>136,487</b>   | <b>148,246</b>   | <b>111,829</b>   | <b>140,985</b>       | <b>413,950</b>    | <b>413,950</b>     | <b>230,036</b>                                      | <b>243,505</b>         | <b>257,020</b>         |
| <b>Contracted services</b>                       |                  |                  |                  |                      |                   |                    |   |                        |                        |
| Executive and council                            | 3,422            | 6,908            | 5,803            | 33,457               | 27,320            | 27,320             | 45,339  | 46,358                 | 48,569                 |
| Finance and administration                       | 553,444          | 466,456          | 470,214          | 992,200              | 928,160           | 928,160            | 1,117,564   | 1,161,098              | 1,217,793              |
| Internal audit                                   | 452              | 8                | 28               | 1,651                | 901               | 901                | 879   | 925                    | 975                    |
| Community and social services                    | 93,898           | 117,734          | 141,065          | 182,162              | 175,876           | 175,876            | 156,272   | 164,710                | 174,116                |
| Sport and recreation                             | 130,395          | 167,053          | 187,992          | 353,361              | 309,310           | 309,310            | 244,291   | 258,792                | 272,605                |
| Public safety                                    | 10,860           | 17,742           | 20,311           | 20,935               | 18,155            | 18,155             | 22,628  | 23,986                 | 25,438                 |
| Housing  | 356,860          | 355,974          | 316,112          | 673,841              | 709,369           | 709,369            | 462,350   | 539,877                | 503,406                |
| Health   | 11,756           | 16,497           | 18,380           | 81,672               | 90,495            | 90,495             | 90,871  | 97,191                 | 100,906                |
| Planning and development                         | 52,714           | 46,669           | 58,943           | 103,022              | 91,564            | 91,564             | 72,164  | 71,859                 | 74,045                 |
| Road transport                                   | 952,965          | 1,024,208        | 1,238,272        | 1,443,784            | 1,642,829         | 1,642,829          | 1,600,874   | 1,659,225              | 1,736,083              |
| Environmental protection                         | 29,201           | 30,694           | 25,745           | 29,750               | 37,279            | 37,279             | 23,473  | 24,797                 | 26,210                 |
| Energy sources                                   | 254,749          | 183,634          | 181,503          | 250,159              | 249,542           | 249,542            | 277,920   | 293,091                | 306,816                |
| Water management                                 | 136,936          | 179,597          | 218,476          | 347,392              | 482,385           | 482,385            | 420,889   | 480,997                | 544,308                |
| Waste water management                           | 434,020          | 599,059          | 712,991          | 878,592              | 742,303           | 742,303            | 817,588   | 888,113                | 960,862                |
| Waste management                                 | 509,148          | 549,108          | 572,215          | 672,484              | 618,650           | 618,650            | 689,163   | 725,657                | 764,525                |
| Other  | 5,536            | 4,914            | 3,074            | 22,148               | 13,794            | 13,794             | 12,850  | 13,443                 | 14,074                 |
| <b>Total contracted services</b>                 | <b>3,536,355</b> | <b>3,766,255</b> | <b>4,171,123</b> | <b>6,086,610</b>     | <b>6,137,933</b>  | <b>6,137,933</b>   | <b>6,055,113</b>                                    | <b>6,450,117</b>       | <b>6,770,730</b>       |

Table continues on next page.

City of Cape Town 2018/19 Tabled Budget

| 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 |
| <b>R thousand</b>  |                  |                  |                  |                      |                  |                    |   |                        |                        |
| <b>Other Expenditure By Type</b>                           |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Collection cost  | 172,518          | 187,416          | 198,278          | 192,487              | 192,158          | 192,158            | 209,450   | 220,969                | 233,233                |
| Contributions to 'other' provisions                        | (41,511)         | (26,991)         | (19,194)         | 43,962               | 49,462           | 49,462             | 41,963  | 44,271                 | 46,729                 |
| Consultant fees  | 108,473          | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Audit fees   | 13,241           | 13,554           | 13,183           | 19,834               | 17,734           | 17,734             | 18,709  | 19,738                 | 20,834                 |
| General expenses   | 2,441,426        | 2,708,983        | 3,054,138        | 1,164,481            | 579,788          | 579,788            | 509,946   | 548,527                | 596,397                |
| <i>Communications Publicity &amp;</i>                      | 37,235           | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <i>Computer Services &amp; Softwar</i>                     | 43,411           | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <i>Legal Fees &amp; Expenses</i>                           | 51,684           | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <i>Advertising</i>   | 26,467           | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <i>Advertising - Corporate and Municipal Ac</i>            | -                | 60,613           | 29,074           | 37,067               | 31,888           | 31,888             | 33,938  | 35,398                 | 37,363                 |
| <i>Bank Charges &amp; Services</i>                         | 5,215            | 5,231            | 7,747            | 22,723               | 17,130           | 17,130             | 31,032  | 32,739                 | 34,556                 |
| <i>Computer Network Extensions</i>                         | -                | 14,337           | 11,162           | 13,252               | 17,350           | 17,350             | 14,763  | 18,740                 | 19,780                 |
| <i>Electricity</i>   | 112,903          | 122,551          | 133,287          | 166,837              | 152,281          | 152,281            | 186,731   | 201,314                | 217,842                |
| <i>Eskom Connection Fees</i>                               | -                | 6,152            | 2,840            | 32,314               | 54,700           | 54,700             | 28,667  | 65,695                 | 65,695                 |
| <i>Fire &amp; Allied Peril Claims</i>                      | 7,066            | 12,964           | 5,866            | 8,522                | 9,641            | 9,641              | 10,383  | 10,954                 | 11,562                 |
| <i>Hire Charges : Wet Fuel - Non Vatable</i>               | -                | 205              | 16,964           | 11,388               | 12,374           | 12,374             | 13,123  | 13,845                 | 14,613                 |
| <i>Indigent Relief : Electricity - Eskom Re-imburement</i> | 55,387           | 62,520           | 70,556           | 78,074               | 78,074           | 78,074             | 75,795  | 82,617                 | 90,052                 |
| <i>Insurance : Non GIF</i>                                 | 4,862            | 7,711            | 10,200           | 22,085               | 11,353           | 11,353             | 10,918  | 11,519                 | 12,158                 |
| <i>Insurance Claims : Medical Expenses</i>                 | 11,993           | 10,856           | 14,550           | 12,976               | 13,940           | 13,940             | 15,013  | 15,839                 | 16,718                 |
| <i>Insurance Claims : Motor Claims</i>                     | 14,803           | 18,557           | 17,169           | 16,119               | 14,858           | 14,858             | 16,003  | 16,883                 | 17,820                 |
| <i>Leamerships</i>   | 515              | 1,625            | 1,513            | 1,584                | 2,084            | 2,084              | 10,996  | 11,601                 | 12,245                 |
| <i>Licenses &amp; Permits</i>                              | 106,192          | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <i>Membership Fees: Professional</i>                       | 13,019           | 12,519           | 14,292           | 16,502               | 15,917           | 15,917             | 16,945  | 17,877                 | 18,869                 |
| <i>Minor Tools , Equipment &amp; Other</i>                 | 43,674           | 56,578           | -                | -                    | -                | -                  | -   | -                      | -                      |
| <i>Motor vehicle License and registration</i>              | -                | 16,364           | 17,905           | 14,821               | 18,589           | 18,589             | 19,198  | 20,254                 | 21,378                 |
| <i>Postage &amp; Courier</i>                               | 31,031           | 35,198           | 37,578           | 36,388               | 36,113           | 36,113             | 37,178  | 39,222                 | 41,399                 |
| <i>Premiums : Unicity Insurance Program</i>                | 34,983           | 32,985           | 33,245           | 48,115               | 48,115           | 48,115             | 51,820  | 55,706                 | 59,912                 |
| <i>Skills Development Levy</i>                             | 67,566           | 73,680           | 79,809           | 80,967               | 81,610           | 81,610             | 81,362  | 85,837                 | 90,601                 |
| <i>Software Licences - Upgrade/Protection</i>              | -                | 105,069          | 90,053           | 169,673              | 159,703          | 159,703            | 168,575   | 177,847                | 187,717                |
| <i>Special Rating Areas</i>                                | 130,146          | 146,126          | 164,182          | 192,953              | 192,953          | 192,953            | 209,220   | 220,727                | 232,977                |
| <i>Specialised Information Technology servi</i>            | 25               | 164,382          | 195,312          | 255,536              | 150,827          | 150,827            | 76,265  | 98,481                 | 103,947                |
| <i>Subsidy on Homeowners Redemption</i>                    | 23,997           | 30,540           | (8,672)          | 17,080               | 17,080           | 17,080             | -   | 17,637                 | 18,616                 |
| <i>Telecommunication : Cell Phone Subscrip</i>             | 6,142            | 8,394            | 18,526           | 10,739               | 12,483           | 12,483             | 13,030  | 13,746                 | 14,509                 |
| <i>Telecommunication Lines</i>                             | -                | 66,475           | 53,256           | 38,077               | 49,056           | 49,056             | 50,254  | 36,916                 | 38,965                 |
| <i>Telecommunication Services</i>                          | 78,643           | 5,296            | 10,233           | 21,700               | 11,004           | 11,004             | 15,075  | 15,904                 | 16,786                 |
| <i>Testing, Sampling and Monitoring</i>                    | 25,298           | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <i>Training</i>  | 52,300           | 63,618           | 73,196           | 95,066               | 65,296           | 65,296             | 113,354   | 120,208                | 127,499                |
| <i>Training - Co Op Students</i>                           | 11,659           | 9,193            | 11,969           | 10,701               | 15,276           | 15,276             | 14,439  | 15,233                 | 16,079                 |
| <i>Training Programmes</i>                                 | 8,283            | 13,830           | 14,474           | 14,342               | 11,591           | 11,591             | 13,945  | 14,712                 | 15,529                 |
| <i>Uniform &amp; Protective Clothing</i>                   | 61,673           | 74,408           | 80,325           | 85,851               | 86,268           | 86,268             | 96,926  | 102,257                | 107,932                |
| <i>Vehicle Tracking</i>                                    | -                | 4,605            | 8,869            | 11,663               | 13,984           | 13,984             | 14,768  | 15,581                 | 16,445                 |
| <i>Water Research Levy</i>                                 | 17,464           | 13,909           | 24,902           | 19,111               | 19,111           | 19,111             | 20,448  | 21,675                 | 22,976                 |
| <b>Total 'Other' Expenditure</b>                           | <b>3,777,783</b> | <b>4,139,457</b> | <b>4,486,789</b> | <b>2,978,990</b>     | <b>2,259,790</b> | <b>2,259,790</b>   | <b>2,240,233</b>                                    | <b>2,440,471</b>       | <b>2,599,734</b>       |
| <i>Repairs and Maintenance by Expenditure Item</i>         |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Employee related costs                                     | 1,187,006        | 1,262,852        | 1,271,125        | 1,430,455            | 1,341,534        | 1,341,534          | 1,300,132   | 1,384,643              | 1,475,335              |
| Other materials  | 46,996           | 45,260           | 276,260          | 276,952              | 284,551          | 284,552            | 325,088   | 346,219                | 368,896                |
| Contracted Services  | 1,450,264        | 1,660,202        | 2,010,873        | 2,070,347            | 1,931,826        | 1,931,984          | 2,153,456   | 2,361,749              | 2,573,920              |
| Other Expenditure  | 318,892          | 370,681          | 203,039          | 256,538              | 185,594          | 185,594            | 174,277   | 185,581                | 197,733                |
| <b>Total Repairs and Maintenance Expenditure</b>           | <b>3,003,158</b> | <b>3,338,995</b> | <b>3,761,297</b> | <b>4,034,293</b>     | <b>3,743,505</b> | <b>3,743,664</b>   | <b>3,952,953</b>                                    | <b>4,278,193</b>       | <b>4,615,885</b>       |

**Table 95 MBRR Table SA2 - Matrix financial performance budget (revenue source / expenditure type and department)**

| Description  | Vote 1 - Area-Based Service Delivery | Vote 2 - Assets & Facilities Management | Vote 3 - Corporate Services | Vote 4 - City Manager | Vote 5 - Directorate of the Mayor | Vote 6 - Energy   | Vote 7 - Finance  | Vote 8 - Informal Settlements, Water & Waste Services | Vote 9 - Safety & Security | Vote 10 - Social Services | Vote 11 - Transport & Urban Development Authority | Total             |
|--|--------------------------------------|---|-----------------------------|-----------------------|-----------------------------------|-------------------|-------------------|---|----------------------------|---------------------------|---|-------------------|
| <b>Revenue By Source</b>   |                                      |   |                             |                       |                                   |                   |                   |   |                            |                           |   |                   |
| Property rates   | 215,691                              | -                                       | -                           | -                     | -                                 | -                 | 9,211,261         | -   | -                          | -                         | -   | 9,426,952         |
| Service charges - electricity revenue                                | -                                    | -                                       | -                           | -                     | -                                 | 12,591,403        | -                 | -   | -                          | 41                        | -   | 12,591,444        |
| Service charges - water revenue                                      | -                                    | 532                                     | -                           | -                     | -                                 | -                 | -                 | 3,612,081   | -                          | -                         | -   | 3,612,614         |
| Service charges - sanitation revenue                                 | -                                    | -                                       | -                           | -                     | -                                 | -                 | -                 | 2,074,286   | -                          | -                         | -   | 2,074,286         |
| Service charges - refuse revenue                                     | -                                    | -                                       | -                           | -                     | -                                 | -                 | (280,000)         | 1,482,059   | -                          | -                         | -   | 1,202,059         |
| Service charges - other  | -                                    | -                                       | -                           | -                     | -                                 | -                 | -                 | -   | -                          | -                         | -   | -                 |
| Rental of facilities and equipment                                   | -                                    | 350,315                                 | -                           | -                     | 78                                | 975               | 2                 | 137   | 283                        | 22,069                    | 7,404   | 381,262           |
| Interest earned - external investments                               | -                                    | 100                                     | -                           | -                     | -                                 | -                 | 969,348           | -   | -                          | -                         | 100   | 969,548           |
| Interest earned - outstanding debtors                                | 0                                    | 10,135                                  | 26                          | -                     | 5                                 | 25,800            | 113,773           | 190,017   | 1,192                      | -                         | 22  | 340,970           |
| Dividends received   | -                                    | -                                       | -                           | -                     | -                                 | -                 | -                 | -   | -                          | -                         | -   | -                 |
| Fines, penalties and forfeits  | -                                    | -                                       | -                           | -                     | -                                 | -                 | 469               | 195   | 1,273,476                  | 3,703                     | 2,317   | 1,280,160         |
| Licences and permits   | -                                    | -                                       | -                           | -                     | -                                 | -                 | -                 | 933   | 31,610                     | 1,389                     | 12,525  | 46,457            |
| Agency services  | -                                    | -                                       | -                           | -                     | -                                 | -                 | 189,464           | -   | 12,259                     | -                         | -   | 201,723           |
| Other revenue  | 2,346                                | 42,331                                  | 55,298                      | -                     | 84                                | 98,805            | 38,741            | 53,460  | 12,400                     | 53,404                    | 499,301   | 856,170           |
| Transfers and subsidies  | 886                                  | 3,000                                   | 12,965                      | -                     | 3,448                             | 4,567             | 5,196,191         | 40,424  | 20,156                     | 727,490                   | 717,918   | 6,727,045         |
| Gains on disposal of PPE   | -                                    | 35,870                                  | -                           | -                     | -                                 | 2,500             | -                 | 3,000   | -                          | -                         | 2,500   | 43,870            |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>218,923</b>                       | <b>442,283</b>                          | <b>68,289</b>               | <b>-</b>              | <b>3,615</b>                      | <b>12,724,050</b> | <b>15,439,250</b> | <b>7,456,592</b>                                      | <b>1,351,377</b>           | <b>808,095</b>            | <b>1,242,087</b>                                  | <b>39,754,561</b> |

Table continues on next page.

City of Cape Town 2018/19 Tabled Budget

| Description  | Vote 1 - Area-Based Service Delivery | Vote 2 - Assets & Facilities Management | Vote 3 - Corporate Services | Vote 4 - City Manager | Vote 5 - Directorate of the Mayor | Vote 6 - Energy   | Vote 7 - Finance  | Vote 8 - Informal Settlements, Water & Waste | Vote 9 - Safety & Security | Vote 10 - Social Services | Vote 11 - Transport & Urban | Total             |
|--|--------------------------------------|---|-----------------------------|-----------------------|-----------------------------------|-------------------|-------------------|--|----------------------------|---------------------------|-----------------------------|-------------------|
| <b>R thousand</b>  |                                      |   |                             |                       |                                   |                   |                   |  |                            |                           |                             |                   |
| <b>Expenditure By Type</b>   |                                      |   |                             |                       |                                   |                   |                   |  |                            |                           |                             |                   |
| Employee related costs   | 252,505                              | 683,215                                 | 895,636                     | 11,441                | 340,846                           | 1,203,294         | 927,868           | 3,067,061                                    | 1,869,868                  | 2,268,260                 | 1,300,089                   | 12,820,083        |
| Remuneration of councillors  | -                                    | -                                       | 164,644                     | -                     | 4,996                             | -                 | -                 | -  | -                          | -                         | -                           | 169,640           |
| Debt impairment  | 6,471                                | 152,024                                 | -                           | -                     | -                                 | 128,522           | 370,028           | 1,286,160                                    | 936,732                    | -                         | -                           | 2,879,937         |
| Depreciation & asset impairment  | 10,483                               | 393,630                                 | 173,014                     | 153                   | 14,284                            | 354,330           | 15,550            | 939,298                                      | 88,461                     | 154,173                   | 791,668                     | 2,935,045         |
| Finance charges  | -                                    | -                                       | -                           | -                     | -                                 | -                 | 1,396,167         | 41,219                                       | -                          | 1,075                     | 74                          | 1,438,535         |
| Bulk purchases   | -                                    | -                                       | -                           | -                     | -                                 | 8,341,400         | -                 | 1,488,082                                    | -                          | -                         | -                           | 9,829,482         |
| Other materials  | 5,060                                | 44,143                                  | 23,211                      | 300                   | 4,177                             | 134,931           | 14,403            | 554,351                                      | 55,385                     | 384,653                   | 66,534                      | 1,287,149         |
| Contracted services  | 77,073                               | 471,304                                 | 110,945                     | 218                   | 63,850                            | 315,589           | 77,535            | 2,051,553                                    | 106,237                    | 667,555                   | 2,113,253                   | 6,055,113         |
| Transfers and subsidies  | 6,785                                | 70,160                                  | -                           | -                     | 85,640                            | -                 | -                 | -  | 42,517                     | 15,568                    | 9,366                       | 230,036           |
| Other expenditure  | 231,534                              | 119,482                                 | 330,739                     | 14,094                | 89,489                            | 196,586           | 410,479           | 421,749                                      | 165,907                    | 117,091                   | 143,084                     | 2,240,233         |
| Loss on disposal of PPE  | 3                                    | 29                                      | 67                          | -                     | 14                                | 194               | -                 | 119  | 47                         | 15                        | -                           | 488               |
| <b>Total Expenditure</b>   | <b>589,913</b>                       | <b>1,933,989</b>                        | <b>1,698,256</b>            | <b>26,206</b>         | <b>603,295</b>                    | <b>10,674,846</b> | <b>3,212,031</b>  | <b>9,849,592</b>                             | <b>3,265,153</b>           | <b>3,608,390</b>          | <b>4,424,070</b>            | <b>39,885,739</b> |
| <b>Surplus/(Deficit)</b>   | <b>(370,990)</b>                     | <b>(1,491,705)</b>                      | <b>(1,629,966)</b>          | <b>(26,206)</b>       | <b>(599,681)</b>                  | <b>2,049,205</b>  | <b>12,227,219</b> | <b>(2,393,000)</b>                           | <b>(1,913,777)</b>         | <b>(2,800,294)</b>        | <b>(3,181,983)</b>          | <b>(131,178)</b>  |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)  | 150                                  | -                                       | 1,000                       | -                     | -                                 | 166,709           | -                 | 738,207                                      | -                          | 120,082                   | 1,040,147                   | 2,066,296         |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) | -                                    | -                                       | -                           | -                     | -                                 | 44,200            | -                 | 12,000                                       | -                          | -                         | 20,000                      | 76,200            |
| Transfers and subsidies - capital (in-kind - all)  | -                                    | -                                       | -                           | -                     | -                                 | -                 | -                 | -  | -                          | -                         | -                           | -                 |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>   | <b>(370,840)</b>                     | <b>(1,491,705)</b>                      | <b>(1,628,966)</b>          | <b>(26,206)</b>       | <b>(599,681)</b>                  | <b>2,260,114</b>  | <b>12,227,219</b> | <b>(1,642,793)</b>                           | <b>(1,913,777)</b>         | <b>(2,680,212)</b>        | <b>(2,121,836)</b>          | <b>2,011,318</b>  |

**Table 96 MBRR Table SA3 - Supporting detail to Statement of 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 | Budget Year 2018/19                                 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| <b>R thousand</b>                                |                   |                   |                   |                      |                   |                    |   |                        |                        |
| <b>ASSETS</b>                                    |                   |                   |                   |                      |                   |                    |   |                        |                        |
| <b>Call investment deposits</b>                  |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Call deposits                                    | 3,056,201         | 3,239,467         | 2,954,752         | 4,321,157            | 4,888,161         | 4,888,161          | 5,514,486   | 6,970,539              | 9,754,727              |
| Other current investments                        | 1,746,347         | 2,155,177         | 1,654,114         | 2,278,775            | 1,867,022         | 1,867,022          | 1,628,314   | 1,360,455              | 1,061,979              |
| <b>Total Call investment deposits</b>            | <b>4,802,548</b>  | <b>5,394,644</b>  | <b>4,608,866</b>  | <b>6,599,932</b>     | <b>6,755,183</b>  | <b>6,755,183</b>   | <b>7,142,800</b>                                    | <b>8,330,994</b>       | <b>10,816,706</b>      |
| <b>Consumer debtors</b>                          |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Consumer debtors                                 | 8,955,125         | 9,810,575         | 10,886,864        | 14,851,479           | 13,662,180        | 13,662,180         | 16,883,087  | 20,592,339             | 24,622,404             |
| Less: Provision for debt impairment              | (4,336,628)       | (4,703,941)       | (5,162,001)       | (9,216,004)          | (7,653,186)       | (7,653,186)        | (10,533,123)  | (13,879,966)           | (17,524,568)           |
| <b>Total Consumer debtors</b>                    | <b>4,618,497</b>  | <b>5,106,634</b>  | <b>5,724,863</b>  | <b>5,635,475</b>     | <b>6,008,994</b>  | <b>6,008,994</b>   | <b>6,349,964</b>                                    | <b>6,712,373</b>       | <b>7,097,836</b>       |
| <b>Debt impairment provision</b>                 |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Balance at the beginning of the year             | 4,230,967         | 4,336,628         | 4,703,941         | 6,707,144            | 5,162,001         | 5,162,001          | 7,653,186   | 10,533,123             | 13,879,966             |
| Contributions to the provision                   | 802,097           | 1,062,848         | 1,434,760         | 2,508,860            | 2,491,185         | 2,491,185          | 2,879,937   | 3,346,843              | 3,644,602              |
| Bad debts written off                            | (696,436)         | (695,535)         | (976,700)         | -                    | -                 | -                  | -   | -                      | -                      |
| <b>Balance at end of year</b>                    | <b>4,336,628</b>  | <b>4,703,941</b>  | <b>5,162,001</b>  | <b>9,216,004</b>     | <b>7,653,186</b>  | <b>7,653,186</b>   | <b>10,533,123</b>                                   | <b>13,879,966</b>      | <b>17,524,568</b>      |
| <b>Property, plant and equipment (PPE)</b>       |                   |                   |                   |                      |                   |                    |   |                        |                        |
| PPE at cost/v valuation (excl. finance leases)   | 50,197,679        | 55,545,386        | 61,030,021        | 68,201,098           | 68,489,318        | 68,489,318         | 77,302,679  | 86,084,187             | 95,538,383             |
| Leases recognised as PPE                         | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Less: Accumulated depreciation                   | 16,754,575        | 18,652,842        | 20,652,436        | 23,552,156           | 23,021,934        | 23,021,934         | 25,833,133  | 29,060,054             | 32,613,460             |
| <b>Total Property, plant and equipment (PPE)</b> | <b>33,443,104</b> | <b>36,892,544</b> | <b>40,377,585</b> | <b>44,648,942</b>    | <b>45,467,384</b> | <b>45,467,384</b>  | <b>51,469,546</b>                                   | <b>57,024,133</b>      | <b>62,924,923</b>      |
| <b>LIABILITIES</b>                               |                   |                   |                   |                      |                   |                    |   |                        |                        |
| <b>Current liabilities - Borrowing</b>           |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Short term loans (other than bank overdraft)     | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Current portion of long-term liabilities         | 345,682           | 469,936           | 334,185           | 428,372              | 428,372           | 428,372            | 895,175   | 1,234,967              | 1,645,282              |
| <b>Total Current liabilities - Borrowing</b>     | <b>345,682</b>    | <b>469,936</b>    | <b>334,185</b>    | <b>428,372</b>       | <b>428,372</b>    | <b>428,372</b>     | <b>895,175</b>                                      | <b>1,234,967</b>       | <b>1,645,282</b>       |
| <b>Trade and other payables</b>                  |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Trade and other creditors                        | 5,297,880         | 5,720,744         | 5,963,079         | 8,003,376            | 5,666,315         | 5,666,315          | 5,713,487   | 5,373,951              | 5,044,281              |
| Unspent conditional transfers                    | 1,527,445         | 1,199,955         | 1,054,374         | 680,263              | 1,740,079         | 1,740,079          | 1,460,987   | 1,772,177              | 2,112,823              |
| VAT  | 85,807            | 74,771            | 93,366            | 82,435               | 98,034            | 98,034             | 102,936   | 108,083                | 113,487                |
| <b>Total Trade and other payables</b>            | <b>6,911,132</b>  | <b>6,995,470</b>  | <b>7,110,819</b>  | <b>8,766,074</b>     | <b>7,504,429</b>  | <b>7,504,429</b>   | <b>7,277,410</b>                                    | <b>7,254,211</b>       | <b>7,270,591</b>       |
| <b>Non current liabilities - Borrowing</b>       |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Borrowing  | 6,415,499         | 6,036,906         | 5,789,616         | 7,770,349            | 9,311,597         | 9,311,597          | 13,404,353  | 17,333,624             | 21,927,306             |
| Finance leases (including PPP asset element)     | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| <b>Total Non current liabilities - Borrowing</b> | <b>6,415,499</b>  | <b>6,036,906</b>  | <b>5,789,616</b>  | <b>7,770,349</b>     | <b>9,311,597</b>  | <b>9,311,597</b>   | <b>13,404,353</b>                                   | <b>17,333,624</b>      | <b>21,927,306</b>      |
| <b>Provisions - non-current</b>                  |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Retirement benefits                              | 4,888,834         | 5,269,481         | 5,264,545         | 5,708,665            | 5,496,093         | 5,496,093          | 6,066,228   | 6,509,145              | 6,968,842              |
| List other major provision items                 | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Refuse landfill site rehabilitation              | 272,485           | 336,787           | 328,562           | 406,598              | 372,461           | 372,461            | 367,353   | 377,650                | 394,307                |
| Other  | 463,389           | 510,085           | 516,222           | 628,517              | 584,509           | 584,509            | 666,175   | 751,122                | 844,354                |
| <b>Total Provisions - non-current</b>            | <b>5,624,708</b>  | <b>6,116,353</b>  | <b>6,109,329</b>  | <b>6,743,780</b>     | <b>6,453,063</b>  | <b>6,453,063</b>   | <b>7,099,756</b>                                    | <b>7,637,918</b>       | <b>8,207,503</b>       |

Table continues on next page.

| 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 |
| <b>R thousand</b>                               |                   |                   |                   |                      |                   |                    |   |                        |                        |
| <b>CHANGES IN NET ASSETS</b>                    |                   |                   |                   |                      |                   |                    |   |                        |                        |
| <b>Accumulated Surplus/(Deficit)</b>            |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Accumulated Surplus/(Deficit) - opening balance | 21,962,021        | 25,771,287        | 29,846,771        | 32,160,660           | 34,382,649        | 34,382,649         | 37,183,919  | 39,282,945             | 41,112,821             |
| GRAP adjustments                                | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Restated balance                                | 21,962,021        | 25,771,287        | 29,846,771        | 32,160,660           | 34,382,649        | 34,382,649         | 37,183,919  | 39,282,945             | 41,112,821             |
| Surplus/(Deficit)                               | 4,379,616         | 4,289,654         | 5,304,628         | 3,003,710            | 2,501,496         | 2,501,496          | 2,011,318   | 2,621,225              | 3,523,702              |
| Appropriations to Reserves                      | (1,084,623)       | (918,375)         | (1,612,627)       | (1,113)              | (2,780)           | (2,780)            | 1,892   | 525                    | (1,089)                |
| Transfers from Reserves                         | 514,275           | 704,204           | 843,877           | 178,467              | 302,324           | 302,324            | 85,817  | (791,875)              | (1,202,475)            |
| Depreciation offsets                            | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Other adjustments                               | -                 | -                 | -                 | -                    | 230               | 230                | -   | -                      | -                      |
| <b>Accumulated Surplus/(Deficit)</b>            | <b>25,771,289</b> | <b>29,846,770</b> | <b>34,382,649</b> | <b>35,341,724</b>    | <b>37,183,919</b> | <b>37,183,919</b>  | <b>39,282,945</b>                                   | <b>41,112,821</b>      | <b>43,432,959</b>      |
| <b>Reserves</b>                                 |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Housing Development Fund                        | 396,385           | 340,096           | 331,568           | 204,867              | 302,812           | 302,812            | 273,309   | 289,282                | 325,934                |
| Capital replacement                             | 1,865,119         | 2,119,182         | 2,880,321         | 2,042,114            | 2,606,754         | 2,606,754          | 2,550,439   | 3,326,341              | 4,492,164              |
| Self-insurance                                  | 528,760           | 545,157           | 561,296           | 546,259              | 564,076           | 564,076            | 562,185   | 561,659                | 562,748                |
| Other reserves                                  | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Revaluation                                     | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| <b>Total Reserves</b>                           | <b>2,790,264</b>  | <b>3,004,435</b>  | <b>3,773,185</b>  | <b>2,793,239</b>     | <b>3,473,642</b>  | <b>3,473,642</b>   | <b>3,385,933</b>                                    | <b>4,177,283</b>       | <b>5,380,846</b>       |
| <b>TOTAL COMMUNITY WEALTH/EQUITY</b>            | <b>28,561,553</b> | <b>32,851,205</b> | <b>38,155,834</b> | <b>38,134,963</b>    | <b>40,657,560</b> | <b>40,657,560</b>  | <b>42,668,878</b>                                   | <b>45,290,103</b>      | <b>48,813,805</b>      |



Table 97 MBRR Table SA9 - Social, economic and demographic statistics and assumptions

| Description of economic indicator                   | Basis of calculation                                       | 2001 Census              | 2007 Survey              | 2011 Census              | 2014/15             | 2015/16             | 2016/17             | Current Year<br>2017/18 | 2018/19 Medium Term Revenue &<br>Expenditure Framework |          |          |
|---|--|--------------------------|--------------------------|--------------------------|---------------------|---------------------|---------------------|-------------------------|--|----------|----------|
|   |  |                          |                          |                          | Outcome             | Outcome             | Outcome             | Original<br>Budget      | Outcome  | Outcome  | Outcome  |
| <b>Demographics</b>                                 |  |                          |                          |                          |                     |                     |                     |                         |  |          |          |
| Population  | StatsSA Census, Community Survey & Mid-year estimates      | 2,893,249                | 3,497,097                | 3,740,025                | 4,023,510           | 4,097,987           | 4,174,510           | 4,254,946               | 4,339,070  | -        | -        |
| Females aged 5 - 14                                 | StatsSA Census, Community Survey & Mid-year estimates      | 260,241                  | 287,307                  | 275,909                  | 323,307             | 335,251             | 347,747             | 358,580                 | 365,923  | -        | -        |
| Males aged 5 - 14                                   | StatsSA Census, Community Survey & Mid-year estimates      | 257,985                  | 284,101                  | 282,124                  | 327,769             | 340,274             | 352,594             | 363,225                 | 370,510  | -        | -        |
| Females aged 15 - 34                                | StatsSA Census, Community Survey & Mid-year estimates      | 571,867                  | 653,762                  | 706,732                  | 722,922             | 725,663             | 726,754             | 727,513                 | 730,169  | -        | -        |
| Males aged 15 - 34                                  | StatsSA Census, Community Survey & Mid-year estimates      | 539,939                  | 631,811                  | 707,488                  | 714,730             | 718,676             | 721,700             | 724,087                 | 727,967  | -        | -        |
| Unemployment  | StatsSA Census & QLFS                                      | 29.20%                   | 24.50%                   | 23.90%                   | 24.24%              | 21.60%              | 23.17%              | 22.45%                  | NA   | -        | -        |
| <b>Monthly household income (no. of households)</b> |  |                          |                          |                          |                     |                     |                     |                         |  |          |          |
| None  | StatsSA Census   | 101,953                  | 52,446                   | 146,517                  | NA                  | NA                  | NA                  | NA                      | NA   | -        | -        |
| R1 - R1 600   | StatsSA Census   | 200,414                  | 144,873                  | 185,068                  | NA                  | NA                  | NA                  | NA                      | NA   | -        | -        |
| R1 601 - R3 200                                     | StatsSA Census   | 130,846                  | 122,611                  | 170,824                  | NA                  | NA                  | NA                  | NA                      | NA   | -        | -        |
| R3 201 - R6 400                                     | StatsSA Census   | 133,588                  | 121,268                  | 154,427                  | NA                  | NA                  | NA                  | NA                      | NA   | -        | -        |
| R6 401 - R12 800                                    | StatsSA Census   | 109,609                  | 103,587                  | 139,348                  | NA                  | NA                  | NA                  | NA                      | NA   | -        | -        |
| R12 801 - R25 600                                   | StatsSA Census   | 67,529                   | 87,974                   | 126,625                  | NA                  | NA                  | NA                  | NA                      | NA   | -        | -        |
| R25 601 - R51 200                                   | StatsSA Census   | 23,091                   | 52,892                   | 92,860                   | NA                  | NA                  | NA                  | NA                      | NA   | -        | -        |
| R52 201 - R102 400                                  | StatsSA Census   | 5,470                    | 18,249                   | 38,018                   | NA                  | NA                  | NA                  | NA                      | NA   | -        | -        |
| R102 401 - R204 800                                 | StatsSA Census   | 3,028                    | 5,355                    | 9,749                    | NA                  | NA                  | NA                  | NA                      | NA   | -        | -        |
| > R204 800  | StatsSA Census   | 1,861                    | 3,429                    | 5,066                    | NA                  | NA                  | NA                  | NA                      | NA   | -        | -        |
| Unspecified   |  | -                        | 189,593                  | 73                       | NA                  | NA                  | NA                  | NA                      | NA   | -        | -        |
| <b>Poverty profiles (no. of households)</b>         |  |                          |                          |                          |                     |                     |                     |                         |  |          |          |
| < R2 060 per household per month                    |  | -                        | -                        | -                        | NA                  | NA                  | NA                  | NA                      | NA   | -        | -        |
| Insert description                                  |  | -                        | -                        | -                        | 231,793             | 232,569             | 213,424             | 128,663                 | -  | -        | -        |
| <b>Household demographics</b>                       |  |                          |                          |                          |                     |                     |                     |                         |  |          |          |
| Number of people in municipal area                  | StatsSA Census, Community Survey & Mid-year estimates      | 2,893,249                | 3,497,097                | 3,740,025                | 4,023,510           | 4,097,987           | 4,174,510           | 4,254,946               | 4,339,070  | -        | -        |
| Number of poor people in municipal area             | StatsSA Census, estimates                                  | 1,124,687                | 1,240,002                | 1,758,442                | NA                  | NA                  | NA                  | NA                      | NA   | -        | -        |
| Number of households in municipal area              | StatsSA Census, estimates                                  | 777,390                  | 902,275                  | 1,068,575                | 1,211,901           | 1,257,051           | 1,304,534           | 1,329,671               | 1,355,959  | -        | -        |
| Number of poor households in municipal area         | StatsSA Census, Indigent households for 2013/14 to 2016/17 | 302,193                  | 319,930                  | 502,409                  | 231,793             | 232,569             | 213,424             | 128,663                 | -  | -        | -        |
| Definition of poor household (R per month)          |  | Household income < R1608 | Household income < R3201 | Household income < R3201 | Indigent households | Indigent households | Indigent households | Indigent households     | -  | -        | -        |
| <b>Housing statistics</b>                           |  |                          |                          |                          |                     |                     |                     |                         |  |          |          |
| Formal  | StatsSA Census & Community Survey, estimates               | 619,691                  | 758,159                  | 846,026                  | 976,206             | 1,018,351           | 1,062,812           | 1,083,290               | 1,104,708  | -        | -        |
| Informal  | StatsSA Census & Community Survey, estimates               | 157,699                  | 144,116                  | 222,549                  | 235,694             | 238,700             | 241,723             | 246,380                 | 251,251  | -        | -        |
| <b>Total number of households</b>                   |  | <b>777,390</b>           | <b>902,275</b>           | <b>1,068,575</b>         | <b>1,211,901</b>    | <b>1,257,051</b>    | <b>1,304,534</b>    | <b>1,329,671</b>        | <b>1,355,959</b>                                       | -        | -        |
| Dwellings provided by municipality                  |  | -                        | -                        | -                        | 3,372               | 3,319               | 4,839               | -                       | -  | -        | -        |
| Dwellings provided by province/s                    |  | -                        | -                        | -                        | -                   | -                   | -                   | -                       | -  | -        | -        |
| Dwellings provided by private sector                |  | -                        | -                        | -                        | 8,659               | 9,968               | 13,693              | -                       | -  | -        | -        |
| <b>Total new housing dwellings</b>                  |  | <b>-</b>                 | <b>-</b>                 | <b>-</b>                 | <b>12,031</b>       | <b>13,287</b>       | <b>18,532</b>       | <b>-</b>                | <b>-</b>   | <b>-</b> | <b>-</b> |
| <b>Economic</b>                                     |  |                          |                          |                          |                     |                     |                     |                         |  |          |          |
| Inflation/inflation outlook (CPIX)                  |  | -                        | -                        | -                        | 5.1%                | 5.6%                | 6.10%               | 5.7%                    | 5.5%   | 5.5%     | 5.6%     |
| Interest rate - borrowing                           |  | -                        | -                        | -                        | 11.0%               | 12.0%               | 11.0%               | 12.0%                   | 11.0%  | 11.0%    | 11.0%    |
| Interest rate - investment                          |  | -                        | -                        | -                        | 5.5%                | 6.5%                | 6.5%                | 7.0%                    | 7.0%   | 7.0%     | 7.0%     |
| Remuneration increases                              |  | -                        | -                        | -                        | 6.8%                | 7.0%                | 6.00%               | 7.4%                    | 7.1%   | 6.6%     | 6.4%     |
| Consumption growth (electricity)                    |  | -                        | -                        | -                        | -0.4%               | -1.4%               | -1.00%              | -1.0%                   | -2.7%  | -2.0%    | -2.0%    |
| Consumption growth (water)                          |  | -                        | -                        | -                        | -                   | 1.0%                | -12.80%             | -26.8%                  | 0.0%   | 0.0%     | 0.0%     |
| <b>Collection rates</b>                             |  |                          |                          |                          |                     |                     |                     |                         |  |          |          |
| Property tax/service charges                        |  | -                        | -                        | -                        | 96.3%               | 96.7%               | 96.4%               | 96.0%                   | 96.0%  | 96.0%    | 96.0%    |
| Rental of facilities & equipment                    |  | -                        | -                        | -                        | 61.8%               | 73.6%               | 67.6%               | 68.4%                   | 67.5%  | 67.5%    | 67.5%    |
| Interest - external investments                     |  | -                        | -                        | -                        | 100.0%              | 100.0%              | 100.0%              | 100.0%                  | 100.0%   | 100.0%   | 100.0%   |
| Interest - debtors                                  |  | -                        | -                        | -                        | 96.4%               | 96.8%               | 96.6%               | 96.1%                   | 96.1%  | 96.1%    | 96.1%    |
| Revenue from agency services (MVL)                  |  | -                        | -                        | -                        | 100.0%              | 100.0%              | 100.0%              | 100.0%                  | 100.0%   | 100.0%   | 100.0%   |

\*NA = not available

## 2.20 Consolidated budget tables

The consolidated tables, as required in terms of section 9 of the MBRR, are presented in the nine primary budget tables on page 196 to page 205. The tables provide a consolidated view of the main tables (including financial position and cash flow) of the City and CTICC.

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

**Table 98 - MBRR 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 | Budget Year 2018/19                                 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| <b>R thousands</b>  |                   |                   |                   |                      |                   |                    |   |                        |                        |
| <b>Financial Performance</b>  |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Property rates  | 6,013,891         | 6,739,787         | 8,100,322         | 8,662,350            | 8,694,931         | 8,694,931          | 9,426,952   | 10,248,287             | 11,131,713             |
| Service charges   | 15,374,112        | 17,552,070        | 18,815,941        | 19,310,141           | 17,184,556        | 17,184,556         | 19,480,403  | 22,625,705             | 25,796,683             |
| Investment revenue  | 575,783           | 680,150           | 800,331           | 785,328              | 905,328           | 905,328            | 974,063   | 994,620                | 1,025,150              |
| Transfers recognised - operational  | 3,264,270         | 5,679,468         | 5,864,445         | 6,455,942            | 7,032,529         | 7,032,529          | 6,797,205   | 7,169,255              | 7,542,281              |
| Other own revenue   | 4,256,753         | 2,375,981         | 2,729,717         | 3,078,781            | 3,119,388         | 3,119,388          | 3,455,957   | 3,653,475              | 3,860,882              |
| <b>Total Revenue (excluding capital transfers and contributions)</b>                          | <b>29,484,808</b> | <b>33,027,456</b> | <b>36,310,756</b> | <b>38,292,542</b>    | <b>36,936,733</b> | <b>36,936,733</b>  | <b>40,134,581</b>                                   | <b>44,691,342</b>      | <b>49,356,709</b>      |
| Employee costs  | 8,177,194         | 9,415,889         | 9,728,886         | 12,146,477           | 11,606,103        | 11,606,103         | 12,912,624  | 13,847,021             | 14,931,846             |
| Remuneration of councillors   | 128,767           | 135,095           | 138,951           | 155,787              | 155,565           | 155,565            | 171,056   | 182,222                | 194,158                |
| Depreciation & asset impairment   | 1,941,951         | 2,145,817         | 2,340,817         | 3,277,476            | 3,225,455         | 3,225,455          | 2,977,696   | 3,389,808              | 3,718,242              |
| Finance charges   | 781,262           | 748,479           | 732,913           | 1,138,893            | 993,252           | 993,252            | 1,438,535   | 1,952,594              | 2,204,971              |
| Materials and bulk purchases  | 7,455,971         | 8,399,423         | 8,937,943         | 9,774,559            | 9,940,408         | 9,940,408          | 11,116,631  | 12,159,446             | 13,654,714             |
| Transfers and grants  | 96,661            | 148,246           | 111,829           | 140,985              | 413,950           | 413,950            | 230,036   | 243,505                | 257,020                |
| Other expenditure   | 8,923,958         | 9,854,551         | 11,032,292        | 11,688,097           | 11,006,975        | 11,006,975         | 11,449,893  | 12,526,989             | 13,316,558             |
| <b>Total Expenditure</b>  | <b>27,505,765</b> | <b>30,847,500</b> | <b>33,023,631</b> | <b>38,322,274</b>    | <b>37,341,707</b> | <b>37,341,707</b>  | <b>40,296,470</b>                                   | <b>44,301,585</b>      | <b>48,277,509</b>      |
| <b>Surplus/(Deficit)</b>  | <b>1,979,044</b>  | <b>2,179,955</b>  | <b>3,287,125</b>  | <b>(29,731)</b>      | <b>(404,975)</b>  | <b>(404,975)</b>   | <b>(161,890)</b>                                    | <b>389,757</b>         | <b>1,079,200</b>       |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | 2,423,179         | 2,131,537         | 2,005,297         | 2,268,835            | 2,140,287         | 2,140,287          | 2,066,296   | 2,118,842              | 2,296,333              |
| Contributions recognised - capital & contributed assets                                       | 49,172            | 61,589            | 88,397            | 84,900               | 96,585            | 96,585             | 76,200  | 78,600                 | 112,100                |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>                          | <b>4,451,394</b>  | <b>4,373,081</b>  | <b>5,380,819</b>  | <b>2,324,004</b>     | <b>1,831,897</b>  | <b>1,831,897</b>   | <b>1,980,606</b>                                    | <b>2,587,199</b>       | <b>3,487,633</b>       |
| Share of surplus/ (deficit) of associate  | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) for the year</b>   | <b>4,451,394</b>  | <b>4,373,081</b>  | <b>5,380,819</b>  | <b>2,324,004</b>     | <b>1,831,897</b>  | <b>1,831,897</b>   | <b>1,980,606</b>                                    | <b>2,587,199</b>       | <b>3,487,633</b>       |
| <b>Capital expenditure &amp; funds sources</b>  |                   |                   |                   |                      |                   |                    |   |                        |                        |
| <b>Capital expenditure</b>  |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Transfers recognised - capital  | 2,473,313         | 2,187,425         | 2,055,507         | 2,268,835            | 2,140,287         | 2,123,261          | 2,066,296   | 2,118,842              | 2,296,333              |
| Public contributions & donations  | 44,219            | 61,488            | 71,882            | 84,900               | 96,585            | 96,585             | 76,200  | 78,600                 | 112,100                |
| Borrowing   | 2,152,377         | 2,441,423         | 2,739,196         | 2,894,482            | 4,000,000         | 3,997,962          | 5,000,000   | 5,200,000              | 6,000,000              |
| Internally generated funds  | 663,712           | 1,179,805         | 1,405,973         | 1,774,986            | 1,790,266         | 1,775,367          | 2,183,918   | 1,886,883              | 1,586,420              |
| <b>Total sources of capital funds</b>   | <b>5,333,621</b>  | <b>5,870,140</b>  | <b>6,272,557</b>  | <b>7,023,203</b>     | <b>8,027,138</b>  | <b>7,993,174</b>   | <b>9,326,414</b>                                    | <b>9,284,324</b>       | <b>9,994,854</b>       |

Table continues on next page.

City of Cape Town 2018/19 Tabled Budget

| 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 |
| <b>R thousands</b>                            |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Financial position</b>                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Total current assets                          | 11,259,176      | 12,164,289      | 12,519,283      | 14,052,823           | 14,628,604      | 14,628,604         | 15,568,494  | 17,399,386             | 20,528,880             |
| Total non current assets                      | 38,842,987      | 42,756,255      | 47,532,173      | 49,328,664           | 50,386,969      | 50,386,969         | 57,181,302  | 62,879,644             | 68,955,386             |
| Total current liabilities                     | 8,748,235       | 9,002,305       | 8,843,774       | 10,920,921           | 9,449,614       | 9,449,614          | 9,791,068   | 10,265,671             | 10,820,006             |
| Total non current liabilities                 | 12,040,202      | 12,150,605      | 11,898,945      | 14,551,682           | 15,764,660      | 15,764,660         | 20,504,109  | 24,971,542             | 30,134,809             |
| Community wealth/Equity                       | 29,313,725      | 33,767,633      | 39,308,737      | 37,908,884           | 39,801,299      | 39,801,299         | 42,454,620  | 45,041,818             | 48,529,451             |
| <b>Cash flows</b>                             |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Net cash from (used) operating                | 6,132,487       | 6,448,483       | 6,647,236       | 5,540,553            | 4,823,500       | 4,823,500          | 4,847,959   | 5,830,694              | 7,128,736              |
| Net cash from (used) investing                | (4,795,170)     | (6,334,977)     | (6,508,113)     | (7,106,997)          | (7,004,306)     | (7,004,306)        | (8,591,584)   | (8,579,683)            | (9,247,542)            |
| Net cash from (used) financing                | (205,097)       | (116,222)       | (187,806)       | 2,100,551            | 3,597,199       | 3,597,199          | 4,356,102   | 4,230,212              | 4,881,185              |
| Cash/cash equivalents at the year end         | 3,753,780       | 3,751,064       | 3,702,381       | 4,650,453            | 5,189,969       | 5,189,969          | 5,731,250   | 7,212,474              | 9,974,852              |
| <b>Cash backing/surplus reconciliation</b>    |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Cash and investments available                | 9,253,744       | 9,872,429       | 10,234,158      | 10,099,102           | 10,310,984      | 10,310,984         | 11,596,176  | 13,077,400             | 15,828,682             |
| Application of cash and investments           | 6,414,398       | 6,144,970       | 6,487,953       | 8,057,010            | 6,575,187       | 6,575,187          | 7,982,013   | 8,986,918              | 10,402,263             |
| Balance - surplus (shortfall)                 | 2,839,346       | 3,727,459       | 3,746,204       | 2,042,092            | 3,735,797       | 3,735,797          | 3,614,163   | 4,090,481              | 5,426,419              |
| <b>Asset management</b>                       |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Asset register summary (WDV)                  | 35,014,046      | 38,738,372      | 42,613,537      | 46,112,134           | 47,022,856      | 47,022,856         | 52,907,713  | 58,340,044             | 64,119,066             |
| Depreciation                                  | 1,940,102       | 2,142,168       | 2,337,895       | 3,277,476            | 3,225,455       | 3,225,455          | 2,977,696   | 3,389,808              | 3,718,242              |
| Renewal of Existing Assets                    | 2,377,706       | 2,690,532       | 1,599,035       | 1,449,710            | 1,648,423       | 1,664,935          | 1,817,466   | 2,268,559              | 2,586,064              |
| Repairs and Maintenance                       | 3,010,357       | 3,347,230       | 3,769,614       | 4,048,266            | 3,755,099       | 3,755,259          | 3,991,066   | 4,317,869              | 4,656,990              |
| <b>Free services</b>                          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Cost of Free Basic Services provided          | 602,855         | 1,370,479       | 1,368,006       | 1,229,302            | 1,543,608       | 1,543,608          | 1,911,789   | 2,272,892              | 2,627,201              |
| Revenue cost of free services provided        | 1,190,026       | 1,193,377       | 1,252,995       | 2,186,395            | 2,166,747       | 2,166,747          | 1,446,861   | 1,571,679              | 1,708,309              |
| <b>Households below minimum service level</b> |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Water:  | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Sanitation/sew erage:                         | 0               | -               | 0               | 0                    | 0               | 0                  | 0   | 0                      | -                      |
| Energy:                                       | 29              | 26              | 35              | 29                   | 32              | 31                 | 29  | 28                     | 26                     |
| Refuse:                                       | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |

**Table 99 - MBRR Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by standard 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 |
| <b>Revenue - Functional</b>                |                   |                   |                   |                      |                   |                    |   |                        |                        |
| <b>Governance and administration</b>       | <b>10,940,599</b> | <b>12,273,882</b> | <b>14,067,960</b> | <b>14,882,934</b>    | <b>13,787,435</b> | <b>13,787,435</b>  | <b>14,860,707</b>                                   | <b>15,859,365</b>      | <b>17,092,197</b>      |
| Executive and council                      | 1,594             | 2,082             | 1,400             | 3,126                | 3,594             | 3,594              | 3,240   | 3,362                  | 3,491                  |
| Finance and administration                 | 10,938,999        | 12,271,777        | 14,066,558        | 14,879,801           | 13,783,833        | 13,783,833         | 14,857,459  | 15,855,994             | 17,088,697             |
| Internal audit                             | 6                 | 22                | 2                 | 8                    | 8                 | 8                  | 8   | 9                      | 9                      |
| <b>Community and public safety</b>         | <b>2,097,502</b>  | <b>1,679,540</b>  | <b>1,833,039</b>  | <b>1,956,529</b>     | <b>2,308,669</b>  | <b>2,308,669</b>   | <b>1,900,172</b>                                    | <b>2,186,561</b>       | <b>2,255,109</b>       |
| Community and social services              | 130,446           | 107,248           | 105,403           | 120,972              | 122,745           | 122,745            | 130,825   | 157,880                | 133,134                |
| Sport and recreation                       | 87,643            | 81,245            | 106,473           | 114,329              | 112,500           | 112,500            | 180,211   | 150,484                | 159,956                |
| Public safety                              | 16,159            | 21,416            | 24,889            | 22,293               | 25,945            | 25,945             | 11,176  | 11,791                 | 12,445                 |
| Housing                                    | 1,620,155         | 1,203,137         | 1,279,471         | 1,328,591            | 1,661,283         | 1,661,283          | 1,161,961   | 1,416,120              | 1,454,192              |
| Health                                     | 243,098           | 266,493           | 316,802           | 370,343              | 386,197           | 386,197            | 415,999   | 450,285                | 495,382                |
| <b>Economic and environmental services</b> | <b>3,041,372</b>  | <b>3,224,167</b>  | <b>3,237,399</b>  | <b>3,224,458</b>     | <b>3,309,790</b>  | <b>3,309,790</b>   | <b>3,192,715</b>                                    | <b>3,233,129</b>       | <b>3,458,364</b>       |
| Planning and development                   | 252,950           | 286,798           | 324,404           | 342,034              | 348,279           | 348,279            | 378,748   | 425,592                | 444,155                |
| Road transport                             | 2,756,753         | 2,929,763         | 2,896,258         | 2,880,418            | 2,952,434         | 2,952,434          | 2,810,671   | 2,804,060              | 3,010,539              |
| Environmental protection                   | 31,669            | 7,606             | 16,736            | 2,006                | 9,077             | 9,077              | 3,296   | 3,477                  | 3,670                  |
| <b>Trading services</b>                    | <b>15,644,415</b> | <b>17,795,649</b> | <b>19,018,621</b> | <b>20,291,096</b>    | <b>19,499,492</b> | <b>19,499,492</b>  | <b>22,025,280</b>                                   | <b>25,295,779</b>      | <b>28,626,709</b>      |
| Energy sources                             | 10,378,888        | 11,528,353        | 12,083,270        | 12,256,796           | 12,535,609        | 12,535,609         | 13,136,625  | 14,128,383             | 15,609,846             |
| Water management                           | 2,688,866         | 3,170,901         | 3,659,066         | 4,123,369            | 3,592,015         | 3,592,015          | 4,688,471   | 6,170,170              | 7,444,180              |
| Waste water management                     | 1,526,954         | 1,985,565         | 2,059,709         | 2,547,543            | 1,893,872         | 1,893,872          | 2,574,593   | 3,204,386              | 3,584,940              |
| Waste management                           | 1,049,707         | 1,110,831         | 1,216,576         | 1,363,387            | 1,477,996         | 1,477,996          | 1,625,591   | 1,792,839              | 1,987,743              |
| <b>Other</b>                               | <b>233,270</b>    | <b>247,343</b>    | <b>247,431</b>    | <b>291,260</b>       | <b>268,218</b>    | <b>268,218</b>     | <b>298,203</b>                                      | <b>313,950</b>         | <b>332,763</b>         |
| <b>Total Revenue - Functional</b>          | <b>31,957,159</b> | <b>35,220,581</b> | <b>38,404,450</b> | <b>40,646,277</b>    | <b>39,173,604</b> | <b>39,173,604</b>  | <b>42,277,077</b>                                   | <b>46,888,784</b>      | <b>51,765,142</b>      |
| <b>Expenditure - Functional</b>            |                   |                   |                   |                      |                   |                    |   |                        |                        |
| <b>Governance and administration</b>       | <b>5,488,608</b>  | <b>6,225,165</b>  | <b>6,346,285</b>  | <b>8,555,468</b>     | <b>7,372,902</b>  | <b>7,364,312</b>   | <b>8,829,614</b>                                    | <b>9,857,221</b>       | <b>10,663,742</b>      |
| Executive and council                      | 323,129           | 354,957           | 359,348           | 443,609              | 421,705           | 415,825            | 464,940   | 494,131                | 527,636                |
| Finance and administration                 | 5,132,477         | 5,835,760         | 5,949,697         | 8,061,212            | 6,904,955         | 6,902,245          | 8,313,558   | 9,307,751              | 10,076,229             |
| Internal audit                             | 33,002            | 34,447            | 37,240            | 50,646               | 46,242            | 46,242             | 51,116  | 55,340                 | 59,876                 |
| <b>Community and public safety</b>         | <b>4,075,408</b>  | <b>4,483,761</b>  | <b>4,789,295</b>  | <b>5,318,902</b>     | <b>5,430,384</b>  | <b>5,424,770</b>   | <b>5,195,236</b>                                    | <b>5,702,156</b>       | <b>6,035,739</b>       |
| Community and social services              | 656,622           | 766,084           | 847,987           | 931,712              | 892,463           | 890,825            | 899,992   | 970,345                | 1,044,020              |
| Sport and recreation                       | 1,024,976         | 1,094,127         | 1,088,040         | 1,212,821            | 1,129,401         | 1,129,039          | 1,262,557   | 1,326,306              | 1,381,738              |
| Public safety                              | 451,176           | 503,975           | 508,298           | 600,875              | 580,975           | 580,975            | 615,319   | 661,446                | 709,944                |
| Housing                                    | 1,133,758         | 1,248,627         | 1,340,014         | 1,498,847            | 1,737,142         | 1,737,402          | 1,238,627   | 1,462,619              | 1,508,671              |
| Health                                     | 808,876           | 870,948           | 1,004,957         | 1,074,647            | 1,090,403         | 1,086,529          | 1,178,740   | 1,281,439              | 1,391,366              |
| <b>Economic and environmental services</b> | <b>4,839,805</b>  | <b>5,162,054</b>  | <b>5,679,268</b>  | <b>6,351,817</b>     | <b>6,393,203</b>  | <b>6,395,904</b>   | <b>6,526,365</b>                                    | <b>7,008,603</b>       | <b>7,412,233</b>       |
| Planning and development                   | 730,833           | 751,118           | 783,735           | 1,042,789            | 973,796           | 976,788            | 1,053,624   | 1,204,634              | 1,289,206              |
| Road transport                             | 4,000,649         | 4,296,999         | 4,779,345         | 5,186,569            | 5,286,570         | 5,286,279          | 5,340,108   | 5,677,058              | 5,986,749              |
| Environmental protection                   | 108,322           | 113,937           | 116,188           | 122,458              | 132,837           | 132,837            | 132,633   | 126,911                | 136,277                |
| <b>Trading services</b>                    | <b>12,853,133</b> | <b>14,670,858</b> | <b>15,886,413</b> | <b>17,026,865</b>    | <b>17,117,963</b> | <b>17,129,284</b>  | <b>19,326,380</b>                                   | <b>21,289,867</b>      | <b>23,694,878</b>      |
| Energy sources                             | 8,109,987         | 9,162,229         | 9,573,670         | 9,929,327            | 9,911,388         | 9,911,872          | 10,322,282  | 11,166,595             | 12,020,081             |
| Water management                           | 2,236,997         | 2,573,197         | 3,067,944         | 3,225,897            | 3,764,040         | 3,774,877          | 5,085,589   | 5,887,016              | 7,116,074              |
| Waste water management                     | 1,211,007         | 1,475,444         | 1,643,752         | 1,990,882            | 1,650,529         | 1,650,529          | 2,004,828   | 2,203,315              | 2,397,983              |
| Waste management                           | 1,295,142         | 1,459,987         | 1,601,046         | 1,880,759            | 1,792,006         | 1,792,006          | 1,913,681   | 2,032,941              | 2,160,739              |
| <b>Other</b>                               | <b>248,810</b>    | <b>305,662</b>    | <b>322,370</b>    | <b>1,069,221</b>     | <b>1,027,255</b>  | <b>1,027,437</b>   | <b>418,876</b>                                      | <b>443,738</b>         | <b>470,918</b>         |
| <b>Total Expenditure - Functional</b>      | <b>27,505,765</b> | <b>30,847,500</b> | <b>33,023,631</b> | <b>38,322,274</b>    | <b>37,341,707</b> | <b>37,341,707</b>  | <b>40,296,470</b>                                   | <b>44,301,585</b>      | <b>48,277,509</b>      |
| <b>Surplus/(Deficit) for the year</b>      | <b>4,451,394</b>  | <b>4,373,081</b>  | <b>5,380,819</b>  | <b>2,324,004</b>     | <b>1,831,897</b>  | <b>1,831,897</b>   | <b>1,980,606</b>                                    | <b>2,587,199</b>       | <b>3,487,633</b>       |

**Table 100 - MBBR Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)**

| Vote Description<br>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 |
| <b>Revenue by Vote</b>                                |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Vote 1 - Area-Based Service Delivery                  | 146,024           | 158,679           | 176,748           | 204,290              | 204,758           | 204,758            | 219,073   | 266,265                | 279,031                |
| Vote 2 - Assets & Facilities Management               | 707,549           | 572,111           | 414,050           | 453,587              | 420,440           | 420,440            | 442,283   | 481,577                | 529,098                |
| Vote 3 - Corporate Services                           | 59,158            | 55,760            | 64,771            | 68,073               | 64,698            | 64,698             | 69,289  | 74,302                 | 77,607                 |
| Vote 4 - City Manager                                 | 1                 | (7)               | 0                 | -                    | -                 | -                  | -   | -                      | -                      |
| Vote 5 - Directorate of the Mayor                     | 4,444             | 1,706             | 852               | 3,324                | 17,824            | 17,824             | 3,615   | 176                    | 186                    |
| Vote 6 - Energy                                       | 10,380,957        | 11,527,694        | 12,083,675        | 12,256,918           | 12,297,019        | 12,297,019         | 12,934,959  | 13,870,807             | 15,329,083             |
| Vote 7 - Finance                                      | 10,384,444        | 11,684,796        | 13,560,991        | 14,307,250           | 13,760,189        | 13,760,189         | 15,439,250  | 16,580,479             | 17,848,499             |
| Vote 8 - Informal Settlements, Water & Waste Services | 5,376,022         | 6,348,843         | 7,044,676         | 8,212,622            | 6,929,283         | 6,929,283          | 8,206,799   | 10,427,243             | 12,250,097             |
| Vote 9 - Safety & Security                            | 1,124,039         | 1,236,741         | 1,402,527         | 1,267,627            | 1,282,465         | 1,282,465          | 1,351,377   | 1,424,096              | 1,502,299              |
| Vote 10 - Social Services                             | 695,507           | 696,022           | 790,612           | 904,664              | 901,457           | 901,457            | 928,178   | 957,304                | 1,058,109              |
| Vote 11 - Transport & Urban Development Authority     | 2,852,348         | 2,694,231         | 2,621,074         | 2,683,471            | 2,990,494         | 2,990,494          | 2,302,234   | 2,406,320              | 2,472,334              |
| Vote 12 - Cape Town International Convention Centre   | 226,666           | 244,005           | 244,473           | 284,451              | 261,409           | 261,409            | 291,129   | 308,597                | 327,113                |
| Vote 13 - Cape Town Stadium Entity                    | -                 | -                 | -                 | -                    | 43,568            | 43,568             | 88,891  | 91,617                 | 91,686                 |
| <b>Total Revenue by Vote</b>                          | <b>31,957,159</b> | <b>35,220,581</b> | <b>38,404,450</b> | <b>40,646,277</b>    | <b>39,173,604</b> | <b>39,173,604</b>  | <b>42,277,077</b>                                   | <b>46,888,784</b>      | <b>51,765,142</b>      |
| <b>Expenditure by Vote to be appropriated</b>         |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Vote 1 - Area-Based Service Delivery                  | 358,391           | 393,434           | 412,259           | 547,009              | 524,668           | 524,668            | 589,913   | 621,763                | 662,633                |
| Vote 2 - Assets & Facilities Management               | 1,440,741         | 1,487,231         | 1,564,514         | 1,851,509            | 1,666,199         | 1,666,209          | 1,933,989   | 2,080,989              | 2,214,480              |
| Vote 3 - Corporate Services                           | 1,292,480         | 1,380,968         | 1,439,692         | 1,741,551            | 1,600,840         | 1,600,840          | 1,698,256   | 1,834,308              | 1,966,677              |
| Vote 4 - City Manager                                 | 20,905            | 23,991            | 21,436            | 22,198               | 22,043            | 22,043             | 26,206  | 27,964                 | 29,850                 |
| Vote 5 - Directorate of the Mayor                     | 346,164           | 351,209           | 404,576           | 557,664              | 517,993           | 517,983            | 603,295   | 643,311                | 685,674                |
| Vote 6 - Energy                                       | 8,401,044         | 9,468,163         | 9,885,010         | 10,355,750           | 10,213,592        | 10,213,592         | 10,674,846  | 11,542,987             | 12,418,819             |
| Vote 7 - Finance                                      | 2,084,867         | 2,542,752         | 2,396,354         | 3,370,596            | 2,633,040         | 2,633,040          | 3,212,031   | 3,866,255              | 4,263,356              |
| Vote 8 - Informal Settlements, Water & Waste Services | 5,185,428         | 5,973,003         | 6,807,396         | 7,739,299            | 7,934,466         | 7,934,466          | 9,849,592   | 11,033,091             | 12,658,784             |
| Vote 9 - Safety & Security                            | 2,323,967         | 2,667,773         | 2,839,108         | 3,148,512            | 3,073,273         | 3,073,273          | 3,265,153   | 3,523,347              | 3,751,774              |
| Vote 10 - Social Services                             | 2,458,026         | 2,682,700         | 2,950,086         | 3,463,150            | 3,316,242         | 3,316,242          | 3,608,390   | 4,023,476              | 4,333,218              |
| Vote 11 - Transport & Urban Development Authority     | 3,427,803         | 3,699,530         | 4,116,187         | 4,560,879            | 4,864,774         | 4,864,774          | 4,424,070   | 4,669,853              | 4,837,377              |
| Vote 12 - Cape Town International Convention Centre   | 165,947           | 176,745           | 187,013           | 964,158              | 931,008           | 931,008            | 321,840   | 342,624                | 363,182                |
| Vote 13 - Cape Town Stadium Entity                    | -                 | -                 | -                 | -                    | 43,568            | 43,568             | 88,891  | 91,617                 | 91,686                 |
| <b>Total Expenditure by Vote</b>                      | <b>27,505,765</b> | <b>30,847,500</b> | <b>33,023,631</b> | <b>38,322,274</b>    | <b>37,341,707</b> | <b>37,341,707</b>  | <b>40,296,471</b>                                   | <b>44,301,585</b>      | <b>48,277,509</b>      |
| <b>Surplus/(Deficit) for the year</b>                 | <b>4,451,394</b>  | <b>4,373,081</b>  | <b>5,380,819</b>  | <b>2,324,003</b>     | <b>1,831,897</b>  | <b>1,831,897</b>   | <b>1,980,606</b>                                    | <b>2,587,198</b>       | <b>3,487,633</b>       |

**Table 101 – MBRR Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)**

| 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 |
| <b>Revenue By Source</b>   |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Property rates   | 6,013,891         | 6,739,787         | 8,100,322         | 8,662,350            | 8,694,931         | 8,694,931          | 9,426,952   | 10,248,287             | 11,131,713             |
| Service charges - electricity revenue  | 9,966,560         | 11,187,275        | 11,744,571        | 11,942,587           | 11,942,546        | 11,942,546         | 12,591,403  | 13,519,095             | 14,865,239             |
| Service charges - water revenue  | 2,523,671         | 2,983,770         | 3,442,473         | 3,933,401            | 2,654,743         | 2,654,743          | 3,612,044   | 4,998,122              | 6,293,919              |
| Service charges - sanitation revenue   | 1,321,307         | 1,534,981         | 1,609,916         | 2,092,272            | 1,521,522         | 1,521,522          | 2,074,286   | 2,775,805              | 3,150,519              |
| Service charges - refuse revenue   | 980,691           | 991,556           | 1,081,307         | 1,341,882            | 1,065,173         | 1,065,173          | 1,202,096   | 1,331,946              | 1,486,110              |
| Service charges - other  | 581,882           | 854,487           | 937,673           | -                    | 573               | 573                | 573   | 738                    | 896                    |
| Rental of facilities and equipment   | 369,121           | 350,954           | 358,497           | 661,847              | 596,985           | 596,985            | 638,224   | 565,944                | 598,111                |
| Interest earned - external investments   | 575,783           | 680,150           | 800,331           | 785,328              | 905,328           | 905,328            | 974,063   | 994,620                | 1,025,150              |
| Interest earned - outstanding debtors  | 198,230           | 221,609           | 278,063           | 284,131              | 284,131           | 284,131            | 340,970   | 362,409                | 385,462                |
| Dividends received   | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Fines, penalties and forfeits  | 988,017           | 1,112,956         | 1,241,128         | 1,146,414            | 1,243,623         | 1,243,623          | 1,280,160   | 1,350,569              | 1,425,526              |
| Licences and permits   | 43,111            | 41,494            | 47,741            | 43,749               | 43,749            | 43,749             | 46,457  | 49,012                 | 51,732                 |
| Agency services  | 168,519           | 183,260           | 188,238           | 162,771              | 162,771           | 162,771            | 201,723   | 212,818                | 224,629                |
| Transfers and subsidies  | 3,264,270         | 5,679,468         | 5,864,445         | 6,455,942            | 7,032,529         | 7,032,529          | 6,797,205   | 7,169,255              | 7,542,281              |
| Other revenue  | 2,401,888         | 339,163           | 429,116           | 738,369              | 748,630           | 748,630            | 904,552   | 1,066,440              | 1,126,569              |
| Gains on disposal of PPE   | 87,868            | 126,546           | 186,934           | 41,500               | 39,500            | 39,500             | 43,870  | 46,283                 | 48,852                 |
| <b>Total Revenue (excluding capital transfers and contributions)</b>   | <b>29,484,808</b> | <b>33,027,456</b> | <b>36,310,756</b> | <b>38,292,542</b>    | <b>36,936,733</b> | <b>36,936,733</b>  | <b>40,134,581</b>                                   | <b>44,691,342</b>      | <b>49,356,709</b>      |
| <b>Expenditure By Type</b>   |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Employee related costs   | 8,177,194         | 9,415,889         | 9,728,886         | 12,146,477           | 11,606,103        | 11,606,103         | 12,912,624  | 13,847,021             | 14,931,846             |
| Remuneration of councillors  | 128,767           | 135,095           | 138,951           | 155,787              | 155,565           | 155,565            | 171,056   | 182,222                | 194,158                |
| Debt impairment  | 1,523,798         | 1,898,894         | 2,323,669         | 2,509,038            | 2,491,485         | 2,491,485          | 2,879,937   | 3,346,843              | 3,644,602              |
| Depreciation & asset impairment  | 1,941,951         | 2,145,817         | 2,340,817         | 3,277,476            | 3,225,455         | 3,225,455          | 2,977,696   | 3,389,808              | 3,718,242              |
| Finance charges  | 781,262           | 748,479           | 732,913           | 1,138,893            | 993,252           | 993,252            | 1,438,535   | 1,952,594              | 2,204,971              |
| Bulk purchases   | 7,108,843         | 8,073,336         | 8,438,102         | 8,540,135            | 8,742,293         | 8,742,293          | 9,829,482   | 10,760,898             | 12,188,735             |
| Other materials  | 347,128           | 326,088           | 499,840           | 1,234,424            | 1,198,115         | 1,198,115          | 1,287,149   | 1,398,548              | 1,465,979              |
| Contracted services  | 3,684,195         | 3,886,305         | 4,300,046         | 6,132,601            | 6,183,924         | 6,183,924          | 6,106,205   | 6,503,204              | 6,823,836              |
| Transfers and subsidies  | 96,661            | 148,246           | 111,829           | 140,985              | 413,950           | 413,950            | 230,036   | 243,505                | 257,020                |
| Other expenditure  | 3,712,730         | 4,061,050         | 4,400,014         | 3,046,070            | 2,331,103         | 2,331,103          | 2,463,263   | 2,676,427              | 2,847,576              |
| Loss on disposal of PPE  | 3,235             | 8,302             | 8,563             | 387                  | 462               | 462                | 488   | 515                    | 543                    |
| <b>Total Expenditure</b>   | <b>27,505,765</b> | <b>30,847,500</b> | <b>33,023,631</b> | <b>38,322,274</b>    | <b>37,341,707</b> | <b>37,341,707</b>  | <b>40,296,470</b>                                   | <b>44,301,585</b>      | <b>48,277,509</b>      |
| <b>Surplus/(Deficit)</b>   | <b>1,979,044</b>  | <b>2,179,955</b>  | <b>3,287,125</b>  | <b>(29,731)</b>      | <b>(404,975)</b>  | <b>(404,975)</b>   | <b>(161,890)</b>                                    | <b>389,757</b>         | <b>1,079,200</b>       |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)  | 2,423,179         | 2,131,537         | 2,005,297         | 2,268,835            | 2,140,287         | 2,140,287          | 2,066,296   | 2,118,842              | 2,296,333              |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) | 44,219            | 61,488            | 71,882            | 84,900               | 96,585            | 96,585             | 76,200  | 78,600                 | 112,100                |
| Transfers and subsidies - capital (in-kind - all)  | 4,953             | 100               | 16,516            | -                    | -                 | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>   | <b>4,451,394</b>  | <b>4,373,081</b>  | <b>5,380,819</b>  | <b>2,324,004</b>     | <b>1,831,897</b>  | <b>1,831,897</b>   | <b>1,980,606</b>                                    | <b>2,587,199</b>       | <b>3,487,633</b>       |
| Taxation   | 18,576            | 20,007            | 13,983            | -                    | -                 | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) after taxation</b>  | <b>4,432,818</b>  | <b>4,353,074</b>  | <b>5,366,836</b>  | <b>2,324,004</b>     | <b>1,831,897</b>  | <b>1,831,897</b>   | <b>1,980,606</b>                                    | <b>2,587,199</b>       | <b>3,487,633</b>       |
| Attributable to minorities   | 13,847            | 13,918            | 12,500            | 194,396              | 191,505           | 191,505            | (8,783)   | (9,732)                | (10,316)               |
| <b>Surplus/(Deficit) attributable to municipality</b>  | <b>4,446,665</b>  | <b>4,366,992</b>  | <b>5,379,336</b>  | <b>2,518,400</b>     | <b>2,023,402</b>  | <b>2,023,402</b>   | <b>1,971,823</b>                                    | <b>2,577,467</b>       | <b>3,477,317</b>       |
| Share of surplus/ (deficit) of associate   | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| <b>Surplus/(Deficit) for the year</b>  | <b>4,446,665</b>  | <b>4,366,992</b>  | <b>5,379,336</b>  | <b>2,518,400</b>     | <b>2,023,402</b>  | <b>2,023,402</b>   | <b>1,971,823</b>                                    | <b>2,577,467</b>       | <b>3,477,317</b>       |

**Table 102 – MBRR Table A5 Consolidated Budgeted Capital Expenditure by vote, standard classification and funding**

| 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 | Budget Year 2018/19                                 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| <b>R thousand</b>                                     |                  |                  |                  |                      |                  |                    |   |                        |                        |
| <b>Capital expenditure - Vote</b>                     |                  |                  |                  |                      |                  |                    |   |                        |                        |
| <b>Multi-year expenditure to be appropriated</b>      |                  |                  |                  |                      |                  |                    |   |                        |                        |
| Vote 1 - Area-Based Service Delivery                  | 6,981            | 11,287           | 12,384           | 39,430               | 19,648           | 19,628             | 36,180  | 82,870                 | 74,870                 |
| Vote 2 - Assets & Facilities Management               | 532,726          | 311,356          | 358,089          | 395,019              | 431,322          | 430,316            | 402,141   | 291,073                | 91,372                 |
| Vote 3 - Corporate Services                           | 308,518          | 318,490          | 244,883          | 351,686              | 362,758          | 355,818            | 342,446   | 341,046                | 335,546                |
| Vote 4 - City Manager                                 | 304              | 232              | 321              | 222                  | 192              | 172                | 222   | 222                    | 222                    |
| Vote 5 - Directorate of the Mayor                     | 15,355           | 20,006           | 22,022           | 17,108               | 18,921           | 18,353             | 12,663  | 2,038                  | 1,538                  |
| Vote 6 - Energy                                       | 952,415          | 1,090,855        | 1,248,887        | 1,292,814            | 1,214,500        | 1,209,923          | 1,163,506   | 1,427,000              | 1,741,137              |
| Vote 7 - Finance                                      | 16,415           | 15,835           | 23,989           | 17,136               | 13,710           | 13,469             | 19,949  | 65,419                 | 35,411                 |
| Vote 8 - Informal Settlements, Water & Waste Services | 1,291,505        | 1,698,228        | 1,828,616        | 2,445,238            | 3,674,061        | 3,673,345          | 5,096,706   | 5,125,026              | 5,818,036              |
| Vote 9 - Safety & Security                            | 83,097           | 152,051          | 114,835          | 191,120              | 162,819          | 162,761            | 167,433   | 79,515                 | 42,115                 |
| Vote 10 - Social Services                             | 243,995          | 229,454          | 243,940          | 283,413              | 287,506          | 278,408            | 299,214   | 238,127                | 215,704                |
| Vote 11 - Transport & Urban Development Authority     | 1,800,430        | 1,642,040        | 1,806,655        | 1,942,035            | 1,666,224        | 1,655,504          | 1,736,761   | 1,591,358              | 1,595,833              |
| Vote 12 - Cape Town International Convention Centre   | 81,879           | 380,306          | 367,936          | 47,982               | 175,476          | 175,476            | 49,193  | 40,631                 | 43,069                 |
| Vote 13 - Cape Town Stadium Entity                    | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <b>Total Capital Expenditure - Vote</b>               | <b>5,333,621</b> | <b>5,870,140</b> | <b>6,272,557</b> | <b>7,023,203</b>     | <b>8,027,138</b> | <b>7,993,174</b>   | <b>9,326,414</b>                                    | <b>9,284,324</b>       | <b>9,994,854</b>       |
| <b>Capital Expenditure - Functional</b>               |                  |                  |                  |                      |                  |                    |   |                        |                        |
| <b>Governance and administration</b>                  | <b>626,449</b>   | <b>750,055</b>   | <b>1,073,026</b> | <b>1,244,434</b>     | <b>1,204,652</b> | <b>1,194,692</b>   | <b>970,841</b>                                      | <b>817,171</b>         | <b>856,764</b>         |
| Executive and council                                 | 4,227            | 19,672           | 9,164            | 3,594                | 4,697            | 4,677              | 27,450  | 5,180                  | 3,480                  |
| Finance and administration                            | 622,098          | 730,250          | 1,063,731        | 1,239,881            | 1,198,996        | 1,189,957          | 943,260   | 811,859                | 853,224                |
| Internal audit  | 124              | 133              | 131              | 959                  | 959              | 959                | 131   | 131                    | 60                     |
| <b>Community and public safety</b>                    | <b>1,258,375</b> | <b>640,879</b>   | <b>773,993</b>   | <b>955,697</b>       | <b>867,483</b>   | <b>850,008</b>     | <b>1,010,498</b>                                    | <b>1,001,810</b>       | <b>875,569</b>         |
| Community and social services                         | 132,294          | 160,898          | 127,329          | 151,270              | 143,575          | 143,061            | 94,684  | 107,017                | 66,323                 |
| Sport and recreation                                  | 123,797          | 113,637          | 127,927          | 105,711              | 120,085          | 112,625            | 70,502  | 23,766                 | 26,178                 |
| Public safety   | 20,011           | 12,272           | 18,865           | 46,799               | 23,045           | 23,045             | 35,064  | 7,659                  | 7,659                  |
| Housing   | 962,099          | 336,949          | 476,876          | 606,733              | 535,218          | 525,717            | 738,497   | 812,971                | 727,913                |
| Health  | 20,173           | 17,122           | 22,996           | 45,183               | 45,560           | 45,560             | 71,751  | 50,396                 | 47,496                 |
| <b>Economic and environmental services</b>            | <b>1,317,978</b> | <b>1,576,687</b> | <b>1,578,032</b> | <b>1,662,703</b>     | <b>1,499,084</b> | <b>1,497,138</b>   | <b>1,405,152</b>                                    | <b>1,211,925</b>       | <b>1,197,686</b>       |
| Planning and development                              | 59,335           | 66,962           | 70,697           | 44,786               | 37,494           | 37,129             | 39,904  | 76,795                 | 96,723                 |
| Road transport  | 1,247,713        | 1,492,691        | 1,495,384        | 1,599,888            | 1,443,983        | 1,442,401          | 1,346,953   | 1,120,251              | 1,094,021              |
| Environmental protection                              | 10,930           | 17,034           | 11,951           | 18,028               | 17,608           | 17,608             | 18,294  | 14,880                 | 6,942                  |
| <b>Trading services</b>                               | <b>2,046,941</b> | <b>2,521,327</b> | <b>2,474,957</b> | <b>3,104,956</b>     | <b>4,273,012</b> | <b>4,268,429</b>   | <b>5,881,912</b>                                    | <b>6,205,392</b>       | <b>7,016,070</b>       |
| Energy sources  | 920,376          | 1,050,923        | 1,131,636        | 1,183,872            | 1,102,924        | 1,098,348          | 1,121,737   | 1,422,800              | 1,643,542              |
| Water management                                      | 509,417          | 641,907          | 608,426          | 853,967              | 2,303,224        | 2,303,224          | 3,268,730   | 2,541,400              | 3,147,047              |
| Waste water management                                | 460,858          | 680,773          | 659,092          | 684,576              | 676,088          | 676,082            | 1,123,238   | 1,673,849              | 1,716,148              |
| Waste management                                      | 156,289          | 147,724          | 75,803           | 382,541              | 190,776          | 190,776            | 368,207   | 567,344                | 509,333                |
| <b>Other</b>  | <b>83,878</b>    | <b>381,192</b>   | <b>372,549</b>   | <b>55,414</b>        | <b>182,907</b>   | <b>182,907</b>     | <b>58,011</b>                                       | <b>48,026</b>          | <b>48,764</b>          |
| <b>Total Capital Expenditure - Functional</b>         | <b>5,333,621</b> | <b>5,870,140</b> | <b>6,272,557</b> | <b>7,023,203</b>     | <b>8,027,138</b> | <b>7,993,174</b>   | <b>9,326,414</b>                                    | <b>9,284,324</b>       | <b>9,994,854</b>       |
| <b>Funded by:</b>                                     |                  |                  |                  |                      |                  |                    |   |                        |                        |
| National Government                                   | 2,189,129        | 2,030,362        | 2,009,376        | 2,189,832            | 2,105,624        | 2,088,598          | 2,014,546   | 1,993,692              | 2,138,633              |
| Provincial Government                                 | 282,292          | 156,729          | 46,130           | 79,002               | 34,663           | 34,663             | 51,750  | 125,150                | 157,700                |
| District Municipality                                 | -                | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| Other transfers and grants                            | 1,892            | 333              | -                | -                    | -                | -                  | -   | -                      | -                      |
| <b>Transfers recognised - capital</b>                 | <b>2,473,313</b> | <b>2,187,425</b> | <b>2,055,507</b> | <b>2,268,835</b>     | <b>2,140,287</b> | <b>2,123,261</b>   | <b>2,066,296</b>                                    | <b>2,118,842</b>       | <b>2,296,333</b>       |
| <b>Public contributions &amp; donations</b>           | <b>44,219</b>    | <b>61,488</b>    | <b>71,882</b>    | <b>84,900</b>        | <b>96,585</b>    | <b>96,585</b>      | <b>76,200</b>                                       | <b>78,600</b>          | <b>112,100</b>         |
| <b>Borrowing</b>                                      | <b>2,152,377</b> | <b>2,441,423</b> | <b>2,739,196</b> | <b>2,894,482</b>     | <b>4,000,000</b> | <b>3,997,962</b>   | <b>5,000,000</b>                                    | <b>5,200,000</b>       | <b>6,000,000</b>       |
| <b>Internally generated funds</b>                     | <b>663,712</b>   | <b>1,179,805</b> | <b>1,405,973</b> | <b>1,774,986</b>     | <b>1,790,266</b> | <b>1,775,367</b>   | <b>2,183,918</b>                                    | <b>1,886,883</b>       | <b>1,586,420</b>       |
| <b>Total Capital Funding</b>                          | <b>5,333,621</b> | <b>5,870,140</b> | <b>6,272,557</b> | <b>7,023,203</b>     | <b>8,027,138</b> | <b>7,993,174</b>   | <b>9,326,414</b>                                    | <b>9,284,324</b>       | <b>9,994,854</b>       |

**Table 103 – MBRR Table A6 Consolidated Budgeted 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 | Budget Year 2018/19                                 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| <b>R thousand</b>                        |                   |                   |                   |                      |                   |                    |   |                        |                        |
| <b>ASSETS</b>                            |                   |                   |                   |                      |                   |                    |   |                        |                        |
| <b>Current assets</b>                    |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Cash                                     | 152,717           | 102,773           | 515,040           | 103,918              | 103,918           | 103,918            | 109,764   | 158,000                | 149,988                |
| Call investment deposits                 | 5,347,410         | 5,803,468         | 4,846,753         | 6,825,310            | 6,881,877         | 6,881,877          | 7,249,800   | 8,414,929              | 10,875,747             |
| Consumer debtors                         | 4,618,497         | 5,106,634         | 5,724,863         | 5,635,475            | 6,008,994         | 6,008,994          | 6,349,964   | 6,712,373              | 7,097,836              |
| Other debtors                            | 838,633           | 875,788           | 1,092,692         | 1,156,114            | 1,260,469         | 1,260,469          | 1,448,962   | 1,663,929              | 1,911,030              |
| Current portion of long-term receivables | 19,838            | 17,093            | 14,201            | 18,845               | 14,911            | 14,911             | 15,657  | 16,439                 | 17,261                 |
| Inventory                                | 282,082           | 258,533           | 325,734           | 313,162              | 358,435           | 358,435            | 394,347   | 433,716                | 477,017                |
| <b>Total current assets</b>              | <b>11,259,176</b> | <b>12,164,289</b> | <b>12,519,283</b> | <b>14,052,823</b>    | <b>14,628,604</b> | <b>14,628,604</b>  | <b>15,568,494</b>                                   | <b>17,399,386</b>      | <b>20,528,880</b>      |
| <b>Non current assets</b>                |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Long-term receivables                    | 75,324            | 51,695            | 40,973            | 46,655               | 38,924            | 38,924             | 36,978  | 35,129                 | 33,373                 |
| Investments                              | 3,753,617         | 3,966,188         | 4,877,663         | 3,169,874            | 3,325,189         | 3,325,189          | 4,236,612   | 4,504,471              | 4,802,947              |
| Investment property                      | 589,382           | 588,191           | 586,427           | 586,473              | 584,713           | 584,713            | 582,999   | 581,285                | 579,571                |
| Investment in Associate                  | –                 | –                 | –                 | –                    | –                 | –                  | –   | –                      | –                      |
| Property, plant and equipment            | 33,707,219        | 37,511,970        | 41,339,335        | 44,994,341           | 45,899,293        | 45,899,293         | 51,907,996  | 57,458,003             | 63,353,939             |
| Agricultural                             | –                 | –                 | –                 | –                    | –                 | –                  | –   | –                      | –                      |
| Biological                               | –                 | –                 | –                 | –                    | –                 | –                  | –   | –                      | –                      |
| Intangible                               | 708,383           | 629,162           | 678,871           | 522,272              | 529,946           | 529,946            | 407,814   | 291,852                | 176,652                |
| Other non-current assets                 | 9,062             | 9,049             | 8,904             | 9,049                | 8,904             | 8,904              | 8,904   | 8,904                  | 8,904                  |
| <b>Total non current assets</b>          | <b>38,842,987</b> | <b>42,756,255</b> | <b>47,532,173</b> | <b>49,328,664</b>    | <b>50,386,969</b> | <b>50,386,969</b>  | <b>57,181,302</b>                                   | <b>62,879,644</b>      | <b>68,955,386</b>      |
| <b>TOTAL ASSETS</b>                      | <b>50,102,163</b> | <b>54,920,544</b> | <b>60,051,456</b> | <b>63,381,487</b>    | <b>65,015,574</b> | <b>65,015,574</b>  | <b>72,749,796</b>                                   | <b>80,279,030</b>      | <b>89,484,266</b>      |
| <b>LIABILITIES</b>                       |                   |                   |                   |                      |                   |                    |   |                        |                        |
| <b>Current liabilities</b>               |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Bank overdraft                           | –                 | –                 | 5,298             | –                    | –                 | –                  | –   | –                      | –                      |
| Borrowing                                | 345,682           | 469,936           | 334,185           | 428,372              | 428,372           | 428,372            | 895,175   | 1,234,967              | 1,645,282              |
| Consumer deposits                        | 308,687           | 371,253           | 371,397           | 441,906              | 409,680           | 409,680            | 451,735   | 495,862                | 544,339                |
| Trade and other payables                 | 6,963,220         | 7,088,301         | 7,167,218         | 8,822,755            | 7,574,393         | 7,574,393          | 7,369,805   | 7,357,505              | 7,371,913              |
| Provisions                               | 1,130,647         | 1,072,815         | 965,675           | 1,227,888            | 1,037,169         | 1,037,169          | 1,074,353   | 1,177,337              | 1,258,471              |
| <b>Total current liabilities</b>         | <b>8,748,235</b>  | <b>9,002,305</b>  | <b>8,843,774</b>  | <b>10,920,921</b>    | <b>9,449,614</b>  | <b>9,449,614</b>   | <b>9,791,068</b>                                    | <b>10,265,671</b>      | <b>10,820,006</b>      |
| <b>Non current liabilities</b>           |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Borrowing                                | 6,415,499         | 6,036,906         | 5,789,616         | 7,807,170            | 9,311,597         | 9,311,597          | 13,404,353  | 17,333,624             | 21,927,306             |
| Provisions                               | 5,624,703         | 6,113,699         | 6,109,329         | 6,744,511            | 6,453,063         | 6,453,063          | 7,099,756   | 7,637,918              | 8,207,503              |
| <b>Total non current liabilities</b>     | <b>12,040,202</b> | <b>12,150,605</b> | <b>11,898,945</b> | <b>14,551,682</b>    | <b>15,764,660</b> | <b>15,764,660</b>  | <b>20,504,109</b>                                   | <b>24,971,542</b>      | <b>30,134,809</b>      |
| <b>TOTAL LIABILITIES</b>                 | <b>20,788,438</b> | <b>21,152,911</b> | <b>20,742,719</b> | <b>25,472,603</b>    | <b>25,214,275</b> | <b>25,214,275</b>  | <b>30,295,176</b>                                   | <b>35,237,212</b>      | <b>40,954,814</b>      |
| <b>NET ASSETS</b>                        | <b>29,313,725</b> | <b>33,767,633</b> | <b>39,308,737</b> | <b>37,908,884</b>    | <b>39,801,299</b> | <b>39,801,299</b>  | <b>42,454,620</b>                                   | <b>45,041,818</b>      | <b>48,529,451</b>      |
| <b>COMMUNITY WEALTH/EQUITY</b>           |                   |                   |                   |                      |                   |                    |   |                        |                        |
| Accumulated Surplus/(Deficit)            | 26,523,461        | 30,763,198        | 35,535,552        | 35,115,645           | 36,327,657        | 36,327,657         | 39,068,687  | 40,864,536             | 43,148,605             |
| Reserves                                 | 2,790,264         | 3,004,435         | 3,773,185         | 2,793,239            | 3,473,642         | 3,473,642          | 3,385,933   | 4,177,283              | 5,380,846              |
| <b>TOTAL COMMUNITY WEALTH/EQUITY</b>     | <b>29,313,725</b> | <b>33,767,633</b> | <b>39,308,737</b> | <b>37,908,884</b>    | <b>39,801,299</b> | <b>39,801,299</b>  | <b>42,454,620</b>                                   | <b>45,041,818</b>      | <b>48,529,451</b>      |



**Table 104 – MBRR Table A7 Consolidated 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 | Budget Year 2018/19                                 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| <b>R thousand</b>                                 |                    |                    |                    |                      |                    |                    |   |                        |                        |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>        |                    |                    |                    |                      |                    |                    |   |                        |                        |
| <b>Receipts</b>                                   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Property rates                                    | 6,018,735          | 6,745,047          | 8,105,126          | 8,344,028            | 8,127,674          | 8,127,674          | 9,055,790   | 9,795,009              | 10,630,877             |
| Service charges                                   | 15,197,370         | 17,363,596         | 18,619,105         | 17,459,005           | 16,053,486         | 16,053,486         | 17,999,918  | 20,834,071             | 23,804,691             |
| Other revenue                                     | 2,074,028          | 1,586,839          | 812,372            | 1,625,994            | 1,922,033          | 1,922,033          | 4,598,484   | 4,781,445              | 5,019,989              |
| Government - operating                            | 3,251,460          | 3,589,931          | 3,633,883          | 6,455,942            | 7,032,299          | 7,032,299          | 4,239,069   | 4,529,605              | 4,795,979              |
| Government - capital                              | 2,423,179          | 2,131,537          | 2,014,869          | 2,353,735            | 2,227,102          | 2,227,102          | 2,142,496   | 2,197,442              | 2,408,433              |
| Interest  | 766,135            | 876,689            | 1,028,647          | 785,328              | 905,328            | 905,328            | 974,063   | 994,620                | 1,025,150              |
| <b>Payments</b>                                   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Suppliers and employees                           | (22,752,383)       | (25,009,604)       | (26,788,771)       | (30,357,016)         | (30,510,995)       | (30,510,995)       | (32,626,449)  | (35,229,270)           | (38,305,284)           |
| Finance charges                                   | (709,550)          | (687,305)          | (666,166)          | (985,478)            | (933,427)          | (933,427)          | (1,305,377)   | (1,828,724)            | (1,994,078)            |
| Transfers and Grants                              | (136,487)          | (148,246)          | (111,829)          | (140,985)            | -                  | -                  | (230,036)   | (243,505)              | (257,020)              |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>  | <b>6,132,487</b>   | <b>6,448,483</b>   | <b>6,647,236</b>   | <b>5,540,553</b>     | <b>4,823,500</b>   | <b>4,823,500</b>   | <b>4,847,959</b>                                    | <b>5,830,694</b>       | <b>7,128,736</b>       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>       |                    |                    |                    |                      |                    |                    |   |                        |                        |
| <b>Receipts</b>                                   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Proceeds on disposal of PPE                       | 91,419             | 130,189            | 198,742            | 41,500               | 39,500             | 39,500             | 43,870  | 46,283                 | 48,852                 |
| Decrease (increase) in non-current debtors        | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| Decrease (increase) other non-current receivables | 28,800             | 26,374             | 13,614             | 2,456                | 10,186             | 10,186             | 1,946   | 1,849                  | 1,756                  |
| Decrease (increase) in non-current investments    | 366,983            | (621,401)          | (410,412)          | (212,908)            | (212,908)          | (212,908)          | (238,708)   | (267,859)              | (298,475)              |
| <b>Payments</b>                                   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Capital assets                                    | (5,282,372)        | (5,870,139)        | (6,310,057)        | (6,938,045)          | (6,841,084)        | (6,841,084)        | (8,398,692)   | (8,359,955)            | (8,999,675)            |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>  | <b>(4,795,170)</b> | <b>(6,334,977)</b> | <b>(6,508,113)</b> | <b>(7,106,997)</b>   | <b>(7,004,306)</b> | <b>(7,004,306)</b> | <b>(8,591,584)</b>                                  | <b>(8,579,683)</b>     | <b>(9,247,542)</b>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>       |                    |                    |                    |                      |                    |                    |   |                        |                        |
| <b>Receipts</b>                                   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Short term loans                                  | -                  | -                  | -                  | -                    | -                  | -                  | -   | -                      | -                      |
| Borrowing long term/refinancing                   | 202,715            | 117,000            | 193,000            | 2,500,000            | 4,000,000          | 4,000,000          | 5,000,000   | 5,200,000              | 6,000,000              |
| Increase (decrease) in consumer deposits          | (97,959)           | 52,375             | 27,077             | 35,710               | 29,785             | 29,785             | 38,688  | 42,557                 | 46,813                 |
| <b>Payments</b>                                   |                    |                    |                    |                      |                    |                    |   |                        |                        |
| Repayment of borrowing                            | (309,852)          | (285,597)          | (407,883)          | (435,159)            | (432,586)          | (432,586)          | (682,586)   | (1,012,345)            | (1,165,628)            |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>  | <b>(205,097)</b>   | <b>(116,222)</b>   | <b>(187,806)</b>   | <b>2,100,551</b>     | <b>3,597,199</b>   | <b>3,597,199</b>   | <b>4,356,102</b>                                    | <b>4,230,212</b>       | <b>4,881,185</b>       |
| <b>NET INCREASE/ (DECREASE) IN CASH HELD</b>      | <b>1,132,221</b>   | <b>(2,716)</b>     | <b>(48,683)</b>    | <b>534,106</b>       | <b>1,416,393</b>   | <b>1,416,393</b>   | <b>612,477</b>                                      | <b>1,481,223</b>       | <b>2,762,378</b>       |
| Cash/cash equivalents at the year begin:          | 2,621,558          | 3,753,780          | 3,751,064          | 4,116,346            | 3,773,576          | 3,773,576          | 5,118,773   | 5,731,250              | 7,212,474              |
| Cash/cash equivalents at the year end:            | 3,753,780          | 3,751,064          | 3,702,381          | 4,650,453            | 5,189,969          | 5,189,969          | 5,731,250   | 7,212,474              | 9,974,852              |

**Table 105 – MBRR Table A8 Consolidated 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 | Budget Year 2018/19                                 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| <b>R thousand</b>                                 |                  |                  |                   |                      |                   |                    |   |                        |                        |
| <b>Cash and investments available</b>             |                  |                  |                   |                      |                   |                    |   |                        |                        |
| Cash/cash equivalents at the year end             | 3,753,780        | 3,751,064        | 3,702,381         | 4,650,453            | 5,189,969         | 5,189,969          | 5,731,250   | 7,212,474              | 9,974,852              |
| Other current investments > 90 days               | 1,746,347        | 2,155,177        | 1,654,114         | 2,278,775            | 1,795,827         | 1,795,827          | 1,628,314   | 1,360,456              | 1,050,883              |
| Non current assets - Investments                  | 3,753,617        | 3,966,188        | 4,877,663         | 3,169,874            | 3,325,189         | 3,325,189          | 4,236,612   | 4,504,471              | 4,802,947              |
| <b>Cash and investments available:</b>            | <b>9,253,744</b> | <b>9,872,429</b> | <b>10,234,158</b> | <b>10,099,102</b>    | <b>10,310,984</b> | <b>10,310,984</b>  | <b>11,596,176</b>                                   | <b>13,077,400</b>      | <b>15,828,682</b>      |
| <b>Application of cash and investments</b>        |                  |                  |                   |                      |                   |                    |   |                        |                        |
| Unspent conditional transfers                     | 1,527,445        | 1,199,955        | 1,054,374         | 680,263              | 1,740,079         | 1,740,079          | 1,460,987   | 1,772,177              | 2,112,823              |
| Unspent borrowing                                 | -                | -                | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| Statutory requirements                            | -                | -                | -                 | -                    | -                 | -                  | 102,936   | 108,083                | 113,487                |
| Other working capital requirements                | 308,212          | (28,249)         | (391,475)         | 2,011,436            | (851,302)         | (851,302)          | (1,868,731)   | (2,687,326)            | (3,611,462)            |
| Other provisions                                  | -                | -                | -                 | -                    | -                 | -                  | 1,068,525   | 1,171,019              | 1,251,623              |
| Long term investments committed                   | 1,788,477        | 1,968,829        | 2,051,869         | 2,265,047            | 2,265,047         | 2,265,047          | 2,503,755   | 2,771,615              | 3,070,090              |
| Reserves to be backed by cash/investments         | 2,790,264        | 3,004,435        | 3,773,185         | 3,100,264            | 3,421,363         | 3,421,363          | 4,714,541   | 5,851,351              | 7,465,701              |
| <b>Total Application of cash and investments:</b> | <b>6,414,398</b> | <b>6,144,970</b> | <b>6,487,953</b>  | <b>8,057,010</b>     | <b>6,575,187</b>  | <b>6,575,187</b>   | <b>7,982,013</b>                                    | <b>8,986,918</b>       | <b>10,402,263</b>      |
| <b>Surplus(shortfall)</b>                         | <b>2,839,346</b> | <b>3,727,459</b> | <b>3,746,204</b>  | <b>2,042,092</b>     | <b>3,735,797</b>  | <b>3,735,797</b>   | <b>3,614,163</b>                                    | <b>4,090,481</b>       | <b>5,426,419</b>       |

Table 106 - MBRR Table A9 Consolidated 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 |
| <b>R thousand</b>                                   |                  |                  |                  |                      |                  |                    |   |                        |                        |
| <b>CAPITAL EXPENDITURE</b>                          |                  |                  |                  |                      |                  |                    |   |                        |                        |
| <b>Total New Assets</b>                             | <b>2,955,915</b> | <b>3,179,608</b> | <b>3,362,875</b> | <b>3,786,427</b>     | <b>4,841,128</b> | <b>4,798,395</b>   | <b>5,650,972</b>                                    | <b>4,998,945</b>       | <b>5,531,183</b>       |
| <i>Roads Infrastructure</i>                         | 616,988          | 665,367          | 897,860          | 956,768              | 808,645          | 900,007            | 665,185   | 705,566                | 716,396                |
| <i>Storm water Infrastructure</i>                   | 200              | 2,803            | 3,845            | 124,492              | 125,752          | 3,888              | 93,818  | 120,121                | 132,265                |
| <i>Electrical Infrastructure</i>                    | 447,696          | 509,555          | 555,112          | 567,420              | 534,914          | 530,013            | 516,806   | 568,545                | 658,971                |
| <i>Water Supply Infrastructure</i>                  | 136,191          | 143,479          | 208,170          | 518,930              | 1,699,053        | 1,614,965          | 1,880,585   | 452,474                | 1,545,977              |
| <i>Sanitation Infrastructure</i>                    | 103,850          | 205,274          | 154,686          | 120,422              | 127,338          | 73,243             | 189,290   | 268,075                | 239,337                |
| <i>Solid Waste Infrastructure</i>                   | 138,914          | 68,991           | 41,370           | 194,077              | 80,929           | 80,929             | 167,300   | 290,100                | 417,140                |
| <i>Information and Communication Infrastructure</i> | 133,046          | 182,718          | 131,324          | 189,528              | 151,159          | 156,805            | 236,906   | 200,427                | 197,980                |
| <b>Infrastructure</b>                               | <b>1,576,886</b> | <b>1,778,186</b> | <b>1,992,367</b> | <b>2,671,635</b>     | <b>3,527,790</b> | <b>3,359,851</b>   | <b>3,749,891</b>                                    | <b>2,605,308</b>       | <b>3,908,066</b>       |
| Community Facilities                                | 532,831          | 262,462          | 300,144          | 342,313              | 238,104          | 237,440            | 484,192   | 318,874                | 164,952                |
| Sport and Recreation Facilities                     | 2,131            | 1,626            | 10               | 350                  | 1,243            | 1,243              | 140   | -                      | -                      |
| <b>Community Assets</b>                             | <b>534,963</b>   | <b>264,089</b>   | <b>300,154</b>   | <b>342,663</b>       | <b>239,347</b>   | <b>238,682</b>     | <b>484,332</b>                                      | <b>318,874</b>         | <b>164,952</b>         |
| Revenue Generating                                  | -                | -                | 81               | -                    | -                | -                  | -   | -                      | -                      |
| <b>Investment properties</b>                        | <b>-</b>         | <b>-</b>         | <b>81</b>        | <b>-</b>             | <b>-</b>         | <b>-</b>           | <b>-</b>  | <b>-</b>               | <b>-</b>               |
| Operational Buildings                               | 108,924          | 450,125          | 561,513          | 227,967              | 337,001          | 345,501            | 126,165   | 80,698                 | 64,100                 |
| Housing   | 14,364           | 44,823           | 3,255            | 66,041               | 13,416           | 13,628             | 53,740  | 129,570                | 121,440                |
| <b>Other Assets</b>                                 | <b>123,288</b>   | <b>494,948</b>   | <b>564,768</b>   | <b>294,008</b>       | <b>350,417</b>   | <b>359,129</b>     | <b>179,905</b>                                      | <b>210,267</b>         | <b>185,541</b>         |
| Licences and Rights                                 | -                | 495              | 500              | 2,000                | 5,240            | 3,800              | 10,565  | 58,565                 | 31,565                 |
| <b>Intangible Assets</b>                            | <b>-</b>         | <b>495</b>       | <b>500</b>       | <b>2,000</b>         | <b>5,240</b>     | <b>3,800</b>       | <b>10,565</b>                                       | <b>58,565</b>          | <b>31,565</b>          |
| Computer Equipment                                  | 77,297           | 129,741          | 152,295          | 212,637              | 253,354          | 240,052            | 160,302   | 171,200                | 97,700                 |
| Furniture and Office Equipment                      | 252,027          | 308,385          | 136,333          | 82,283               | 138,466          | 141,486            | 75,748  | 51,925                 | 68,567                 |
| Machinery and Equipment                             | 42,245           | 98,316           | 153,584          | 129,231              | 262,228          | 262,227            | 908,344   | 1,533,942              | 1,038,942              |
| Transport Assets                                    | 349,210          | 105,449          | 62,793           | 51,970               | 64,286           | 193,168            | 81,885  | 48,863                 | 35,850                 |
| <b>Total Renewal of Existing Assets</b>             | <b>2,377,706</b> | <b>2,690,532</b> | <b>1,599,035</b> | <b>1,449,710</b>     | <b>1,648,423</b> | <b>1,664,935</b>   | <b>1,817,466</b>                                    | <b>2,268,559</b>       | <b>2,586,064</b>       |
| <i>Roads Infrastructure</i>                         | 278,810          | 435,911          | 254,173          | 183,678              | 180,456          | 216,785            | 220,181   | 213,908                | 254,748                |
| <i>Storm water Infrastructure</i>                   | 18,768           | 44,902           | 27,082           | 48,495               | 49,810           | 12,930             | 13,900  | 10,900                 | 15,000                 |
| <i>Electrical Infrastructure</i>                    | 358,552          | 429,547          | 305,935          | 461,479              | 360,933          | 360,933            | 427,796   | 669,300                | 673,200                |
| <i>Water Supply Infrastructure</i>                  | 306,728          | 401,675          | 318,909          | 275,892              | 423,025          | 453,025            | 437,500   | 486,500                | 570,000                |
| <i>Sanitation Infrastructure</i>                    | 348,155          | 467,650          | 182,065          | 79,595               | 99,584           | 99,584             | 339,750   | 564,500                | 653,250                |
| <i>Solid Waste Infrastructure</i>                   | 18,755           | 87,176           | 1,059            | 4,000                | 1,000            | 1,000              | 5,280   | -                      | 10,000                 |
| <i>Information and Communication Infrastructure</i> | -                | -                | 138              | 1,500                | 1,530            | 3,060              | 1,560   | 1,500                  | 2,650                  |
| <b>Infrastructure</b>                               | <b>1,329,768</b> | <b>1,866,859</b> | <b>1,089,361</b> | <b>1,054,639</b>     | <b>1,116,337</b> | <b>1,147,316</b>   | <b>1,445,967</b>                                    | <b>1,946,608</b>       | <b>2,178,848</b>       |
| Community Facilities                                | 94,584           | 93,572           | 3,493            | 40,373               | 47,816           | 13,815             | 5,522   | 800                    | 100                    |
| Sport and Recreation Facilities                     | 59,695           | 37,166           | -                | -                    | -                | -                  | -   | -                      | -                      |
| <b>Community Assets</b>                             | <b>154,279</b>   | <b>130,739</b>   | <b>3,493</b>     | <b>40,373</b>        | <b>47,816</b>    | <b>13,815</b>      | <b>5,522</b>  | <b>800</b>             | <b>100</b>             |
| <b>Heritage Assets</b>                              | <b>514</b>       | <b>6,547</b>     | <b>-</b>         | <b>650</b>           | <b>570</b>       | <b>476</b>         | <b>1,800</b>  | <b>1,800</b>           | <b>2,000</b>           |
| Operational Buildings                               | 232,335          | 175,308          | 90,401           | 24,000               | 38,234           | 32,485             | 21,997  | 25,667                 | 108,714                |
| Housing   | 345,863          | 124,428          | 49,186           | 9,180                | 20,575           | 20,575             | -   | -                      | -                      |
| <b>Other Assets</b>                                 | <b>578,197</b>   | <b>299,736</b>   | <b>139,587</b>   | <b>33,180</b>        | <b>58,809</b>    | <b>53,060</b>      | <b>21,997</b>                                       | <b>25,667</b>          | <b>108,714</b>         |
| Licences and Rights                                 | -                | -                | -                | 2,500                | 7,500            | 2,500              | 5,000   | 5,000                  | 5,000                  |
| <b>Intangible Assets</b>                            | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>2,500</b>         | <b>7,500</b>     | <b>2,500</b>       | <b>5,000</b>  | <b>5,000</b>           | <b>5,000</b>           |
| Computer Equipment                                  | 113,524          | 100,476          | 75,040           | 84,771               | 85,187           | 89,818             | 74,543  | 77,560                 | 67,118                 |
| Furniture and Office Equipment                      | 52,473           | 48,775           | 13,225           | 20,863               | 25,424           | 17,876             | 21,530  | 20,547                 | 21,126                 |
| Machinery and Equipment                             | 20,369           | 17,731           | 6,318            | 30,019               | 54,997           | 57,685             | 29,406  | 11,910                 | 13,679                 |
| Transport Assets                                    | 128,582          | 219,670          | 272,011          | 182,714              | 251,782          | 282,388            | 211,700   | 178,667                | 189,479                |

Table continues on next page.

City of Cape Town 2018/19 Tabled Budget

| 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 |
| <b>R thousand</b>                                   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>CAPITAL EXPENDITURE</b>                          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Total Upgrading of Existing Assets</b>           | -               | -               | 1,310,647       | 1,787,066            | 1,537,586       | 1,529,844          | 1,857,977   | 2,016,820              | 1,877,607              |
| <i>Roads Infrastructure</i>                         | -               | -               | 270,595         | 292,589              | 255,554         | 268,360            | 300,438   | 210,632                | 239,813                |
| <i>Storm water Infrastructure</i>                   | -               | -               | 25,054          | 12,925               | 45,169          | 39,292             | 9,200   | 122,000                | 47,400                 |
| <i>Electrical Infrastructure</i>                    | -               | -               | 208,812         | 86,976               | 116,255         | 116,255            | 142,738   | 145,693                | 232,196                |
| <i>Water Supply Infrastructure</i>                  | -               | -               | 52,702          | 106,645              | 92,790          | 89,164             | 36,500  | 37,500                 | 25,000                 |
| <i>Sanitation Infrastructure</i>                    | -               | -               | 288,558         | 494,930              | 376,653         | 373,126            | 674,202   | 846,750                | 875,905                |
| <i>Solid Waste Infrastructure</i>                   | -               | -               | 10,933          | 25,000               | 15,683          | 25,533             | 54,426  | 91,628                 | 32,742                 |
| <i>Information and Communication Infrastructure</i> | -               | -               | 2,497           | -                    | -               | -                  | -   | -                      | 351                    |
| <b>Infrastructure</b>                               | -               | -               | 859,151         | 1,019,065            | 902,104         | 911,730            | 1,217,504   | 1,454,202              | 1,453,408              |
| <i>Community Facilities</i>                         | -               | -               | 148,344         | 164,694              | 144,548         | 140,323            | 191,151   | 169,122                | 154,654                |
| <i>Sport and Recreation Facilities</i>              | -               | -               | 57,234          | 53,849               | 47,248          | 43,474             | 35,943  | 17,731                 | 31,209                 |
| <b>Community Assets</b>                             | -               | -               | 205,578         | 218,543              | 191,797         | 183,797            | 227,094   | 186,853                | 185,863                |
| <b>Heritage Assets</b>                              | -               | -               | 38,955          | 6,800                | 7,530           | 7,530              | -   | -                      | -                      |
| <i>Operational Buildings</i>                        | -               | -               | 163,823         | 385,433              | 312,722         | 301,638            | 263,902   | 248,215                | 189,186                |
| <i>Housing</i>                                      | -               | -               | 24,283          | 91,717               | 80,779          | 80,779             | 101,406   | 98,000                 | 22,150                 |
| <b>Other Assets</b>                                 | -               | -               | 188,106         | 477,151              | 393,501         | 382,417            | 365,307   | 346,215                | 211,336                |
| <i>Licences and Rights</i>                          | -               | -               | 3,931           | 29,756               | 9,269           | 9,269              | 12,450  | 11,450                 | 6,250                  |
| <b>Intangible Assets</b>                            | -               | -               | 3,931           | 29,756               | 9,269           | 9,269              | 12,450  | 11,450                 | 6,250                  |
| <b>Computer Equipment</b>                           | -               | -               | 1,355           | 6,100                | 12,673          | 13,765             | 8,952   | -                      | -                      |
| <b>Furniture and Office Equipment</b>               | -               | -               | 9,037           | 19,651               | 17,296          | 17,918             | 17,451  | 12,100                 | 11,000                 |
| <b>Machinery and Equipment</b>                      | -               | -               | 4,534           | 10,000               | 3,417           | 3,417              | 9,218   | 6,000                  | 9,750                  |
| <b>Total Capital Expenditure</b>                    |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Roads Infrastructure</i>                         | 895,797         | 1,101,277       | 1,422,628       | 1,433,035            | 1,244,655       | 1,385,152          | 1,185,804   | 1,130,106              | 1,210,958              |
| <i>Storm water Infrastructure</i>                   | 18,968          | 47,705          | 55,981          | 185,912              | 220,732         | 56,110             | 116,918   | 253,021                | 194,665                |
| <i>Electrical Infrastructure</i>                    | 806,249         | 939,102         | 1,069,858       | 1,115,875            | 1,012,102       | 1,007,201          | 1,087,340   | 1,383,538              | 1,564,367              |
| <i>Water Supply Infrastructure</i>                  | 442,919         | 545,153         | 579,781         | 901,467              | 2,214,868       | 2,157,154          | 2,354,585   | 976,474                | 2,140,977              |
| <i>Sanitation Infrastructure</i>                    | 452,005         | 672,924         | 625,309         | 694,946              | 603,574         | 545,953            | 1,203,243   | 1,679,325              | 1,768,492              |
| <i>Solid Waste Infrastructure</i>                   | 157,670         | 156,167         | 53,361          | 223,077              | 97,611          | 107,461            | 227,006   | 381,728                | 459,882                |
| <i>Rail Infrastructure</i>                          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Coastal Infrastructure</i>                       | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Information and Communication Infrastructure</i> | 133,046         | 182,718         | 133,959         | 191,028              | 152,689         | 159,865            | 238,466   | 201,927                | 200,981                |
| <b>Infrastructure</b>                               | 2,906,654       | 3,645,045       | 3,940,879       | 4,745,340            | 5,546,231       | 5,418,897          | 6,413,362   | 6,006,119              | 7,540,323              |
| <i>Community Facilities</i>                         | 627,415         | 356,035         | 451,981         | 547,380              | 430,469         | 391,578            | 680,865   | 488,796                | 319,706                |
| <i>Sport and Recreation Facilities</i>              | 61,826          | 38,793          | 57,244          | 54,199               | 48,491          | 44,717             | 36,083  | 17,731                 | 31,209                 |
| <b>Community Assets</b>                             | 689,241         | 394,827         | 509,225         | 601,580              | 478,960         | 436,295            | 716,948   | 506,527                | 350,915                |
| <b>Heritage Assets</b>                              | 514             | 6,547           | 38,955          | 7,450                | 8,100           | 8,006              | 1,800   | 1,800                  | 2,000                  |
| <b>Revenue Generating</b>                           | -               | -               | 81              | -                    | -               | -                  | -   | -                      | -                      |
| <b>Investment properties</b>                        | -               | -               | 81              | -                    | -               | -                  | -   | -                      | -                      |
| <i>Operational Buildings</i>                        | 341,259         | 625,433         | 815,737         | 637,400              | 687,957         | 679,625            | 412,064   | 354,580                | 362,001                |
| <i>Housing</i>                                      | 360,226         | 169,251         | 76,724          | 166,938              | 114,770         | 114,982            | 155,146   | 227,570                | 143,590                |
| <b>Other Assets</b>                                 | 701,485         | 794,683         | 892,461         | 804,339              | 802,727         | 794,607            | 567,209   | 582,149                | 505,591                |
| <i>Licences and Rights</i>                          | -               | 495             | 4,431           | 34,256               | 22,009          | 15,569             | 28,015  | 75,015                 | 42,815                 |
| <b>Intangible Assets</b>                            | -               | 495             | 4,431           | 34,256               | 22,009          | 15,569             | 28,015  | 75,015                 | 42,815                 |
| <b>Computer Equipment</b>                           | 190,821         | 230,218         | 228,690         | 303,508              | 351,214         | 343,635            | 243,797   | 248,760                | 164,818                |
| <b>Furniture and Office Equipment</b>               | 304,500         | 357,160         | 158,595         | 122,797              | 181,186         | 177,280            | 114,729   | 84,572                 | 100,693                |
| <b>Machinery and Equipment</b>                      | 62,614          | 116,047         | 164,437         | 169,250              | 320,643         | 323,328            | 946,968   | 1,551,852              | 1,062,370              |
| <b>Transport Assets</b>                             | 477,791         | 325,119         | 334,804         | 234,684              | 316,068         | 475,556            | 293,585   | 227,530                | 225,329                |
| <b>TOTAL CAPITAL EXPENDITURE - Asset class</b>      | 5,333,621       | 5,870,140       | 6,272,557       | 7,023,203            | 8,027,138       | 7,993,174          | 9,326,414   | 9,284,324              | 9,994,854              |

Table continues on next page.

City of Cape Town 2018/19 Tabled Budget

| 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 |
| <b>ASSET REGISTER SUMMARY - PPE (WDV)</b>           |                   |                   |                   |                      |                   |                    |   |                        |                        |
| <i>Roads Infrastructure</i>                         | 5,407,043         | 5,801,545         | 7,848,021         | 7,350,826            | 8,734,286         | 8,734,286          | 9,506,937   | 10,191,474             | 10,916,843             |
| <i>Storm water Infrastructure</i>                   | 620,126           | 673,066           | 734,352           | 994,374              | 895,360           | 895,360            | 949,739   | 1,131,758              | 1,257,831              |
| <i>Electrical Infrastructure</i>                    | 5,309,846         | 6,128,665         | 6,941,124         | 7,786,614            | 7,681,512         | 7,681,512          | 8,462,105   | 9,496,961              | 10,675,740             |
| <i>Water Supply Infrastructure</i>                  | 1,943,653         | 2,286,374         | 2,640,397         | 3,312,937            | 4,530,791         | 4,530,791          | 6,460,765   | 6,969,500              | 8,534,915              |
| <i>Sanitation Infrastructure</i>                    | 2,182,565         | 2,629,979         | 2,876,204         | 3,542,502            | 3,221,901         | 3,221,901          | 4,106,999   | 5,435,848              | 6,814,662              |
| <i>Solid Waste Infrastructure</i>                   | 496,906           | 724,955           | 744,567           | 937,173              | 780,119           | 780,119            | 947,399   | 1,260,149              | 1,646,105              |
| <i>Rail Infrastructure</i>                          | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| <i>Coastal Infrastructure</i>                       | -                 | -                 | -                 | -                    | -                 | -                  | -   | -                      | -                      |
| <i>Information and Communication Infrastructure</i> | 2,435,659         | 3,054,072         | 3,815,860         | 3,200,737            | 3,928,952         | 3,928,952          | 4,120,764   | 4,263,466              | 4,404,170              |
| <b>Infrastructure</b>                               | <b>18,395,798</b> | <b>21,298,655</b> | <b>25,600,525</b> | <b>27,125,163</b>    | <b>29,772,921</b> | <b>29,772,921</b>  | <b>34,554,707</b>                                   | <b>38,749,156</b>      | <b>44,250,267</b>      |
| <i>Community Facilities</i>                         | 3,750,517         | 3,344,532         | 5,149,850         | 3,556,632            | 5,468,148         | 5,468,148          | 5,945,168   | 6,227,290              | 6,335,358              |
| <i>Sport and Recreation Facilities</i>              | 4,136,786         | 3,916,192         | 3,792,476         | 3,807,667            | 3,620,650         | 3,620,650          | 3,436,527   | 3,239,440              | 3,062,098              |
| <b>Community Assets</b>                             | <b>7,887,303</b>  | <b>7,260,723</b>  | <b>8,942,326</b>  | <b>7,364,299</b>     | <b>9,088,798</b>  | <b>9,088,798</b>   | <b>9,381,695</b>                                    | <b>9,466,730</b>       | <b>9,397,456</b>       |
| <b>Heritage Assets</b>                              | <b>9,062</b>      | <b>9,049</b>      | <b>8,904</b>      | <b>9,049</b>         | <b>8,904</b>      | <b>8,904</b>       | <b>8,904</b>  | <b>8,904</b>           | <b>8,904</b>           |
| <i>Revenue Generating</i>                           | 40,633            | 69,959            | 68,247            | 68,242               | 66,533            | 66,533             | 64,819  | 63,106                 | 61,392                 |
| <i>Non-revenue Generating</i>                       | 548,749           | 518,232           | 518,180           | 518,232              | 518,180           | 518,180            | 518,180   | 518,180                | 518,180                |
| <b>Investment properties</b>                        | <b>589,382</b>    | <b>588,191</b>    | <b>586,427</b>    | <b>586,474</b>       | <b>584,713</b>    | <b>584,713</b>     | <b>582,999</b>                                      | <b>581,286</b>         | <b>579,572</b>         |
| <i>Operational Buildings</i>                        | 2,523,443         | 3,707,064         | 1,649,365         | 4,207,254            | 1,478,334         | 1,478,334          | 1,688,970   | 1,833,775              | 1,986,276              |
| <i>Housing</i>                                      | 1,736,863         | 1,993,969         | 2,132,053         | 2,135,419            | 2,143,723         | 2,143,723          | 2,191,588   | 2,306,669              | 2,333,556              |
| <b>Other Assets</b>                                 | <b>4,260,305</b>  | <b>5,701,034</b>  | <b>3,781,418</b>  | <b>6,342,673</b>     | <b>3,622,057</b>  | <b>3,622,057</b>   | <b>3,880,558</b>                                    | <b>4,140,444</b>       | <b>4,319,832</b>       |
| <i>Licences and Rights</i>                          | 708,383           | 629,162           | 678,871           | 522,272              | 529,946           | 529,946            | 434,428   | 389,730                | 315,204                |
| <b>Intangible Assets</b>                            | <b>708,383</b>    | <b>629,162</b>    | <b>678,871</b>    | <b>522,272</b>       | <b>529,946</b>    | <b>529,946</b>     | <b>434,428</b>                                      | <b>389,730</b>         | <b>315,204</b>         |
| <b>Computer Equipment</b>                           | <b>617,046</b>    | <b>589,188</b>    | <b>572,894</b>    | <b>888,975</b>       | <b>673,395</b>    | <b>673,395</b>     | <b>663,662</b>                                      | <b>639,005</b>         | <b>525,932</b>         |
| <b>Furniture and Office Equipment</b>               | <b>360,841</b>    | <b>373,843</b>    | <b>366,760</b>    | <b>523,635</b>       | <b>419,660</b>    | <b>419,660</b>     | <b>397,688</b>                                      | <b>343,098</b>         | <b>313,500</b>         |
| <b>Machinery and Equipment</b>                      | <b>246,437</b>    | <b>248,211</b>    | <b>635,507</b>    | <b>477,153</b>       | <b>873,725</b>    | <b>873,725</b>     | <b>1,606,734</b>                                    | <b>2,759,424</b>       | <b>3,288,729</b>       |
| <b>Transport Assets</b>                             | <b>1,939,489</b>  | <b>2,040,316</b>  | <b>1,439,906</b>  | <b>2,272,442</b>     | <b>1,448,737</b>  | <b>1,448,737</b>   | <b>1,396,335</b>                                    | <b>1,262,268</b>       | <b>1,119,669</b>       |
| <b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>     | <b>35,014,046</b> | <b>38,738,372</b> | <b>42,613,537</b> | <b>46,112,134</b>    | <b>47,022,856</b> | <b>47,022,856</b>  | <b>52,907,713</b>                                   | <b>58,340,044</b>      | <b>64,119,066</b>      |

Table continues on next page

| 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 |
| <b>EXPENDITURE OTHER ITEMS</b>                                      |                  |                  |                  |                      |                  |                    |   |                        |                        |
| <b>Depreciation</b>   | 1,940,102        | 2,142,168        | 2,337,895        | 3,277,476            | 3,225,455        | 3,225,455          | 2,977,696   | 3,389,808              | 3,718,242              |
| <b>Repairs and Maintenance by Asset Class</b>                       | <b>3,010,357</b> | <b>3,347,230</b> | <b>3,769,614</b> | <b>4,048,266</b>     | <b>3,755,099</b> | <b>3,755,259</b>   | <b>3,991,066</b>                                    | <b>4,317,869</b>       | <b>4,656,990</b>       |
| <i>Roads Infrastructure</i>   | 690,603          | 592,642          | 609,310          | 664,923              | 656,419          | 656,419            | 703,170   | 748,876                | 797,927                |
| <i>Storm water Infrastructure</i>                                   | -                | -                | -                | -                    | -                | -                  | 59,217  | 63,066                 | 67,197                 |
| <i>Electrical Infrastructure</i>                                    | 467,531          | 512,940          | 504,116          | 523,507              | 503,480          | 503,480            | 536,787   | 571,679                | 609,122                |
| <i>Water Supply Infrastructure</i>                                  | 413,630          | 455,983          | 482,019          | 421,887              | 396,382          | 396,382            | 255,774   | 307,559                | 366,167                |
| <i>Sanitation Infrastructure</i>                                    | 389,040          | 424,040          | 447,780          | 418,866              | 366,166          | 366,166            | 287,354   | 333,423                | 378,109                |
| <i>Solid Waste Infrastructure</i>                                   | 1,758            | 2,774            | 2,497            | 2,303                | 3,850            | 3,850              | 7,727   | 8,229                  | 8,768                  |
| <b>Infrastructure</b>   | <b>1,962,562</b> | <b>1,988,379</b> | <b>2,045,722</b> | <b>2,031,486</b>     | <b>1,926,297</b> | <b>1,926,297</b>   | <b>1,850,029</b>                                    | <b>2,032,831</b>       | <b>2,227,290</b>       |
| Community Facilities  | 78,026           | 85,482           | 115,109          | 100,442              | 94,820           | 94,820             | 210,985   | 224,700                | 239,417                |
| Sport and Recreation Facilities                                     | 241,286          | 301,035          | 381,822          | 447,605              | 390,717          | 390,717            | 67,458  | 71,017                 | 74,599                 |
| <b>Community Assets</b>   | <b>319,312</b>   | <b>386,517</b>   | <b>496,931</b>   | <b>548,047</b>       | <b>485,537</b>   | <b>485,537</b>     | <b>278,444</b>                                      | <b>295,717</b>         | <b>314,016</b>         |
| <b>Heritage Assets</b>  | <b>986</b>       | <b>461</b>       | <b>1,647</b>     | <b>1,812</b>         | <b>1,811</b>     | <b>1,811</b>       | <b>11,620</b>                                       | <b>12,375</b>          | <b>13,186</b>          |
| Revenue Generating  | 49               | 66               | 259              | 64                   | 15               | 136                | 264   | 281                    | 300                    |
| Non-revenue Generating  | 11,034           | 26,500           | 18,742           | 19,735               | 12,740           | 12,740             | 10,558  | 11,244                 | 11,981                 |
| <b>Investment properties</b>  | <b>11,083</b>    | <b>26,566</b>    | <b>19,001</b>    | <b>19,800</b>        | <b>12,755</b>    | <b>12,877</b>      | <b>10,822</b>                                       | <b>11,525</b>          | <b>12,280</b>          |
| Operational Buildings   | 84,710           | 97,945           | 148,865          | 158,490              | 156,594          | 156,594            | 206,382   | 223,402                | 239,738                |
| Housing   | -                | -                | -                | -                    | -                | -                  | 37,086  | 39,497                 | 42,084                 |
| <b>Other Assets</b>   | <b>84,710</b>    | <b>97,945</b>    | <b>148,865</b>   | <b>158,490</b>       | <b>156,594</b>   | <b>156,594</b>     | <b>243,468</b>                                      | <b>262,899</b>         | <b>281,822</b>         |
| <b>Computer Equipment</b>   | <b>117,859</b>   | <b>144,340</b>   | <b>179,935</b>   | <b>312,785</b>       | <b>248,652</b>   | <b>248,662</b>     | <b>753,869</b>                                      | <b>804,945</b>         | <b>852,033</b>         |
| <b>Furniture and Office Equipment</b>                               | <b>360,714</b>   | <b>354,833</b>   | <b>424,463</b>   | <b>504,006</b>       | <b>502,068</b>   | <b>502,096</b>     | <b>408,774</b>                                      | <b>435,324</b>         | <b>463,831</b>         |
| <b>Machinery and Equipment</b>                                      | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>             | <b>-</b>         | <b>-</b>           | <b>998</b>  | <b>1,063</b>           | <b>1,132</b>           |
| <b>Transport Assets</b>   | <b>153,131</b>   | <b>348,190</b>   | <b>453,049</b>   | <b>471,840</b>       | <b>421,385</b>   | <b>421,385</b>     | <b>433,043</b>                                      | <b>461,191</b>         | <b>491,399</b>         |
| <b>TOTAL EXPENDITURE OTHER ITEMS</b>                                | <b>4,950,459</b> | <b>5,489,398</b> | <b>6,107,509</b> | <b>7,325,741</b>     | <b>6,980,554</b> | <b>6,980,714</b>   | <b>6,968,762</b>                                    | <b>7,707,677</b>       | <b>8,375,232</b>       |
| <i>Renewal and upgrading of Existing Assets as % of total capex</i> | 44.6%            | 45.8%            | 46.4%            | 46.1%                | 39.7%            | 40.0%              | 39.4%   | 46.2%                  | 44.7%                  |
| <i>Renewal and upgrading of Existing Assets as % of deprecn</i>     | 122.6%           | 125.6%           | 124.5%           | 98.8%                | 98.8%            | 99.0%              | 123.4%  | 126.4%                 | 120.0%                 |
| <i>R&amp;M as a % of PPE</i>  | 8.9%             | 8.9%             | 9.1%             | 9.0%                 | 8.2%             | 8.2%               | 7.7%  | 7.5%                   | 7.4%                   |
| <i>Renewal and upgrading and R&amp;M as a % of PPE</i>              | 15.0%            | 16.0%            | 16.0%            | 16.0%                | 15.0%            | 15.0%              | 14.0%   | 15.0%                  | 14.0%                  |

\*The section on 'Upgrading of Existing Assets' in table A9 was introduced via Version 6.1 of the MBRR Schedule A - refer NT Budget Circular 85 (dated 9 December 2016). Records older than 2016/17 cannot be split into this category as the indicator does not exist on older records.

## **2.21 Municipal manager's quality certificate**

I ....., **ACTING** municipal manager of **City of Cape Town**, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Signature \_\_\_\_\_

Date \_\_\_\_\_