



# **2018/19 – 2020/21 BUDGET**

## **ABBREVIATIONS**

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

## 1.1 EXECUTIVE MAYOR'S REPORT – TABLING OF THE DRAFT BUDGET AND IDP FOR NOTING BY COUNCIL

As we will remember that soon after the inauguration of the new leadership in August 2016 a detailed IDP Review Process for the 2017/18 Integrated Development Plan (IDP) was undertaken in line with the requirements of Chapter 5 of the Municipal Systems Act (32 of 2000).

The central role played by our communities, Ward Committees, Ward Councillors, business formations and the NGOs is what is so vital in giving life to the IDP. The new leadership undertook detailed public participation processes during the period October/November 2016 specifically assessing the needs of the communities which must inform the budget processes for the 2017/18 MTREF period. The similar process was undertaken around September / October 2017 in order to assess the views of all our communities to ensure that the 2018/19 to 2020/21 budget and IDP is informed, as practically as possible, by their aspirations.

In line with Section 21(1)(b) of the Municipal Finance Management Act (MFMA) (56 of 2003) a time schedule outlining key deadlines for the preparation, tabling and approval of the annual budget, as well as the annual review of the IDP and budget related policies was approved by Council before end August 2017 (or 10 months before the start of the budget year – 2018/19 to 2020/21).

I must further state that the budget tabled today before Council is for it to be **NOTED** in line with Chapter 4 of the MFMA for further consultations with all the relevant or critical key stakeholders including but not limited to the (i) communities, (ii) business sector and other formations and (iii) National / Provincial Treasuries.

The budget being tabled to Council today has undergone a complete revamp in order to ensure that spending of the ratepayer's money is closely monitored and there shall be no spending on the "nice-to-have" but rather on priority projects. I must emphasise that the budget presented to Council today for noting is in line with the Municipal Standard Chart of Accounts (mSCOA).

Council must note that this draft IDP and budget documents are to be subjected to the scrutiny of National Treasury, undergo Public Participation in line with Chapter 4 of the Municipal Systems Act (MSA) (32 of 2000), with the intention of them coming back to Council on or before end May 2018 for final approval by Council. It is to be understood that by the time both documents tabled to Council for approval there may be other amendments to the documents on the basis of input received during public participation processes.

This budget is tabled to Council today with its number of challenges confronting the institution and also the country. Members will recall that when the former Minister of Finance (Hon Gigaba) delivered the budget speech in February 2018 he informed the country of the increase in VAT from 14 to 15%. This alone has financial implications to the ordinary man in the street and the ratepayer/s that service/s their account/s with the municipality. Also to note is the fact that the Minister reduced the Urban Settlements Development Grant

(USDG) by more than **R50 million** as compared to the announcement he made when he tabled the budget to parliament in February 2017. This, unfortunately, has a direct impact on service delivery to the poor communities as the plans to deliver services had to be reduced further.

Also incorporated into this budget is an amount of around **R750 million** relating to loans to be raised for certain service delivery Directorates for the key purpose of improving revenue streams or reducing unnecessary costs.

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

I am now expecting both political and administrative leadership to work even harder to undertake all the necessary processes that include public participation processes on the tabled budget leading up to the final approval of both documents by the 24 May 2018.

**ONE CITY, ONE FUTURE!**

**COUNCILLOR A TROLLIP  
EXECUTIVE MAYOR**



## COUNCIL RESOLUTIONS

That the Executive Mayor recommends to the Council that:

1. The consolidated “draft” annual budget of the Nelson Mandela Bay Municipality for the financial year 2018/19 and the indicative allocations for the projected outer years 2019/20 and 2020/21, and the multi-year and single year capital appropriations be “**adopted (noted)**” for the purpose of complying with Chapter 4 of the Local Government : Municipal Finance Management Act, Act 56 of 2003 (MFMA), read in conjunction with Municipal Budget and Reporting Regulations No.32141 (dated 17 April 2009), as set-out in the following tables:
  - 1.1 Budgeted Financial Performance (revenue and expenditure by standard classification); [Page 27 to 28];
  - 1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote); [Page 28 to 29];
  - 1.3 Budgeted Financial Performance (revenue by source and expenditure by type); [Page 29 to 30];
  - 1.4 and Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source. [Page 30 to 31];
  
2. The budgeted financial position, budgeted cash flows, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets be noted as set-out in the following tables:
  - 2.1 Budgeted Financial Position; [Page 32 to 33];
  - 2.2 Budgeted Cash Flows; [Page 33 to 34];
  - 2.3 Cash backed reserves and accumulated surplus reconciliation; [Page 34 to 35];
  - 2.4 Asset Management; [Page 35 to 39] and
  - 2.5 Basic service delivery measurement. [Page 39 to 41].
  
3. The consolidated budget that includes the financial impact of the municipal entity (Mandela Bay Development Agency) be noted.
  
4. Tariffs be increased as follows with effect from 1 July 2018:
 

Property rates	-	5.0%
Water	-	9.5% (pending final approval from DWA)
Sanitation	-	9.5%
Refuse	-	9.5%
Electricity	-	6.84% (Average - as per NERSA guidelines)
  
5. That the Council notes that as tariff increases for services such Electricity and Water are depending on external factors, the tariffs to be proposed to Council on or before end May 2018, for approval may have to be amended.

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

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

7. That the Council mandates the City Manager together with the Acting Chief Financial Officer to process any administrative corrections that may require such actions after the tabling of a budget, prior submission of Budget Report / Document to other stakeholders.

## **EXECUTIVE SUMMARY**

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

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

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

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

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

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

- The priorities and targets, relating to the key strategic focus areas, as determined in the IDP.
- The need to enhance the municipality's revenue base.

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

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

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

R thousands	Original Budget 2017/18	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
Total Operating Revenue	9,363,536	10,162,462	10,882,995	11,685,644
Total Operating Expenditure	9,488,809	10,196,714	10,838,642	11,489,208
Surplus/(Deficit)	(125,274)	(34,253)	44,353	196,436
Total Capital Expenditure	1,601,891	1,721,709	1,975,793	1,951,634

Total operating revenue has increased by 8.53% or R798.926 million for the 2018/19 financial year, compared to the 2017/18 Original Budget. For the two outer years, operational revenue increases by 7.09% and 7.38% respectively, resulting in a total revenue growth of R2.322 billion over the MTREF, when compared to the 2017/18 financial year.

Total operating expenditure for the 2018/19 financial year amounts to R10.20 billion, resulting in a budgeted deficit of R34.25 million. Compared to the 2017/18 Original Budget, operational expenditure increased by 7.46% in the 2018/19 Budget; and increased by 6.30% and 6.00% for each of the respective outer years of the MTREF. The 2019/20 and 2020/21 budgets reflect an operating surplus of R44.35 million and an operating surplus R196.44 million respectively.

The major operating expenditure items for 2018/19 are employee related costs (31.08%), bulk electricity and water purchases (31.66%), Contracted Services (10.88%), depreciation and asset impairment (8.02%) and Debt Impairment (5.34%). The harmonisation of the Long Service Bonus as approved by Council on the 7 June 2016, when the 2016/17 budget was approved, is one of the main causes for the employee related costs to escalate to greater than 30%.

Funding for the 2018/19 Operating Budget is obtained from various sources, the major sources being service charges such as electricity, water, sanitation and refuse collection and disposal (54.26%), property rates (21.43%), grants and subsidies received from National and Provincial Governments (15.44%).

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

Property rates - 5.00% (On average excluding the increases in terms of the valuation roll on the basis of the new GV implementable w.e.f. 1 July 2017).



Water	-	9.50%
Sanitation	-	9.50%
Refuse	-	9.50%
Electricity (Average)	-	6.84% (On <b>average</b> depending on various categories of properties being levied, as presented in a separate item elsewhere in the Agenda)

The capital budget of R1.72 billion for 2018/19 is 7.48% more than the 2017/18 Original Budget. The Capital Budget increases to R1.98 billion in the 2019/20 financial year and then reduce to R1.95 billion in the 2020/21 financial year. The Capital Budget over the MTREF period will be mainly funded from government grants and subsidies. Borrowing in the amount of R670.603 million will be taken up over the 2018/19 MTREF.

## 1.2 OPERATING REVENUE FRAMEWORK

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

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

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

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

**TABLE 2 (SUMMARY OF MAIN REVENUE SOURCES)**

Description	2014/15	2015/16	2016/17	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
R thousand							

<u>Revenue By Source</u>							
Property rates	1 332 135	1 502 463	1 639 399	1 882 347	2 177 831	2 331 111	2 495 664
Service charges - electricity revenue	3 085 314	3 466 988	3 568 982	3 748 825	3 993 137	4 233 489	4 486 266
Service charges - water revenue	519 528	660 223	761 650	714 594	756 455	828 318	907 008
Service charges - sanitation revenue	323 716	377 421	424 335	469 359	464 169	508 265	556 551
Service charges - refuse revenue	130 907	144 592	127 050	174 671	299 902	328 331	357 887
Service charges - other					200	250	300
Rental of facilities and equipment	18 378	21 042	22 980	18 886	36 718	39 716	42 862
Interest earned - external investments	83 294	113 354	121 035	105 174	106 592	112 897	119 652
Interest earned - outstanding debtors	151 070	160 682	178 768	178 343	221 488	239 542	259 014
Dividends received	291	77	341	-			
Fines, penalties and forfeits	40 885	224 461	202 307	265 711	303 735	333 884	363 757
Licences and permits	9 695	9 332	10 473	26 671	28 034	29 723	31 662
Agency services	2 246	2 345	2 503	-	2 892	3 066	3 250
Transfers and subsidies	1 486 060	1 148 940	954 122	1 543 704	1 569 223	1 674 834	1 824 808
Other revenue	953 301	897 028	904 140	235 219	202 086	219 568	236 963
Gains on disposal of PPE	830	28	606	32			
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>8 137 650</b>	<b>8 728 976</b>	<b>8 918 690</b>	<b>9 363 536</b>	<b>10 162 462</b>	<b>10 882 995</b>	<b>11 685 644</b>

**TABLE 3 (MIX OF MAIN REVENUE SOURCES)**

Description	Current Year		2017/18 Medium Term Revenue & Expenditure Framework					
	Original Budget	%	Budget Year 2018/19	%	Budget Year 2019/20	%	Budget Year 2020/21	%
<u>Revenue By Source</u>								
Property rates	1,882,347	20.10	2,177,831	21.43	2,331,111	21.42	2,495,664	21.36
Service charges - electricity revenue	3,748,825	40.03	3,993,137	39.29	4,233,489	38.90	4,486,266	38.39
Service charges - water revenue	714,594	7.63	756,455	7.44	828,318	7.61	907,008	7.76
Service charges - sanitation revenue	469,359	5.01	464,169	4.57	508,265	4.67	556,551	4.76
Service charges - refuse revenue	174,671	1.87	299,902	2.95	328,331	3.02	357,887	3.06
Service charges - other	0	0.00	200	0.00	250	0.00	300	0.00
Rental of facilities and equipment	18,886	0.20	36,718	0.36	39,716	0.36	42,862	0.37
Interest earned - external investments	105,174	1.12	106,592	1.05	112,897	1.04	119,652	1.02
Interest earned - outstanding debtors	178,343	1.90	221,488	2.18	239,542	2.20	259,014	2.22
Fines	265,711	2.84	303,735	2.99	333,884	3.07	363,757	3.11
Licences and permits	26,671	0.15	28,034	0.28	29,723	0.27	31,662	0.27
Agency services	0	0.00	2,892	0.03	3,066	0.03	3,250	0.03
Transfers recognised - operational	1,543,704	16.49	1,569,223	15.44	1,674,834	15.39	1,824,808	15.62
Other revenue	235,219	2.51	202,086	1.99	219,568	2.02	236,963	2.03
Gains on disposal of PPE	32	0.00	0	0.00	0	0.00	0	0.00
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>9,363,536</b>	<b>100.00</b>	<b>10,162,462</b>	<b>100.00</b>	<b>10,882,995</b>	<b>100.00</b>	<b>11,685,644</b>	<b>100.00</b>
<b>Total Revenue from Rates and Service Charges</b>	<b>6,989,796</b>	<b>74.65</b>	<b>7,691,693</b>	<b>75.69</b>	<b>8,229,764</b>	<b>75.62</b>	<b>8,803,676</b>	<b>75.34</b>



Other Grant Providers	205								
KFW (MBDA)				3 900			4 788		
SARS				70 974					
Total Operating Transfers and Grants	1 172 795	-	-	1 543 704	-	-	1 515 357	1 628 323	1 800 654

The Municipality is faced with the significant challenge of providing services with its limited financial resources. Against this background, the Municipality has undertaken the tariff determination process relating to property rates and service charges as follows:

### 1.2.1 Property Rates

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

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

- The first R15,000 of the market value of a property used for residential purposes is excluded from the rateable value (Section 17(h) of the MPRA).
- 100% rebate will be granted to registered indigents in terms of the Indigent Policy / Assistance to the Poor Policy, as approved by Council.
- Pensioners, physically and mentally disabled property owners of rateable property may on submission of an application be granted a rebate. The rebate will be granted on a sliding scale basis with the income levels and corresponding percentage reductions being determined by Council in its annual budget. In this regard the following stipulations are relevant to the applicant:
  - (a) must be a natural person;
  - (b) be the owner of the property;
  - (c) occupy the property as his or her normal residence or where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement;
  - (d) produce certified copy/ies of owner/s' bar-coded identity document;
  - (e) - *pensioners*: be at least 60 years of age on 1 July of the financial year concerned; or if the owner turns 60 during the year the rebate will be granted on a pro rata basis from the date on which the applicant turned 60;  
- *disabled*: be in receipt of disability grant / pension and submit proof and nature of disability e.g. letter from doctor with application.
  - (f) be in receipt of a total gross annual income (as defined in Part 2 of the policy), excluding medical aid contributions and child support/grant not exceeding a value as determined by Council in its annual budget; submit pension statements, previous 3 months (or the number of months determined necessary by the Chief Financial Officer (CFO) bank statements from all bank and investment accounts of owner and spouse, and proof of total gross annual income of any other persons living on the property (not just rental received). All documents provided must clearly state who it is for – documents which do not reflect person's name or ID. No. will not be considered;
  - (g) not be in receipt of an indigent subsidy;
  - (h) provide a certified affidavit declaring any assistance from any other sources. Assistance received from family members not residing on property, will not however be included in the calculation of total household income;
  - (i) provide a certified affidavit to explain any once-off monies received e.g. gifts, donations, etc; and

- (j) ensure that his/her accounts are not in arrears (or arrangements made to pay all outstanding amounts) before applying for the rebate and continue to pay the rates account in full until rebate is granted as no interest will be reversed;
  - (k) a usufructuary will be regarded as the owner;
  - (l) the criteria of a natural person may be waived at the sole discretion of the municipality to allow for a property owned by a trust where the total number of beneficiaries meets all of the other requirements of this policy; and provided further that the gross monthly income of all persons residing on that property be added to the gross monthly income of the beneficiaries staying on that property;
  - (m) owners qualify for only one rebate per year, if financial circumstances change they can only apply for future years;
- Sporting organisations, the sole purpose of which is to use the property owned/leased by them for sporting purposes, whether for gain or not, may qualify for a rebate, with amateur bodies being granted 100% and professional bodies 40%. Any profits earned must be invested in the betterment of the organisation and not be for private gain. Audited financial statement must be provided, if however the sporting body does not have audited financial statement reasons therefore must be provided on the clubs official letterhead.
  - If the usage of a property changes during a financial year, the rebate applicable will be reduced *pro rata* for the balance of the financial year.
  - All accounts of the applicant must be up to date or arrangements must be made to pay any outstanding balances before any rebate will be granted. The applicant must continue to pay the rates account in full until the rebate is granted as no interest will be reversed.
  - With effect from 1 July 2016 Council introduced a new qualifying criterion for indigent households which are on the basis of the value of property of R100 000 or less. In this case such household qualifies to be categorised as indigent based on property valuation. Council further rescinded this decision in order to subject every household to a verification process instead of automatic qualification, as in certain instances occupiers may be people who can afford to pay for municipal services and avoid further burden to the limited financial resources of the municipality.

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

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

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

### **1.2.2 Sale of Water and Impact of Tariff Increases**

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

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

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

A tariff increase of 9.5% is proposed as from 1 July 2018 (subject to DWA indicating otherwise). The proposed tariff increase is mainly influenced by the following:

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

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

### **1.2.3 Sale of Electricity and Impact of Tariff Increases**

NERSA has determined that the Eskom bulk electricity tariff to municipalities would increase by 6.84% (on average) as from 1 July 2018. Considering the Eskom tariff increase, the Municipality's consumer tariffs has been set at 6.84% on average whilst awaiting the final outcomes on this matter.

The proposed tariff increases are mainly influenced by the following:

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

### **1.2.4 Sanitation and Impact of Tariff Increases**

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

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

National Treasury has urged municipalities to ensure that sanitation tariffs are fully cost reflective. In this regard a phased-in approach must be undertaken to ensure that tariffs are fully cost reflective over the medium term, in case of any discrepancies. As the charging of fully cost reflective tariffs



Electricity: Consumption(1000 Kwh)	1,154.03	1,244.15	1,395.94	1,502.59	1,502.59	1,502.59	1.88%	1,530.84	1,636.47	1,747.75
0 - 350	341.94	367.21	412.01	443.49	443.49	443.49	1.88%	451.83	483.00	515.85
351 – 600	291.57	313.12	351.32	378.16	378.16	378.16	1.88%	385.27	411.85	439.86
601 - 900	451.50	415.59	466.29	501.91	501.91	501.91	1.88%	511.35	546.63	583.80
901 - 1000	69.02	148.23	166.32	179.03	179.03	179.03	1.88%	182.40	194.98	208.24
Water: Basic levy	26.74	29.95	33.84	36.89	36.89	36.89	9.00%	40.21	43.83	47.77
							% incr.			
Water: Consumption (30 Kl)	252.83	283.17	319.98	348.78	348.78	348.78	9.00%	380.17	414.39	451.68
Sanitation	180.46	202.12	226.37	246.74	246.74	246.74	9.00%	268.95	293.15	319.54
Sanitation Availability Levy				30.45	30.45	30.45	9.00%	33.19	36.18	39.43
Refuse removal	68.98	77.26	85.76	93.48	93.48	93.48	9.00%	101.89	111.06	121.06
Other										
<b>Sub-total</b>	<b>2,427.49</b>	<b>2,651.82</b>	<b>2,954.50</b>	<b>3,236.34</b>	<b>3,236.34</b>	<b>3,236.34</b>	<b>5.8%</b>	<b>3,425.51</b>	<b>3,707.02</b>	<b>4,010.50</b>
VAT on Services	235.63	257.13	288.67	316.25	316.25	316.25		329.74	354.91	381.81
<b>Total large household bill:</b>	<b>2,663.12</b>	<b>2908.95</b>	<b>3,243.17</b>	<b>3,552.59</b>	<b>3,552.59</b>	<b>3,552.59</b>	<b>5.7%</b>	<b>3,755.25</b>	<b>4,061.93</b>	<b>4,392.31</b>
% increase/-decrease	7.4%	9.23%	11.5%	9.5%	9.5%	9.5%		5.7%	8.2%	8.1%
<b>Monthly Account for Household - 'Affordable Range'</b>										
<b>Rates and services charges:</b>										
Property rates R500 000	192.88	211.20	231.26	253.23	253.23	253.23	9.50%	277.29	303.63	332.47
Electricity: Basic levy										
Electricity: Consumption (500 KwH)	514.55	552.58	619.99	667.36	667.36	667.36	1.88%	679.91	726.82	776.24
0 - 350	341.94	367.21	412.00	443.48	443.48	443.48	1.88%	451.82	482.99	515.84
351 -498	172.61	185.37	207.99	223.88	223.88	223.88	1.88%	228.09	243.83	260.41
Water: Basic levy	26.74	29.95	33.84	36.89	36.89	36.89	9.00%	40.21	43.83	47.77
Water: Consumption (25KL)	210.70	235.98	266.66	290.66	290.66	290.66	9.00%	316.82	345.33	376.41
Sanitation	150.39	168.44	188.65	205.63	205.63	205.63	9.00%	224.14	244.31	266.30
Sanitation Availability Levy				30.45	30.45	30.45	9.00%	33.19	36.18	39.43
Refuse removal	68.98	77.26	85.76	93.48	93.48	93.48	9.00%	101.89	111.06	121.06
Other										
<b>Sub-total</b>	<b>1,164.24</b>	<b>1,275.41</b>	<b>1,426.16</b>	<b>1,577.70</b>	<b>1,577.70</b>	<b>1,577.70</b>	<b>6.1%</b>	<b>1,673.45</b>	<b>1,811.16</b>	<b>1,959.68</b>
VAT on Services	135.99	148.99	167.29	185.43	185.43	185.43		195.46	211.05	227.81
<b>Total small household bill:</b>	<b>1,300.23</b>	<b>1,424.40</b>	<b>1,593.45</b>	<b>1,763.13</b>	<b>1,763.13</b>	<b>1,763.13</b>	<b>6.0%</b>	<b>1,868.91</b>	<b>2,022.21</b>	<b>2,187.49</b>
Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
% increase/-decrease	9.7%	9.6%	11.9%	10.6%	10.6%	10.6%		6.0%	8.2%	8.2%
<b>Monthly Account for Household - 'Indigent' Household receiving free basic services</b>										
<b>Rates and services charges:</b>										
Property rates R300 000	16.95	18.56	20.32	22.25	22.25	22.25	9.50%	24.36	26.68	29.21
Electricity: Basic levy										
Electricity: Consumption (350 KwH)	0	0	0	0	0	0	1.88%	0	0	0
Water: Basic levy	26.74	29.95	33.84	36.89	36.89	36.89	9.00%	40.21	43.83	47.77
Water: Consumption (20 KL)	67.48	75.58	85.41	93.10	93.10	93.10	9.00%	101.48	110.61	120.57
Sanitation	66.23	74.18	83.08	90.56	90.56	90.56	9.00%	98.71	107.59	117.28



Refuse removal	68.98	77.26	85.76	93.48	93.48	93.48	9.00%	101.89	111.06	121.06
Other										
<b>Sub-total</b>	<b>246.38</b>	<b>275.53</b>	<b>308.41</b>	<b>336.28</b>	<b>336.28</b>	<b>336.28</b>	<b>9.0%</b>	<b>366.65</b>	<b>399.77</b>	<b>435.89</b>
VAT on Services	32.12	35.98	40.33	43.96	43.96	43.96		47.92	52.23	56.94
<b>Total small household bill:</b>	<b>278.50</b>	<b>311.51</b>	<b>348.74</b>	<b>380.24</b>	<b>380.24</b>	<b>380.24</b>	<b>9.0%</b>	<b>414.57</b>	<b>452.00</b>	<b>492.83</b>
% increase/-decrease	12.8%	11.9%	12.0%	9.0%	9.0%	9.0%		9.0%	9.0%	9.0%

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

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

### **1.3 OPERATING EXPENDITURE FRAMEWORK**

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

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

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

**TABLE 7 (SUMMARY OF OPERATING EXPENDITURE BY STANDARD CLASSIFICATION ITEM)**

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Expenditure By Type</b>										
Employee related costs	2 163 727	2 343 747	3 060 663	2 842 251	-	-	-	3 169 585	3 454 018	3 782 010
Remuneration of councillors	58 161	62 196	64 284	70 938				73 451	79 013	86 439
Debt impairment	407 410	625 575	437 845	619 213				544 073	541 933	579 079
Depreciation & asset impairment	901 879	1 095 302	778 250	808 877	-	-	-	817 712	842 267	867 561
Finance charges	180 098	166 492	155 281	148 169				156 943	184 205	211 746
Bulk purchases	2 455 086	2 815 732	3 010 600	3 005 447	-	-	-	3 228 173	3 419 421	3 526 287
Other materials	559 523	409 289	342 298	276 975				308 414	332 187	351 709
Contracted services	349 465	481 775	650 011	1 183 120	-	-	-	1 109 013	1 179 920	1 234 158
Transfers and subsidies	25 691	22 835	47 462	112 165	-	-	-	103 024	94 399	98 778
Other expenditure	1 115 407	743 706	606 009	421 653	-	-	-	686 327	711 279	751 441
Loss on disposal of PPE	513	34	1 297							
<b>Total Expenditure</b>	<b>8 216 959</b>	<b>8 766 683</b>	<b>9 154 000</b>	<b>9 488 809</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 196 714</b>	<b>10 838 642</b>	<b>11 489 208</b>

The total operating expenditure increased from R10.20 billion in 2018/19 to R10.49 billion in 2020/21.

Below is a discussion of the main expenditure components.

## **Employee related costs**

The 2018/19 draft budget provides for annual increments, where applicable, and a general increase of around 8.3%.

Council's target for 2017/18 was to restrict personnel costs to below 30% of total expenditure. Personnel costs in the 2018/19 draft Budget represent 31.08% of total operating expenditure resulting from the fact that a big amount representing Housing Top Structure has been reduced in the 2018/19 MTREF. Secondly it must also be noted that Council approved the "harmonisation" of the condition of service for employees as it relates to the "Long Service Bonus". The calculation of this bonus is the same w.e.f. 1 July 2016 to the employees' / staff members of the former Uitenhage TLC. This approach has an increasing expenditure in the Employee Related Costs category hence the high increase thereof. The agreement signed by parties is to equate the allowance for all over a three financial year period (i.e. 2016/17, 2017/18 and 2018/19). This means that 2017/18 will be the second financial year of the three-year deal / agreement.

## **Remuneration of Councillors**

The remuneration of Councillors is determined by the Minister of Co-operative Governance and Traditional Affairs (COGTA) in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in preparing the budget.

## **Debt Impairment**

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

## **Depreciation and Asset Impairment**

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

## **Finance Charges**

Finance charges consist primarily of the repayment of interest on existing and new long-term borrowing (cost of capital) that are to be taken in the coming financial year. The item dealing with an intention to raise loans was approved by Council on the 30 March 2017 and the processes as required by Chapter 6 of the MFMA are being followed, leading up to the advertisement of request for the loan facility which is to occur on Wednesday, **28 March 2018**.

## **Bulk Electricity Purchases**

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

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

## Bulk Water Purchases

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

### 1.5.1 Priority relating to repairs and maintenance

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

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

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

**TABLE 9 (REPAIRS AND MAINTENANCE PER ASSET CLASS)**

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	454 565	313 422	249 745	214 010	-	-	324 654	358 940	364 491
Roads Infrastructure	85 144	42 851	29 880	45 360	-	-	44 821	47 232	51 262
<i>Roads</i>	85 144	42 851	29 880	42 940			20 709	21 955	18 249
<i>Road Structures</i>				32			18 446	19 362	26 833
<i>Road Furniture</i>				2 389			5 666	5 916	6 180
<i>Capital Spares</i>				-					
Storm water Infrastructure	38 828	31 640	16 185	32 368	-	-	21 248	22 523	23 875
<i>Drainage Collection</i>				-			31	33	35
<i>Storm water Conveyance</i>	38 828	31 640	16 185	32 368			21 012	22 272	23 609
<i>Attenuation</i>				-			206	218	231
Electrical Infrastructure	45 905	45 131	45 561	27 182	-	-	40 940	43 072	44 648
<i>Power Plants</i>				742			757	802	850
<i>HV Substations</i>				1 220			1 410	1 495	1 608
<i>HV Switching Station</i>				-					
<i>HV Transmission Conductors</i>				2 262			4 176	4 426	4 692
<i>MV Substations</i>				2 570			3 237	3 265	3 487
<i>MV Switching Stations</i>				1 387			1 810	1 918	2 033
<i>MV Networks</i>	45 905	45 131	45 561	12 566			19 879	21 078	21 260
<i>LV Networks</i>				6 433			9 672	10 088	10 718
<i>Capital Spares</i>									
Water Supply Infrastructure	150 100	79 119	96 398	44 031	-	-	119 133	133 200	142 209
<i>Dams and Weirs</i>	11 990	10 556	7 829	702			309	334	347
<i>Boreholes</i>				-					
<i>Reservoirs</i>				2 670			673	714	757
<i>Pump Stations</i>				9 128			8 886	9 419	9 984
<i>Water Treatment Works</i>				5 367			14 222	15 075	15 980

<i>Bulk Mains</i>				3 517			3 815	4 044	4 287
<i>Distribution</i>	138 110	68 563	88 569	21 136			91 229	103 614	110 855
<i>Distribution Points</i>				500					
<i>PRV Stations</i>				1 011					
<i>Capital Spares</i>									
Sanitation Infrastructure	126 410	108 147	54 417	62 355	-	-	94 992	109 181	98 543
<i>Pump Station</i>				12 605			13 863	14 855	15 922
<i>Reticulation</i>	126 410	108 147	54 417	39 294			61 050	73 699	63 048
<i>Waste Water Treatment Works</i>				10 412			20 023	20 566	19 507
<i>Outfall Sewers</i>				44			55	61	67
<i>Toilet Facilities</i>				-					
<i>Capital Spares</i>									
Solid Waste Infrastructure	8 179	6 535	7 304	-	-	-	-	-	-
<i>Landfill Sites</i>									
<i>Waste Transfer Stations</i>	2 088	952	2 352						
<i>Waste Processing Facilities</i>	6 091	5 583	4 952						
<i>Waste Drop-off Points</i>									
<i>Waste Separation Facilities</i>									
<i>Electricity Generation Facilities</i>									
<i>Capital Spares</i>									
Rail Infrastructure	-	-	-	2 602	-	-	3 519	3 730	3 954
<i>Rail Lines</i>				2 602			3 519	3 730	3 954
<i>Rail Structures</i>									
<i>Rail Furniture</i>									
<i>Drainage Collection</i>									
<i>Storm water Conveyance</i>									
<i>Attenuation</i>									
<i>MV Substations</i>									
<i>LV Networks</i>									
<i>Capital Spares</i>									
Coastal Infrastructure	-	-	-	112	-	-	-	-	-
<i>Sand Pumps</i>									
<i>Piers</i>									
<i>Revetments</i>									
<i>Promenades</i>									
<i>Capital Spares</i>				112					
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
<i>Data Centres</i>									
<i>Core Layers</i>									
<i>Distribution Layers</i>									
<i>Capital Spares</i>									
<b><u>Community Assets</u></b>	<b>39 747</b>	<b>37 378</b>	<b>45 294</b>	<b>26 827</b>	<b>-</b>	<b>-</b>	<b>20 732</b>	<b>22 061</b>	<b>23 392</b>
Community Facilities	24 728	24 319	31 042	11 821	-	-	13 698	14 648	15 534
<i>Halls</i>	8 224	2 798	4 227	3 838			4 481	4 752	5 040
<i>Centres</i>	4 425	3 954	11 649	619			51	54	57
<i>Crèches</i>				-					
<i>Clinics/Care Centres</i>	724	577	409	-					
<i>Fire/Ambulance Stations</i>	5 456	6 133	5 588	187			256	271	287

Testing Stations				-					
Museums	414	991	2 573	870			407	431	458
Galleries				592			989	1 049	1 112
Theatres				-					
Libraries	3 310	2 929	4 441	1 225			1 645	1 743	1 848
Cemeteries/Crematoria	322	415	885	851			1 788	1 895	2 009
Police	1 854	6 522	1 271	-					
Parks				548			55	58	62
Public Open Space				2 166					
Nature Reserves				13			17	18	19
Public Ablution Facilities				609			3 260	3 581	3 798
Markets				257			750	795	843
Stalls				-					
Abattoirs				-					
Airports				-					
Taxi Ranks/Bus Terminals				47					
Capital Spares									
Sport and Recreation Facilities	15 020	13 059	14 252	15 006	-	-	7 034	7 413	7 858
Indoor Facilities				2 450			6 427	6 770	7 176
Outdoor Facilities	15 020	13 059	14 252	12 555			607	644	682
Capital Spares									
<b>Heritage assets</b>	-	-	-	1 094	-	-	726	774	546
Monuments				766			27	29	30
Historic Buildings				26			380	407	156
Works of Art				-					
Conservation Areas				302			320	339	359
Other Heritage				-					
<b>Investment properties</b>	-	-	-	245	-	-	393	420	450
Revenue Generating	-	-	-	245	-	-	-	-	-
Improved Property				-			-		
Unimproved Property				245					
Non-revenue Generating	-	-	-	-	-	-	393	420	450
Improved Property									
Unimproved Property							393	420	450
<b>Other assets</b>	59 494	49 484	46 063	17 002	-	-	33 944	35 505	36 065
Operational Buildings	59 321	48 746	45 221	12 473	-	-	24 952	26 450	26 944
Municipal Offices	53 091	44 042	33 713	7 896			16 393	17 388	17 348
Pay/Enquiry Points				-					
Building Plan Offices	6 230	4 704	11 508	-					
Workshops				860			749	794	842
Yards				-					
Stores				-					
Laboratories				131			1 304	1 382	1 465
Training Centres				200			306	306	307
Manufacturing Plant				-					
Depots				3 386			6 200	6 579	6 982
Capital Spares									
Housing	174	738	842	4 529	-	-	8 992	9 055	9 122

<i>Staff Housing</i>				511			649	688	729
<i>Social Housing</i>	174	738	842	4 017			8 343	8 367	8 392
<i>Capital Spares</i>									
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets									
<b>Intangible Assets</b>	-	-	-	3 724	-	-	4 147	4 427	4 727
Servitudes									
Licences and Rights	-	-	-	3 724	-	-	4 147	4 427	4 727
<i>Water Rights</i>				-					
<i>Effluent Licenses</i>				-					
<i>Solid Waste Licenses</i>				-					
<i>Computer Software and Applications</i>				3 724			4 147	4 427	4 727
<i>Load Settlement Software Applications</i>				-					
<i>Unspecified</i>				-					
<b>Computer Equipment</b>	5 716	9 005	1 196	6 217	-	-	9 603	10 214	10 635
Computer Equipment	5 716	9 005	1 196	6 217			9 603	10 214	10 635
<b>Furniture and Office Equipment</b>	-	-	-	1 908	-	-	1 466	1 561	1 409
Furniture and Office Equipment				1 908			1 466	1 561	1 409
<b>Machinery and Equipment</b>	-	-	-	11 838	-	-	16 611	17 657	18 694
Machinery and Equipment				11 838			16 611	17 657	18 694
<b>Transport Assets</b>	-	-	-	32 780	-	-	50 692	53 009	55 466
Transport Assets				32 780			50 692	53 009	55 466
<b>Libraries</b>	-	-	-	136	-	-	-	-	-
Libraries				136					
<b>Zoo's, Marine and Non-biological Animals</b>	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals									
<b>Total Repairs and Maintenance Expenditure</b>	<b>559 523</b>	<b>409 289</b>	<b>342 298</b>	<b>315 781</b>	<b>-</b>	<b>-</b>	<b>462 967</b>	<b>504 569</b>	<b>515 875</b>

### 1.3.1 Free Basic Services: Basic Social Services Package

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

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

## 1.4 CAPITAL EXPENDITURE

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

**Table 10 (2018/19 Medium-term capital budget per vote)**

Vote Description	2014/15	2015/16	2016/17	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
					Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget			
Capital expenditure - Vote							
Vote 1 - Budget & Treasury	34 555	38 081	29 784	25 575	9 943	20 870	3 900
Vote 2 - Public Health	73 940	74 868	67 003	47 100	56 348	65 766	65 766
Vote 3 - Human Settlements	201 395	180 459	205 227	258 326	203 267	203 475	228 008
Vote 4 - Economic Development, Tourism & Agriculture	97 310	13 722	8 134	–	44 548	34 791	36 879
Vote 5 - Corporate Services	35 735	47 180	23 006	13 560	29 150	17 085	24 085
Vote 6 - Infrastructure & Engineering Unit - Rate & General	287 037	237 347	254 428	436 050	478 854	518 721	519 448
Vote 7 - Metro Water Service	178 826	186 776	202 103	196 000	265 100	331 500	343 500
Vote 8 - Sanitation - Metro	263 307	238 904	243 900	281 964	295 500	357 500	361 500
Vote 9 - Electricity & Energy	229 039	242 331	301 576	276 986	254 457	340 435	290 008
Vote 10 - Executive & Council	2 376	3 422	9 648	6 411	10 743	16 050	16 097
Vote 11 - Safety & Security	12 737	9 750	16 495	13 700	25 300	29 100	29 444
Vote 12 - Mandela Bay Stadium	6 832	11 725	–	–	13 000	5 000	5 000
Vote 13 - Special Projects and Programmes	3 333	1 016	18 661	7 500	–	–	–
Vote 14 - Recreational & Cultural Services	25 020	66 717	50 948	38 720	35 500	35 500	28 000
Total Capital Expenditure - Vote	1 451 441	1 352 298	1 430 913	1 601 891	1 721 709	1 975 793	1 951 634

**TABLE 11 (2018/19 MEDIUM-TERM CAPITAL BUDGET PER VOTE )**

Vote Description	Current Year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework					
	Original Budget		Budget Year 2018/19		Budget Year 2019/20		Budget Year 2020/21	
Capital expenditure - Vote								
Budget & Treasury	25 575	1,60%	9 943	0,58%	20 870	1,06%	3 900	0,20%
Public Health	47 100	2,94%	56 348	3,27%	65 766	3,33%	65 766	3,37%
Human Settlements	258 326	16,13%	203 267	11,81%	203 475	10,30%	228 008	11,68%
Economic Development, Tourism & Agriculture	–	0,00%	44 548	2,59%	34 791	1,76%	36 879	1,89%
Corporate Services	13 560	0,85%	29 150	1,69%	17 085	0,86%	24 085	1,23%
Infrastructure & Engineering Unit - Rate & General	436 050	27,22%	478 854	27,81%	518 721	26,25%	519 448	26,62%
Metro Water Service	196 000	12,24%	265 100	15,40%	331 500	16,78%	343 500	17,60%
Sanitation - Metro	281 964	17,60%	295 500	17,16%	357 500	18,09%	361 500	18,52%
Electricity & Energy	276 986	17,29%	254 457	14,78%	340 435	17,23%	290 008	14,86%
Executive & Council	6 411	0,40%	10 743	0,62%	16 050	0,81%	16 097	0,82%



Safety & Security	13 700	0,86%	25 300	1,47%	29 100	1,47%	29 444	1,51%
Mandela Bay Stadium	–	0,00%	13 000	0,76%	5 000	0,25%	5 000	0,26%
Special Projects and Programmes	7 500	0,47%	–	0,00%	–	0,00%	–	0,00%
Recreational & Cultural Services	38 720	2,42%	35 500	2,06%	35 500	1,80%	28 000	1,43%
<b>Total Capital Expenditure - Vote</b>	<b>1 601 891</b>	<b>100,00%</b>	<b>1 721 709</b>	<b>100,00%</b>	<b>1 975 793</b>	<b>100,00%</b>	<b>1 951 634</b>	<b>100,00%</b>

## 1.5 ANNUAL CONSOLIDATED BUDGET TABLES

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

**TABLE 12 (TABLE A1 – CONSOLIDATED BUDGET SUMMARY)**

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	1 332 135	1 502 463	1 639 399	1 882 347	–	–	–	2 177 831	2 331 111	2 495 664
Service charges	4 059 466	4 649 224	4 882 016	5 107 449	–	–	–	5 513 862	5 898 653	6 308 012
Investment revenue	83 294	113 354	121 035	105 174	–	–	–	106 592	112 897	119 652
Transfers recognised - operational	1 486 060	1 148 940	954 122	1 543 704	–	–	–	1 569 223	1 674 834	1 824 808
Other own revenue	1 176 696	1 314 995	1 322 117	724 862	–	–	–	794 953	865 499	937 508
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>8 137 650</b>	<b>8 728 976</b>	<b>8 918 690</b>	<b>9 363 536</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>10 162 462</b>	<b>10 882 995</b>	<b>11 685 644</b>
Employee costs	2 163 727	2 343 747	3 060 663	2 842 251	–	–	–	3 169 585	3 454 018	3 782 010
Remuneration of councillors	58 161	62 196	64 284	70 938	–	–	–	73 451	79 013	86 439
Depreciation & asset impairment	901 879	1 095 302	778 250	808 877	–	–	–	817 712	842 267	867 561
Finance charges	180 098	166 492	155 281	148 169	–	–	–	156 943	184 205	211 746
Materials and bulk purchases	3 014 609	3 225 021	3 352 899	3 282 422	–	–	–	3 536 587	3 751 609	3 877 996
Transfers and grants	25 691	22 835	47 462	112 165	–	–	–	103 024	94 399	98 778
Other expenditure	1 872 794	1 851 089	1 695 161	2 223 986	–	–	–	2 339 413	2 433 131	2 564 677
<b>Total Expenditure</b>	<b>8 216 959</b>	<b>8 766 683</b>	<b>9 154 000</b>	<b>9 488 809</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>10 196 714</b>	<b>10 838 642</b>	<b>11 489 208</b>
<b>Surplus/(Deficit)</b>	<b>(79 309)</b>	<b>(37 706)</b>	<b>(235 310)</b>	<b>(125 274)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(34 253)</b>	<b>44 353</b>	<b>196 436</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	784 204	777 512	905 519	1 321 667	–	–	–	977 575	1 033 573	1 073 513
Contributions recognised - capital & contributed assets	56 854	52 011	67 637	149 769	–	–	–	139 982	170 525	198 873
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>761 749</b>	<b>791 817</b>	<b>737 846</b>	<b>1 346 162</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1 083 304</b>	<b>1 248 451</b>	<b>1 468 821</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>761 749</b>	<b>791 817</b>	<b>737 846</b>	<b>1 346 162</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1 083 304</b>	<b>1 248 451</b>	<b>1 468 821</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>1 451 441</b>	<b>1 352 298</b>	<b>1 430 913</b>	<b>1 601 891</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1 721 709</b>	<b>1 975 793</b>	<b>1 951 634</b>
Transfers recognised - capital	784 204	777 512	855 067	1 394 136	–	–	–	1 029 575	1 095 573	1 135 513
Public contributions & donations	56 854	47 747	107 513	77 300	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	148 290	286 370	235 943
Internally generated funds	610 383	527 039	468 333	130 455	–	–	–	543 844	593 851	580 179
<b>Total sources of capital funds</b>	<b>1 451 441</b>	<b>1 352 298</b>	<b>1 430 913</b>	<b>1 601 891</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1 721 709</b>	<b>1 975 793</b>	<b>1 951 634</b>

<b>Financial position</b>										
Total current assets	3 243 908	3 480 108	3 799 983	4 277 506	-	-	-	4 709 137	5 315 446	6 027 713
Total non current assets	14 047 315	14 816 561	15 643 788	16 217 572	-	-	-	17 124 034	18 260 587	19 347 823
Total current liabilities	2 172 775	2 259 708	2 332 781	2 404 381	-	-	-	2 653 416	2 811 890	2 997 975
Total non current liabilities	3 171 589	3 312 032	3 648 214	3 396 527	-	-	-	4 001 304	4 281 070	4 387 372
Community wealth/Equity	11 946 859	12 724 930	13 462 776	14 694 170	-	-	-	15 178 451	16 483 073	17 990 189
<b>Cash flows</b>										
Net cash from (used) operating	1 400 638	1 892 677	1 495 039	1 957 820	-	-	-	1 984 117	2 156 130	2 384 997
Net cash from (used) investing	(1 451 120)	(1 621 917)	(1 383 251)	(1 320 664)	-	-	-	(1 743 319)	(1 924 590)	(1 958 391)
Net cash from (used) financing	(111 777)	(104 093)	(93 920)	(82 472)	-	-	-	78 878	205 574	145 654
Cash/cash equivalents at the year end	(162 259)	166 667	17 868	2 227 835	-	-	-	2 547 511	2 984 625	3 556 885
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	1 448 553	1 614 975	1 633 025	2 227 835	-	-	-	2 547 511	2 984 625	3 556 885
Application of cash and investments	231 070	223 978	(74 379)	372 688	-	-	-	1 614 549	1 686 738	1 825 491
Balance - surplus (shortfall)	1 217 483	1 390 997	1 707 404	1 855 147	-	-	-	932 962	1 297 887	1 731 394
<b>Asset management</b>										
Asset register summary (WDV)	-	-	-	16 189 425	-	-	-	17 056 772	18 190 298	19 274 371
Depreciation	-	-	-	808 877	-	-	-	817 712	842 267	867 561
Renewal of Existing Assets	774 313	661 142	771 216	334 690	-	-	-	311 235	386 339	388 640
Repairs and Maintenance	559 523	409 289	342 298	315 781	-	-	-	462 967	504 569	515 875
<b>Free services</b>										
Cost of Free Basic Services provided	255 261	258 450	460 691	410 940	-	-	485 053	485 053	529 603	579 086
Revenue cost of free services provided	177 144	146 823	207 930	204 322	-	-	184 031	184 031	197 661	213 032
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	30	30	22	24	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	156	156	62	367	-	-	20	20	20	20

### Explanatory notes to Table A1 - Budget Summary

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

**TABLE 13 (TABLE A2 – CONSOLIDATED BUDGET FINANCIAL PERFORMANCE)**

Functional Classification Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue - Functional</b>									
<i>Governance and administration</i>	2 547 839	2 707 968	2 724 880	2 559 903	-	-	3 039 681	3 280 410	3 570 461
Executive and council	650	116	9 705	35	-	-	31	34	37
Finance and administration	2 547 189	2 707 852	2 715 175	2 559 866	-	-	3 039 648	3 280 374	3 570 422
Internal audit	-	-	-	2	-	-	2	2	2
<i>Community and public safety</i>	798 200	734 164	539 992	629 246	-	-	555 027	568 749	604 852
Community and social services	27 477	26 650	27 984	63 885	-	-	57 534	61 468	65 781
Sport and recreation	22 912	19 651	31 124	51 938	-	-	4 761	5 089	5 408
Public safety	40 503	229 141	204 830	5 800	-	-	-	-	-
Housing	701 604	455 307	271 140	505 678	-	-	490 924	500 376	531 832
Health	5 703	3 415	4 915	1 944	-	-	1 808	1 816	1 830
<i>Economic and environmental services</i>	537 701	352 747	397 703	1 031 352	-	-	807 085	857 450	901 665
Planning and development	215 195	184 670	205 789	311 535	-	-	148 429	173 298	169 817
Road transport	305 815	160 778	187 346	715 157	-	-	657 151	682 550	730 139
Environmental protection	16 692	7 299	4 568	4 660	-	-	1 504	1 602	1 709
<i>Trading services</i>	5 078 871	5 746 120	6 211 764	6 594 204	-	-	6 843 740	7 343 406	7 842 878
Energy sources	3 288 877	3 708 273	3 789 257	4 054 525	-	-	4 204 137	4 475 020	4 738 935
Water management	805 052	996 553	1 163 571	1 099 105	-	-	1 166 004	1 262 094	1 362 616
Waste water management	729 022	759 019	954 100	1 083 260	-	-	1 024 580	1 114 444	1 205 716
Waste management	255 920	282 275	304 836	357 313	-	-	449 020	491 847	535 611
<i>Other</i>	16 098	17 501	17 507	20 267	-	-	34 486	37 078	38 174
<b>Total Revenue - Functional</b>	<b>8 978 708</b>	<b>9 558 500</b>	<b>9 891 846</b>	<b>10 834 972</b>	<b>-</b>	<b>-</b>	<b>11 280 018</b>	<b>12 087 093</b>	<b>12 958 030</b>
<b>Expenditure - Functional</b>									
<i>Governance and administration</i>	1 095 178	1 234 578	1 730 177	1 655 089	-	-	1 921 406	2 051 686	2 208 410
Executive and council	182 709	187 685	176 357	262 512	-	-	288 365	306 094	326 516
Finance and administration	912 470	1 046 893	1 553 820	1 350 942	-	-	1 570 808	1 679 158	1 810 839
Internal audit	-	-	-	41 635	-	-	62 234	66 434	71 056
<i>Community and public safety</i>	1 544 467	1 596 436	1 408 590	1 273 137	-	-	1 225 391	1 294 463	1 403 749
Community and social services	180 960	187 463	198 807	237 565	-	-	266 598	286 815	326 801
Sport and recreation	189 075	211 365	207 842	397 184	-	-	386 462	399 580	429 101
Public safety	455 489	749 762	648 812	179 462	-	-	207 040	225 130	245 327
Housing	520 186	316 392	144 279	395 707	-	-	288 674	300 119	312 867
Health	198 758	131 452	208 850	63 219	-	-	76 616	82 819	89 654
<i>Economic and environmental services</i>	1 246 760	974 247	958 700	1 145 042	-	-	1 287 940	1 354 976	1 442 867
Planning and development	529 514	519 417	400 272	288 411	-	-	307 140	314 712	334 151
Road transport	584 010	304 283	412 250	809 650	-	-	922 658	977 427	1 040 750
Environmental protection	133 236	150 547	146 178	46 980	-	-	58 142	62 837	67 966
<i>Trading services</i>	4 311 687	4 945 911	5 036 427	5 374 654	-	-	5 714 886	6 086 662	6 379 191
Energy sources	3 040 348	3 487 071	3 597 784	3 712 787	-	-	3 920 899	4 150 243	4 312 885
Water management	626 581	702 836	727 200	772 686	-	-	812 021	881 646	950 782
Waste water management	444 905	486 967	493 232	511 934	-	-	597 048	644 553	674 537
Waste management	199 853	269 037	218 210	377 247	-	-	384 918	410 220	440 987
<i>Other</i>	18 867	15 511	20 106	40 888	-	-	47 091	50 856	54 991
<b>Total Expenditure - Functional</b>	<b>8 216 959</b>	<b>8 766 683</b>	<b>9 154 000</b>	<b>9 488 809</b>	<b>-</b>	<b>-</b>	<b>10 196 714</b>	<b>10 838 642</b>	<b>11 489 208</b>
<b>Surplus/(Deficit) for the year</b>	<b>761 749</b>	<b>791 817</b>	<b>737 846</b>	<b>1 346 162</b>	<b>-</b>	<b>-</b>	<b>1 083 304</b>	<b>1 248 451</b>	<b>1 468 821</b>

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

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

**TABLE 16 (TABLE A3 – CONSOLIDATED 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 - Budget & Treasury	2 520 975	2 662 693	2 688 505	2 480 469	-	-	2 986 932	3 215 934	3 499 560
Vote 2 - Public Health	287 386	299 709	318 420	411 983	-	-	492 719	547 315	597 609
Vote 3 - Human Settlements	729 690	479 704	312 673	520 525	-	-	518 562	530 713	565 130
Vote 4 - Economic Development, Tourism & Agriculture	130 352	109 035	149 395	118 039	-	-	120 493	145 685	139 172
Vote 5 - Corporate Services	19 828	34 141	15 587	25 043	-	-	20 733	21 831	23 009
Vote 6 - Infrastructure & Engineering Unit - Rate & General	297 661	147 733	178 572	658 178	-	-	385 950	384 896	406 128
Vote 7 - Metro Water Service	805 052	996 553	1 163 571	1 099 105	-	-	1 166 004	1 262 094	1 362 616
Vote 8 - Sanitation - Metro	721 528	759 019	947 460	1 098 220	-	-	1 024 580	1 114 444	1 205 716
Vote 9 - Electricity & Energy	3 288 877	3 708 273	3 789 257	4 054 525	-	-	4 204 137	4 475 020	4 738 935
Vote 10 - Executive & Council	2 639	6 360	25 186	20 589	-	-	22 350	21 459	22 071
Vote 11 - Safety & Security	60 570	248 628	226 367	256 625	-	-	287 183	314 595	342 043
Vote 12 - Mandela Bay Stadium	42 112	50 932	14 193	10 800	-	-	15 000	16 200	17 496
Vote 13 - Special Projects and Programmes	37 689	22 426	17 052	20 784	-	-	14 416	15 554	16 805
Vote 14 - Recreational & Cultural Services	34 350	33 296	45 608	60 087	-	-	20 961	21 353	21 741
<b>Total Revenue by Vote</b>	<b>8 978 708</b>	<b>9 558 500</b>	<b>9 891 846</b>	<b>10 834 972</b>	-	-	<b>11 280 018</b>	<b>12 087 093</b>	<b>12 958 030</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 1 - Budget & Treasury	584 219	723 426	1 181 075	696 245	-	-	726 006	773 250	839 542
Vote 2 - Public Health	531 312	652 893	563 068	654 078	-	-	695 017	744 933	802 816
Vote 3 - Human Settlements	683 113	564 998	260 919	478 511	-	-	373 958	392 336	411 298
Vote 4 - Economic Development, Tourism & Agriculture	120 349	111 891	124 367	143 465	-	-	156 223	161 704	170 250
Vote 5 - Corporate Services	362 049	296 648	333 340	413 513	-	-	451 596	483 492	518 544
Vote 6 - Infrastructure & Engineering Unit - Rate & General	708 090	407 538	562 264	644 967	-	-	784 218	826 186	874 094
Vote 7 - Metro Water Service	626 582	702 977	727 200	790 601	-	-	853 403	924 405	994 864
Vote 8 - Sanitation - Metro	386 167	430 121	458 024	465 894	-	-	535 963	580 030	606 189
Vote 9 - Electricity & Energy	3 040 348	3 500 746	3 597 784	3 708 839	-	-	3 906 379	4 135 004	4 296 814
Vote 10 - Executive & Council	221 930	235 069	238 469	343 968	-	-	380 066	395 037	422 544
Vote 11 - Safety & Security	467 520	621 408	661 276	727 756	-	-	883 831	954 482	1 032 057
Vote 12 - Mandela Bay Stadium	182 259	192 150	128 697	50 434	-	-	54 754	58 587	62 688
Vote 13 - Special Projects and Programmes	33 937	22 748	13 134	13 011	-	-	12 797	13 774	14 846
Vote 14 - Recreational & Cultural Services	269 085	304 071	304 382	357 527	-	-	382 505	395 422	442 663
<b>Total Expenditure by Vote</b>	<b>8 216 959</b>	<b>8 766 683</b>	<b>9 154 000</b>	<b>9 488 809</b>	-	-	<b>10 196 714</b>	<b>10 838 642</b>	<b>11 489 208</b>
<b>Surplus/(Deficit) for the year</b>	<b>761 749</b>	<b>791 817</b>	<b>737 846</b>	<b>1 346 162</b>	-	-	<b>1 083 304</b>	<b>1 248 451</b>	<b>1 468 821</b>

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

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

**TABLE 17 (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	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue By Source</b>										
Property rates	1 332 135	1 502 463	1 639 399	1 882 347	-	-	-	2 177 831	2 331 111	2 495 664
Service charges - electricity revenue	3 085 314	3 466 988	3 568 982	3 748 825	-	-	-	3 993 137	4 233 489	4 486 266
Service charges - water revenue	519 528	660 223	761 650	714 594	-	-	-	756 455	828 318	907 008
Service charges - sanitation revenue	323 716	377 421	424 335	469 359	-	-	-	464 169	508 265	556 551
Service charges - refuse revenue	130 907	144 592	127 050	174 671	-	-	-	299 902	328 331	357 887
Service charges - other								200	250	300
Rental of facilities and equipment	18 378	21 042	22 980	18 886				36 718	39 716	42 862
Interest earned - external investments	83 294	113 354	121 035	105 174				106 592	112 897	119 652
Interest earned - outstanding debtors	151 070	160 682	178 768	178 343				221 488	239 542	259 014
Dividends received	291	77	341	-						
Fines, penalties and forfeits	40 885	224 461	202 307	265 711				303 735	333 884	363 757
Licences and permits	9 695	9 332	10 473	26 671				28 034	29 723	31 662
Agency services	2 246	2 345	2 503	-				2 892	3 066	3 250
Transfers and subsidies	1 486 060	1 148 940	954 122	1 543 704				1 569 223	1 674 834	1 824 808
Other revenue	953 301	897 028	904 140	235 219	-	-	-	202 086	219 568	236 963
Gains on disposal of PPE	830	28	606	32						
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>8 137 650</b>	<b>8 728 976</b>	<b>8 918 690</b>	<b>9 363 536</b>	-	-	-	<b>10 162 462</b>	<b>10 882 995</b>	<b>11 685 644</b>
<b>Expenditure By Type</b>										
Employee related costs	2 163 727	2 343 747	3 060 663	2 842 251	-	-	-	3 169 585	3 454 018	3 782 010
Remuneration of councillors	58 161	62 196	64 284	70 938				73 451	79 013	86 439
Debt impairment	407 410	625 575	437 845	619 213				544 073	541 933	579 079
Depreciation & asset impairment	901 879	1 095 302	778 250	808 877	-	-	-	817 712	842 267	867 561
Finance charges	180 098	166 492	155 281	148 169				156 943	184 205	211 746
Bulk purchases	2 455 086	2 815 732	3 010 600	3 005 447	-	-	-	3 228 173	3 419 421	3 526 287
Other materials	559 523	409 289	342 298	276 975				308 414	332 187	351 709
Contracted services	349 465	481 775	650 011	1 183 120	-	-	-	1 109 013	1 179 920	1 234 158
Transfers and subsidies	25 691	22 835	47 462	112 165	-	-	-	103 024	94 399	98 778
Other expenditure	1 115 407	743 706	606 009	421 653	-	-	-	686 327	711 279	751 441
Loss on disposal of PPE	513	34	1 297							
<b>Total Expenditure</b>	<b>8 216 959</b>	<b>8 766 683</b>	<b>9 154 000</b>	<b>9 488 809</b>	-	-	-	<b>10 196 714</b>	<b>10 838 642</b>	<b>11 489 208</b>
<b>Surplus/(Deficit)</b>	<b>(79 309)</b>	<b>(37 706)</b>	<b>(235 310)</b>	<b>(125 274)</b>	-	-	-	<b>(34 253)</b>	<b>44 353</b>	<b>196 436</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	784 204	777 512	905 519	1 321 667				977 575	1 033 573	1 073 513

Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	56 854	52 011	67 637	149 769	-	-	-	139 982	170 525	198 873
Transfers and subsidies - capital (in-kind - all)										
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>761 749</b>	<b>791 817</b>	<b>737 846</b>	<b>1 346 162</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 083 304</b>	<b>1 248 451</b>	<b>1 468 821</b>
Taxation										
<b>Surplus/(Deficit) after taxation</b>	<b>761 749</b>	<b>791 817</b>	<b>737 846</b>	<b>1 346 162</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 083 304</b>	<b>1 248 451</b>	<b>1 468 821</b>
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>	<b>761 749</b>	<b>791 817</b>	<b>737 846</b>	<b>1 346 162</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 083 304</b>	<b>1 248 451</b>	<b>1 468 821</b>
Share of surplus/ (deficit) of associate										
<b>Surplus/(Deficit) for the year</b>	<b>761 749</b>	<b>791 817</b>	<b>737 846</b>	<b>1 346 162</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 083 304</b>	<b>1 248 451</b>	<b>1 468 821</b>

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

#### Revenue

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

**TABLE 18 (TABLE A5 – CONSOLIDATED 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	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Capital expenditure - Vote</b>										
<b>Multi-year expenditure to be appropriated</b>										
Vote 1 - Budget & Treasury	31 028	36 129	29 553	6 075	-	-	-	9 243	20 120	3 000
Vote 2 - Public Health	66 980	61 598	55 854	46 900	-	-	-	48 348	58 000	58 000
Vote 3 - Human Settlements	201 395	180 459	205 227	258 326	-	-	-	203 267	203 475	228 008
Vote 4 - Economic Development, Tourism & Agriculture	97 310	13 722	8 134	-	-	-	-	44 048	34 791	36 879
Vote 5 - Corporate Services	34 918	47 180	23 006	6 070	-	-	-	29 150	17 085	24 085
Vote 6 - Infrastructure & Engineering Unit - Rate & General	282 611	229 317	240 299	434 450	-	-	-	460 054	493 361	494 088
Vote 7 - Metro Water Service	177 645	182 704	199 848	196 000	-	-	-	263 100	328 500	340 000
Vote 8 - Sanitation - Metro	263 307	232 984	240 785	281 964	-	-	-	293 500	354 500	358 500
Vote 9 - Electricity & Energy	203 273	215 917	293 231	275 486	-	-	-	246 727	330 285	279 708
Vote 10 - Executive & Council	2 376	3 422	9 648	6 411	-	-	-	10 743	16 050	16 097
Vote 11 - Safety & Security	10 020	6 442	6 825	13 700	-	-	-	6 725	25 150	11 500
Vote 12 - Mandela Bay Stadium	6 832	11 725	-	-	-	-	-	13 000	5 000	5 000
Vote 13 - Special Projects and Programmes	3 333	1 016	18 661	-	-	-	-	-	-	-
Vote 14 - Recreational & Cultural Services	25 020	66 717	49 716	38 500	-	-	-	35 500	35 500	28 000
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>1 406 047</b>	<b>1 289 333</b>	<b>1 380 787</b>	<b>1 563 881</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 663 404</b>	<b>1 921 817</b>	<b>1 882 864</b>
<b>Single-year expenditure to be appropriated</b>										
Vote 1 - Budget & Treasury	3 527	1 953	230	19 500	-	-	-	700	750	900
Vote 2 - Public Health	6 960	13 269	11 149	200	-	-	-	8 000	7 766	7 766

Vote 3 - Human Settlements	-	-	-	-	-	-	-	-	-	-
Vote 4 - Economic Development, Tourism & Agriculture	-	-	-	-	-	-	-	500	-	-
Vote 5 - Corporate Services	818	-	-	7 490	-	-	-	-	-	-
Vote 6 - Infrastructure & Engineering Unit - Rate & General	4 426	8 030	14 129	1 600	-	-	-	18 800	25 360	25 360
Vote 7 - Metro Water Service	1 181	4 072	2 255	-	-	-	-	2 000	3 000	3 500
Vote 8 - Sanitation - Metro	-	5 921	3 116	-	-	-	-	2 000	3 000	3 000
Vote 9 - Electricity & Energy	25 765	26 413	8 345	1 500	-	-	-	7 730	10 150	10 300
Vote 10 - Executive & Council	-	-	-	-	-	-	-	-	-	-
Vote 11 - Safety & Security	2 717	3 308	9 670	-	-	-	-	18 575	3 950	17 944
Vote 12 - Mandela Bay Stadium	-	-	-	-	-	-	-	-	-	-
Vote 13 - Special Projects and Programmes	-	-	-	7 500	-	-	-	-	-	-
Vote 14 - Recreational & Cultural Services	-	-	1 232	220	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>45 394</b>	<b>62 966</b>	<b>50 126</b>	<b>38 010</b>	-	-	-	<b>58 305</b>	<b>53 976</b>	<b>68 770</b>
<b>Total Capital Expenditure - Vote</b>	<b>1 451 441</b>	<b>1 352 298</b>	<b>1 430 913</b>	<b>1 601 891</b>	-	-	-	<b>1 721 709</b>	<b>1 975 793</b>	<b>1 951 634</b>
<b>Capital Expenditure - Functional</b>										
<b>Governance and administration</b>	<b>79 499</b>	<b>100 408</b>	<b>62 437</b>	<b>58 535</b>	-	-	-	<b>49 836</b>	<b>54 005</b>	<b>44 082</b>
Executive and council	9 208	15 147	9 648	-	-	-	-	10 743	16 050	16 097
Finance and administration	34 555	38 081	29 784	58 535	-	-	-	39 093	37 955	27 985
Internal audit	35 735	47 180	23 006	-	-	-	-	-	-	-
<b>Community and public safety</b>	<b>240 205</b>	<b>258 903</b>	<b>275 228</b>	<b>333 296</b>	-	-	-	<b>277 567</b>	<b>273 575</b>	<b>290 952</b>
Community and social services	3 755	13 459	20 794	57 000	-	-	-	19 500	19 500	13 000
Sport and recreation	21 265	53 315	30 154	34 720	-	-	-	29 000	21 000	20 000
Public safety	12 737	9 750	16 495	12 400	-	-	-	25 300	29 100	29 444
Housing	201 395	180 459	205 227	229 176	-	-	-	203 267	203 475	228 008
Health	1 052	1 919	2 558	-	-	-	-	500	500	500
<b>Economic and environmental services</b>	<b>450 927</b>	<b>291 298</b>	<b>320 930</b>	<b>408 211</b>	-	-	-	<b>564 249</b>	<b>603 779</b>	<b>606 593</b>
Planning and development	100 643	14 681	26 794	-	-	-	-	44 548	34 791	36 879
Road transport	287 037	237 347	254 428	405 011	-	-	-	478 854	518 721	519 448
Environmental protection	63 247	39 270	39 708	3 200	-	-	-	40 848	50 266	50 266
<b>Trading services</b>	<b>680 811</b>	<b>701 689</b>	<b>772 317</b>	<b>801 850</b>	-	-	-	<b>830 057</b>	<b>1 044 435</b>	<b>1 010 008</b>
Energy sources	229 039	242 331	301 576	282 486	-	-	-	254 457	340 435	290 008
Water management	178 826	186 776	202 103	193 000	-	-	-	265 100	331 500	343 500
Waste water management	263 307	238 904	243 900	314 364	-	-	-	295 500	357 500	361 500
Waste management	9 640	33 678	24 737	12 000	-	-	-	15 000	15 000	15 000
<b>Other</b>				-	-	-	-			
<b>Total Capital Expenditure - Functional</b>	<b>1 451 441</b>	<b>1 352 298</b>	<b>1 430 913</b>	<b>1 601 891</b>	-	-	-	<b>1 721 709</b>	<b>1 975 793</b>	<b>1 951 634</b>
<b>Funded by:</b>										
National Government	781 938	760 841	849 897	999 317	-	-	-	977 575	1 033 573	1 073 513
Provincial Government	-	-	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	2 266	16 671	5 170	394 819	-	-	-	52 000	62 000	62 000
<b>Transfers recognised - capital</b>	<b>784 204</b>	<b>777 512</b>	<b>855 067</b>	<b>1 394 136</b>	-	-	-	<b>1 029 575</b>	<b>1 095 573</b>	<b>1 135 513</b>
<b>Public contributions &amp; donations</b>	<b>56 854</b>	<b>47 747</b>	<b>107 513</b>	<b>77 300</b>	-	-	-			
<b>Borrowing</b>				-	-	-	-	<b>148 290</b>	<b>286 370</b>	<b>235 943</b>
Internally generated funds	610 383	527 039	468 333	130 455	-	-	-	543 844	593 851	580 179
<b>Total Capital Funding</b>	<b>1 451 441</b>	<b>1 352 298</b>	<b>1 430 913</b>	<b>1 601 891</b>	-	-	-	<b>1 721 709</b>	<b>1 975 793</b>	<b>1 951 634</b>

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

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote; capital expenditure by standard classification; and the funding sources

necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

**TABLE 19 (TABLE A6 – CONSOLIDATED BUDGETED FINANCIAL)**

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>ASSETS</b>										
<b>Current assets</b>										
Cash	193 345	247 168	285 651	200 400				201 000	201 000	201 000
Call investment deposits	1 255 209	1 367 808	1 347 374	2 027 435	-	-	-	2 346 511	2 783 625	3 355 885
Consumer debtors	1 142 034	1 267 085	1 544 070	1 331 200	-	-	-	1 475 210	1 616 948	1 728 399
Other debtors	513 325	452 674	424 491	518 471				480 635	499 860	519 854
Current portion of long-term receivables	0	0	0	0				0	0	0
Inventory	139 995	145 374	198 396	200 000				205 782	214 013	222 574
<b>Total current assets</b>	<b>3 243 908</b>	<b>3 480 108</b>	<b>3 799 983</b>	<b>4 277 506</b>	-	-	-	<b>4 709 137</b>	<b>5 315 446</b>	<b>6 027 713</b>
<b>Non current assets</b>										
Long-term receivables	18 299	24 307	64 059	28 147				67 262	70 289	73 452
Investments										
Investment property	198 169	197 280	193 631	197 280				197 280	197 280	197 280
Investment in Associate										
Property, plant and equipment	13 686 348	14 540 793	15 326 949	15 931 954	-	-	-	16 808 314	17 960 446	19 064 238
Agricultural										
Biological										
Intangible	144 499	54 180	59 149	60 190				51 178	32 571	12 853
Other non-current assets										
<b>Total non current assets</b>	<b>14 047 315</b>	<b>14 816 561</b>	<b>15 643 788</b>	<b>16 217 572</b>	-	-	-	<b>17 124 034</b>	<b>18 260 587</b>	<b>19 347 823</b>
<b>TOTAL ASSETS</b>	<b>17 291 222</b>	<b>18 296 669</b>	<b>19 443 771</b>	<b>20 495 078</b>	-	-	-	<b>21 833 172</b>	<b>23 576 033</b>	<b>25 375 536</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Bank overdraft										
Borrowing	106 793	95 439	87 089	79 760	-	-	-	100 016	117 110	133 604
Consumer deposits	111 852	123 959	131 340	128 872				139 221	147 574	156 428
Trade and other payables	1 795 603	1 914 570	1 859 218	2 051 117	-	-	-	2 157 729	2 274 641	2 419 085
Provisions	158 526	125 740	255 134	144 632				256 450	272 566	288 858
<b>Total current liabilities</b>	<b>2 172 775</b>	<b>2 259 708</b>	<b>2 332 781</b>	<b>2 404 381</b>	-	-	-	<b>2 653 416</b>	<b>2 811 890</b>	<b>2 997 975</b>
<b>Non current liabilities</b>										
Borrowing	2 841 817	1 377 585	1 290 457	1 151 863	-	-	-	1 482 961	1 601 794	1 548 191
Provisions	329 772	1 934 447	2 357 757	2 244 664	-	-	-	2 518 343	2 679 276	2 839 181
<b>Total non current liabilities</b>	<b>3 171 589</b>	<b>3 312 032</b>	<b>3 648 214</b>	<b>3 396 527</b>	-	-	-	<b>4 001 304</b>	<b>4 281 070</b>	<b>4 387 372</b>
<b>TOTAL LIABILITIES</b>	<b>5 344 364</b>	<b>5 571 740</b>	<b>5 980 995</b>	<b>5 800 908</b>	-	-	-	<b>6 654 720</b>	<b>7 092 960</b>	<b>7 385 348</b>
<b>NET ASSETS</b>	<b>11 946 859</b>	<b>12 724 930</b>	<b>13 462 776</b>	<b>14 694 170</b>	-	-	-	<b>15 178 451</b>	<b>16 483 073</b>	<b>17 990 189</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)	11 734 266	12 593 391	13 231 691	14 134 366				14 566 167	15 801 241	17 236 901
Reserves	212 592	131 538	231 085	559 804	-	-	-	612 284	681 831	753 287
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>11 946 859</b>	<b>12 724 930</b>	<b>13 462 776</b>	<b>14 694 170</b>	-	-	-	<b>15 178 451</b>	<b>16 483 073</b>	<b>17 990 189</b>



## Explanatory notes to Table A6 - Budgeted Financial Position

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

**TABLE 20 (TABLE A7 – CONSOLIDATED BUDGET CASH FLOW STATEMENT)**

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>										
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates	1 209 351	1 306 402	1 599 357	1 769 406				2 068 940	2 226 211	2 383 359
Service charges	3 767 086	4 003 911	4 350 795	4 801 002				5 238 179	5 633 225	6 024 165
Other revenue	1 162 545	1 927 334	1 510 361	325 068				310 641	338 013	365 592
Government - operating	1 173 071	1 206 016	878 217	1 543 704				1 515 357	1 628 323	1 800 654
Government - capital	999 637	932 291	983 120	1 462 255				1 537 437	1 629 685	1 687 940
Interest	222 532	112 372	120 860	105 174				106 592	112 897	119 652
Dividends	291	77	341	-				-	-	-
<b>Payments</b>										
Suppliers and employees	(6 810 136)	(7 321 511)	(7 727 572)	(7 788 682)				(8 534 952)	(9 133 297)	(9 686 851)
Finance charges	(208 595)	(168 838)	(157 624)	(147 941)				(156 943)	(184 205)	(211 746)
Transfers and Grants	(115 142)	(105 376)	(62 817)	(112 165)				(101 133)	(94 722)	(97 768)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>1 400 638</b>	<b>1 892 677</b>	<b>1 495 039</b>	<b>1 957 820</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 984 117</b>	<b>2 156 130</b>	<b>2 384 997</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE				149 469				-	-	-
Decrease (Increase) in non-current debtors				(1 340)				-	-	-
Decrease (increase) other non-current receivables								(39 115)	(3 027)	(3 163)
Decrease (increase) in non-current investments								-	-	-
<b>Payments</b>										
Capital assets	(1 451 120)	(1 621 917)	(1 383 251)	(1 468 793)				(1 704 203)	(1 921 564)	(1 955 228)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(1 451 120)</b>	<b>(1 621 917)</b>	<b>(1 383 251)</b>	<b>(1 320 664)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 743 319)</b>	<b>(1 924 590)</b>	<b>(1 958 391)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans								-	-	-
Borrowing long term/refinancing								148 290	286 370	235 943
Increase (decrease) in consumer deposits				3 937				10 349	8 353	8 854
<b>Payments</b>										
Repayment of borrowing	(111 777)	(104 093)	(93 920)	(86 409)				(79 760)	(89 149)	(99 143)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(111 777)</b>	<b>(104 093)</b>	<b>(93 920)</b>	<b>(82 472)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78 878</b>	<b>205 574</b>	<b>145 654</b>

NET INCREASE/ (DECREASE) IN CASH HELD	(162 259)	166 667	17 868	554 683	-	-	-	319 676	437 114	572 260
Cash/cash equivalents at the year begin:				1 673 151				2 227 835	2 547 511	2 984 625
Cash/cash equivalents at the year end:	(162 259)	166 667	17 868	2 227 835	-	-	-	2 547 511	2 984 625	3 556 885

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

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

### TABLE 21 (TABLE A8 - CASH BACKED RESERVES/ACCUMULATED SURPLUS RECONCILIATION)

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end	(162 259)	166 667	17 868	2 227 835	-	-	-	2 547 511	2 984 625	3 556 885
Other current investments > 90 days	1 610 812	1 448 308	1 615 157	-	-	-	-	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>	<b>1 448 553</b>	<b>1 614 975</b>	<b>1 633 025</b>	<b>2 227 835</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 547 511</b>	<b>2 984 625</b>	<b>3 556 885</b>
<b>Application of cash and investments</b>										
Unspent conditional transfers	171 309	200 574	38 268	216 938	-	-	-	227 785	239 174	251 133
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements										
Other working capital requirements	59 761	23 404	(112 647)	155 750	-	-	-	113 969	64 263	76 974
Other provisions								660 510	701 470	744 097
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments								612 284	681 831	753 287
<b>Total Application of cash and investments:</b>	<b>231 070</b>	<b>223 978</b>	<b>(74 379)</b>	<b>372 688</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 614 549</b>	<b>1 686 738</b>	<b>1 825 491</b>
<b>Surplus(shortfall)</b>	<b>1 217 483</b>	<b>1 390 997</b>	<b>1 707 404</b>	<b>1 855 147</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>932 962</b>	<b>1 297 887</b>	<b>1 731 394</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. The table assesses the funding levels of the budget by firstly forecasting the cash and investments at year-end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. As part of the budgeting and planning guidelines that informed the compilation of the 2018/19 MTREF, the end objective of the medium-term framework was to ensure the budget is funded as required in accordance with section 18 of the MFMA.
4. Provisions to be cash backed incorporate all current provisions as well as the provision for the rehabilitation of landfill sites.

5. Reserves to be cash backed incorporate the Housing Revolving Fund, COIDA, Self Insurance Fund (SIF) and the Capital Replacement Reserve. Amounts of R300 million, R350 million and R400 million has been provided for the 2018/19, 2019/20 and 2020/21 financial years respectively.

**TABLE 22 (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>677 129</b>	<b>691 157</b>	<b>659 697</b>	<b>652 453</b>	-	-	<b>674 290</b>	<b>596 876</b>	<b>757 354</b>
<i>Roads Infrastructure</i>	146 622	148 883	99 720	239 848	-	-	245 835	232 222	261 283
<i>Storm water Infrastructure</i>	-	-	-	29 718	-	-	30 690	29 967	35 842
<i>Electrical Infrastructure</i>	57 916	106 585	78 531	77 816	-	-	45 303	51 326	49 276
<i>Water Supply Infrastructure</i>	61 476	91 871	89 657	118 469	-	-	53 890	50 948	54 592
<i>Sanitation Infrastructure</i>	205 303	193 077	237 753	97 403	-	-	82 153	61 938	66 283
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	4 000	-	-	3 500	-	-
<b>Infrastructure</b>	<b>471 317</b>	<b>540 416</b>	<b>505 660</b>	<b>567 253</b>	-	-	<b>461 371</b>	<b>426 401</b>	<b>467 276</b>
Community Facilities	127 151	19 199	40 423	-	-	-	61 988	12 000	126 140
Sport and Recreation Facilities	-	573	6 194	-	-	-	-	-	-
<b>Community Assets</b>	<b>127 151</b>	<b>19 772</b>	<b>46 617</b>	-	-	-	<b>61 988</b>	<b>12 000</b>	<b>126 140</b>
Heritage Assets	-	-	-	-	-	-	-	-	10 224
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Operational Buildings	2 838	32 187	3 554	-	-	-	4 100	1 000	1 000
Housing	-	-	-	7 500	-	-	6 000	4 500	-
<b>Other Assets</b>	<b>2 838</b>	<b>32 187</b>	<b>3 554</b>	<b>7 500</b>	-	-	<b>10 100</b>	<b>5 500</b>	<b>1 000</b>
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	29 563	39 136	28 715	22 000	-	-	6 750	1 295	843
<b>Intangible Assets</b>	<b>29 563</b>	<b>39 136</b>	<b>28 715</b>	<b>22 000</b>	-	-	<b>6 750</b>	<b>1 295</b>	<b>843</b>
Computer Equipment	5 728	14 105	21 566	5 100	-	-	10 448	4 320	5 342
Furniture and Office Equipment	2 893	4 126	743	100	-	-	3 159	2 169	1 679
Machinery and Equipment	30 410	12 311	13 278	32 400	-	-	92 458	107 613	101 977
Transport Assets	7 229	29 104	39 564	18 100	-	-	28 016	37 579	42 873
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	<b>774 313</b>	<b>661 142</b>	<b>771 216</b>	<b>334 690</b>	-	-	<b>311 235</b>	<b>386 339</b>	<b>388 640</b>
<i>Roads Infrastructure</i>	120 228	76 159	135 959	51 500	-	-	69 500	52 500	52 500
<i>Storm water Infrastructure</i>	-	-	-	4 000	-	-	6 500	8 000	8 000
<i>Electrical Infrastructure</i>	148 784	109 989	198 610	125 640	-	-	94 590	122 139	123 140
<i>Water Supply Infrastructure</i>	114 326	90 718	100 149	57 600	-	-	78 000	139 000	127 000
<i>Sanitation Infrastructure</i>	277 386	256 063	251 204	80 400	-	-	53 000	46 700	49 000
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	1 500	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	<b>660 724</b>	<b>532 929</b>	<b>685 922</b>	<b>320 640</b>	-	-	<b>301 590</b>	<b>368 339</b>	<b>359 640</b>

Community Facilities	35 034	16 762	19 345	8 650	-	-	6 615	13 000	16 000
Sport and Recreation Facilities	15 242	58 608	12 954	400	-	-	2 530	2 000	7 000
<b>Community Assets</b>	<b>50 277</b>	<b>75 370</b>	<b>32 298</b>	<b>9 050</b>	-	-	<b>9 145</b>	<b>15 000</b>	<b>23 000</b>
<b>Heritage Assets</b>	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Operational Buildings	48 464	38 118	37 855	-	-	-	500	1 000	6 000
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>48 464</b>	<b>38 118</b>	<b>37 855</b>	-	-	-	<b>500</b>	<b>1 000</b>	<b>6 000</b>
<b>Biological or Cultivated Assets</b>	-	415	-	5 000	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	3 209	4 303	4 059	-	-	-	-	-	-
<b>Intangible Assets</b>	<b>3 209</b>	<b>4 303</b>	<b>4 059</b>	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	11 639	10 008	11 081	-	-	-	-	2 000	-
Transport Assets	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
<b>Total Upgrading of Existing Assets</b>	-	-	-	<b>614 749</b>	-	-	<b>736 185</b>	<b>992 578</b>	<b>805 641</b>
<i>Roads Infrastructure</i>	-	-	-	209 300	-	-	201 819	287 861	167 848
<i>Storm water Infrastructure</i>	-	-	-	27 400	-	-	31 950	39 250	39 250
<i>Electrical Infrastructure</i>	-	-	-	63 700	-	-	88 392	134 527	86 349
<i>Water Supply Infrastructure</i>	-	-	-	52 000	-	-	74 600	65 900	62 500
<i>Sanitation Infrastructure</i>	-	-	-	155 964	-	-	207 000	305 700	331 800
<i>Solid Waste Infrastructure</i>	-	-	-	7 000	-	-	7 500	7 500	7 500
<i>Rail Infrastructure</i>	-	-	-	-	-	-	500	-	-
<i>Coastal Infrastructure</i>	-	-	-	1 000	-	-	3 000	3 000	3 000
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	-	-	-	<b>516 364</b>	-	-	<b>614 761</b>	<b>843 738</b>	<b>698 247</b>
Community Facilities	-	-	-	49 000	-	-	54 367	64 130	51 400
Sport and Recreation Facilities	-	-	-	18 820	-	-	32 340	20 500	20 000
<b>Community Assets</b>	-	-	-	<b>67 820</b>	-	-	<b>86 707</b>	<b>84 630</b>	<b>71 400</b>
<b>Heritage Assets</b>	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	13 985	-	-	26 343	43 860	26 994
Housing	-	-	-	-	-	-	375	16 000	5 000
<b>Other Assets</b>	-	-	-	<b>13 985</b>	-	-	<b>26 718</b>	<b>59 860</b>	<b>31 994</b>
<b>Biological or Cultivated Assets</b>	-	-	-	<b>12 500</b>	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	1 000	-	-	5 000	1 500	1 500
<b>Intangible Assets</b>	-	-	-	<b>1 000</b>	-	-	<b>5 000</b>	<b>1 500</b>	<b>1 500</b>
Computer Equipment	-	-	-	2 000	-	-	2 000	1 500	1 500
Furniture and Office Equipment	-	-	-	1 080	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	1 000	1 350	1 000
Transport Assets	-	-	-	-	-	-	-	-	0
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	-	-	-	-	-	-	-	-	-
<i>Roads Infrastructure</i>	266 850	225 042	235 678	500 648	-	-	517 153	572 583	481 631
<i>Storm water Infrastructure</i>	-	-	-	61 118	-	-	69 140	77 217	83 092
<i>Electrical Infrastructure</i>	206 700	216 574	277 141	267 156	-	-	228 285	307 992	258 765

<i>Water Supply Infrastructure</i>	175 802	182 589	189 806	228 069	-	-	206 490	255 848	244 092
<i>Sanitation Infrastructure</i>	482 689	449 140	488 956	333 767	-	-	342 153	414 338	447 083
<i>Solid Waste Infrastructure</i>	-	-	-	7 000	-	-	7 500	7 500	7 500
<i>Rail Infrastructure</i>	-	-	-	-	-	-	500	-	-
<i>Coastal Infrastructure</i>	-	-	-	2 500	-	-	3 000	3 000	3 000
<i>Information and Communication Infrastructure</i>	-	-	-	4 000	-	-	3 500	-	-
<b>Infrastructure</b>	<b>1 132 041</b>	<b>1 073 345</b>	<b>1 191 582</b>	<b>1 404 257</b>	<b>-</b>	<b>-</b>	<b>1 377 721</b>	<b>1 638 479</b>	<b>1 525 163</b>
Community Facilities	162 185	35 961	59 768	57 650	-	-	122 969	89 130	193 540
Sport and Recreation Facilities	15 242	59 182	19 147	19 220	-	-	34 870	22 500	27 000
<b>Community Assets</b>	<b>177 428</b>	<b>95 142</b>	<b>78 915</b>	<b>76 870</b>	<b>-</b>	<b>-</b>	<b>157 839</b>	<b>111 630</b>	<b>220 540</b>
<b>Heritage Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 224</b>
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operational Buildings	51 302	70 305	41 409	13 985	-	-	30 943	45 860	33 994
Housing	-	-	-	7 500	-	-	6 375	20 500	5 000
<b>Other Assets</b>	<b>51 302</b>	<b>70 305</b>	<b>41 409</b>	<b>21 485</b>	<b>-</b>	<b>-</b>	<b>37 318</b>	<b>66 360</b>	<b>38 994</b>
<b>Biological or Cultivated Assets</b>	<b>-</b>	<b>415</b>	<b>-</b>	<b>17 500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	32 772	43 439	32 774	23 000	-	-	11 750	2 795	2 343
<b>Intangible Assets</b>	<b>32 772</b>	<b>43 439</b>	<b>32 774</b>	<b>23 000</b>	<b>-</b>	<b>-</b>	<b>11 750</b>	<b>2 795</b>	<b>2 343</b>
Computer Equipment	5 728	14 105	21 566	7 100	-	-	12 448	5 820	6 842
Furniture and Office Equipment	2 893	4 126	743	1 180	-	-	3 159	2 169	1 679
Machinery and Equipment	42 048	22 318	24 358	32 400	-	-	93 458	110 963	102 977
Transport Assets	7 229	29 104	39 564	18 100	-	-	28 016	37 579	42 873
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>1 451 441</b>	<b>1 352 298</b>	<b>1 430 913</b>	<b>1 601 891</b>	<b>-</b>	<b>-</b>	<b>1 721 709</b>	<b>1 975 793</b>	<b>1 951 634</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>									
<i>Roads Infrastructure</i>				3 522 179			3 820 905	4 174 120	4 429 803
<i>Storm water Infrastructure</i>				658 863			708 792	766 222	828 934
<i>Electrical Infrastructure</i>				1 997 231			2 103 904	2 286 636	2 416 384
<i>Water Supply Infrastructure</i>				2 510 106			2 595 575	2 726 771	2 842 472
<i>Sanitation Infrastructure</i>				1 945 977			2 187 456	2 498 100	2 838 378
<i>Solid Waste Infrastructure</i>				382 379			351 632	319 736	286 660
<i>Rail Infrastructure</i>							500	500	500
<i>Coastal Infrastructure</i>				2 500			5 500	8 500	11 500
<i>Information and Communication Infrastructure</i>				4 000			7 500	7 500	7 500
<b>Infrastructure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11 023 235</b>	<b>-</b>	<b>-</b>	<b>11 781 763</b>	<b>12 788 087</b>	<b>13 662 131</b>
Community Facilities				415 656			507 263	570 270	736 904
Sport and Recreation Facilities				2 165 769			2 108 435	2 035 966	1 965 148
<b>Community Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 581 424</b>	<b>-</b>	<b>-</b>	<b>2 615 698</b>	<b>2 606 236</b>	<b>2 702 052</b>
<b>Heritage Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>205 837</b>	<b>-</b>	<b>-</b>	<b>205 837</b>	<b>205 837</b>	<b>216 061</b>
Revenue Generating									
Non-revenue Generating				197 280			197 280	197 280	197 280
<b>Investment properties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>197 280</b>	<b>-</b>	<b>-</b>	<b>197 280</b>	<b>197 280</b>	<b>197 280</b>
Operational Buildings				1 744 652			1 751 868	1 773 290	1 782 112
Housing				31 213			25 054	40 369	40 029
<b>Other Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 775 865</b>	<b>-</b>	<b>-</b>	<b>1 776 922</b>	<b>1 813 659</b>	<b>1 822 141</b>
<b>Biological or Cultivated Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17 500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Servitudes									
Licences and Rights				60 190			51 403	33 036	13 571
<b>Intangible Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60 190</b>	<b>-</b>	<b>-</b>	<b>51 403</b>	<b>33 036</b>	<b>13 571</b>
Computer Equipment				79 229			91 420	97 074	103 740
Furniture and Office Equipment				65 164			56 767	47 129	36 640
Machinery and Equipment				46 793			114 871	199 693	275 744

Transport Assets				136 908			164 809	202 267	245 012
Libraries									
Zoo's, Marine and Non-biological Animals									
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16 189 425</b>	<b>-</b>	<b>-</b>	<b>17 056 772</b>	<b>18 190 298</b>	<b>19 274 371</b>
<b>EXPENDITURE OTHER ITEMS</b>									
<b>Depreciation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>808 877</b>	<b>-</b>	<b>-</b>	<b>817 712</b>	<b>842 267</b>	<b>867 561</b>
<b>Repairs and Maintenance by Asset Class</b>	<b>559 523</b>	<b>409 289</b>	<b>342 298</b>	<b>315 781</b>	<b>-</b>	<b>-</b>	<b>462 967</b>	<b>504 569</b>	<b>515 875</b>
<i>Roads Infrastructure</i>	85 144	42 851	29 880	45 360	-	-	44 821	47 232	51 262
<i>Storm water Infrastructure</i>	38 828	31 640	16 185	32 368	-	-	21 248	22 523	23 875
<i>Electrical Infrastructure</i>	45 905	45 131	45 561	27 182	-	-	40 940	43 072	44 648
<i>Water Supply Infrastructure</i>	150 100	79 119	96 398	44 031	-	-	119 133	133 200	142 209
<i>Sanitation Infrastructure</i>	126 410	108 147	54 417	62 355	-	-	94 992	109 181	98 543
<i>Solid Waste Infrastructure</i>	8 179	6 535	7 304	-	-	-	-	-	-
<i>Rail Infrastructure</i>	-	-	-	2 602	-	-	3 519	3 730	3 954
<i>Coastal Infrastructure</i>	-	-	-	112	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	<b>454 565</b>	<b>313 422</b>	<b>249 745</b>	<b>214 010</b>	<b>-</b>	<b>-</b>	<b>324 654</b>	<b>358 940</b>	<b>364 491</b>
Community Facilities	24 728	24 319	31 042	11 821	-	-	13 698	14 648	15 534
Sport and Recreation Facilities	15 020	13 059	14 252	15 006	-	-	7 034	7 413	7 858
<b>Community Assets</b>	<b>39 747</b>	<b>37 378</b>	<b>45 294</b>	<b>26 827</b>	<b>-</b>	<b>-</b>	<b>20 732</b>	<b>22 061</b>	<b>23 392</b>
Heritage Assets	-	-	-	1 094	-	-	726	774	546
Revenue Generating	-	-	-	245	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	393	420	450
<b>Investment properties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>245</b>	<b>-</b>	<b>-</b>	<b>393</b>	<b>420</b>	<b>450</b>
Operational Buildings	59 321	48 746	45 221	12 473	-	-	24 952	26 450	26 944
Housing	174	738	842	4 529	-	-	8 992	9 055	9 122
<b>Other Assets</b>	<b>59 494</b>	<b>49 484</b>	<b>46 063</b>	<b>17 002</b>	<b>-</b>	<b>-</b>	<b>33 944</b>	<b>35 505</b>	<b>36 065</b>
<b>Biological or Cultivated Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	3 724	-	-	4 147	4 427	4 727
<b>Intangible Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 724</b>	<b>-</b>	<b>-</b>	<b>4 147</b>	<b>4 427</b>	<b>4 727</b>
Computer Equipment	5 716	9 005	1 196	6 217	-	-	9 603	10 214	10 635
Furniture and Office Equipment	-	-	-	1 908	-	-	1 466	1 561	1 409
Machinery and Equipment	-	-	-	11 838	-	-	16 611	17 657	18 694
Transport Assets	-	-	-	32 780	-	-	50 692	53 009	55 466
Libraries	-	-	-	136	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>559 523</b>	<b>409 289</b>	<b>342 298</b>	<b>1 124 658</b>	<b>-</b>	<b>-</b>	<b>1 280 679</b>	<b>1 346 837</b>	<b>1 383 436</b>
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	<i>53,3%</i>	<i>48,9%</i>	<i>53,9%</i>	<i>59,3%</i>	<i>0,0%</i>	<i>0,0%</i>	<i>60,8%</i>	<i>69,8%</i>	<i>61,2%</i>
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	<i>0,0%</i>	<i>0,0%</i>	<i>0,0%</i>	<i>117,4%</i>	<i>0,0%</i>	<i>0,0%</i>	<i>128,1%</i>	<i>163,7%</i>	<i>137,7%</i>
<i>R&amp;M as a % of PPE</i>	<i>4,1%</i>	<i>2,8%</i>	<i>2,2%</i>	<i>2,0%</i>	<i>0,0%</i>	<i>0,0%</i>	<i>2,8%</i>	<i>2,8%</i>	<i>2,7%</i>
<i>Renewal and upgrading and R&amp;M as a % of PPE</i>	<i>0,0%</i>	<i>0,0%</i>	<i>0,0%</i>	<i>8,0%</i>	<i>0,0%</i>	<i>0,0%</i>	<i>9,0%</i>	<i>10,0%</i>	<i>9,0%</i>

## Explanatory notes to Table A9 - Asset Management

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

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

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

**TABLE 23 (TABLE A10 – CONSOLIDATED BASIC SERVICE DELIVERY MEASUREMENT)**

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Household service targets</b>									
<b>Water:</b>									
Piped water inside dwelling	294 090	323 499	323 499	342 909	-	-	-	-	-
Piped water inside yard (but not in dwelling)	-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	30 202	33 222	33 222	35 215	-	-	-	-	-
Other water supply (at least min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	324 292	356 721	356 721	378 124	-	-	-	-	-
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>324 292</b>	<b>356 721</b>	<b>356 721</b>	<b>378 124</b>	-	-	-	-	-
<b>Sanitation/sewerage:</b>									
Flush toilet (connected to sewerage)	290 710	290 710	319 781	338 968	-	-	359 306	380 864	403 716
Flush toilet (with septic tank)	3 060	3 060	3 366	3 568	-	-	3 782	4 009	4 249
Chemical toilet	-	-	204	216	-	-	700	742	787
Pit toilet (ventilated)	-	-	149	158	-	-	167	177	188
Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	293 770	293 770	323 499	342 910	-	-	363 955	385 792	408 940
Bucket toilet	30 202	30 202	22 413	23 758	-	-	-	-	-
Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-	-
No toilet provisions	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	30 202	30 202	22 413	23 758	-	-	-	-	-
<b>Total number of households</b>	<b>323 972</b>	<b>323 972</b>	<b>345 912</b>	<b>366 668</b>	-	-	<b>363 955</b>	<b>385 792</b>	<b>408 940</b>
<b>Energy:</b>									
Electricity (at least min.service level)	27 926	26 748	24 913	22 062	-	-	23 795	23 557	23 321
Electricity - prepaid (min.service level)	235 303	248 905	263 510	240 309	-	-	274 953	277 703	280 480
<i>Minimum Service Level and Above sub-total</i>	263 229	275 653	288 423	262 371	-	-	298 748	301 260	303 801
Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
Other energy sources	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	<b>263 229</b>	<b>275 653</b>	<b>288 423</b>	<b>262 371</b>	-	-	<b>298 748</b>	<b>301 260</b>	<b>303 801</b>
<b>Refuse:</b>									
Removed at least once a week	168 430	168 430	263 478	302 410	-	-	247 046	247 046	247 046
<i>Minimum Service Level and Above sub-total</i>	168 430	168 430	263 478	302 410	-	-	247 046	247 046	247 046
Removed less frequently than once a week	133 308	133 308	38 932	302 410	-	-	-	-	-
Using communal refuse dump	15 559	15 559	15 765	41 268	-	-	11 695	11 695	11 695
Using own refuse dump	-	-	-	15 765	-	-	6 852	6 852	6 852
Other rubbish disposal	6 852	6 852	6 852	6 852	-	-	1 823	1 823	1 823
No rubbish disposal	143	143	853	853	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	155 862	155 862	62 402	367 148	-	-	20 370	20 370	20 370
<b>Total number of households</b>	<b>324 292</b>	<b>324 292</b>	<b>325 880</b>	<b>669 558</b>	-	-	<b>267 416</b>	<b>267 416</b>	<b>267 416</b>

<b>Households receiving Free Basic Service</b>									
Water (6 kilolitres per household per month)	76 272	75 071	78 200	99 597	-	-	100 674	103 694	106 805
Sanitation (free minimum level service)	76 272	75 309	78 200	100 753	-	-	101 650	104 699	107 840
Electricity/other energy (50kwh per household per month)	67 214	64 747	65 031	78 643	-	-	73 500	74 000	74 500
Refuse (removed at least once a week)	67 214	66 898	69 110	94 903	-	-	94 669	97 509	100 435
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>									
Water (6 kilolitres per indigent household per month)	64 530	44 072	105 894	92 657	-	-	121 036	132 535	145 126
Sanitation (free sanitation service to indigent households)	93 064	115 302	200 354	175 310	-	-	206 547	226 169	247 655
Electricity/other energy (50kwh per indigent household per month)	26 926	20 623	35 338	38 755	-	-	45 957	48 793	53 209
Refuse (removed once a week for indigent households)	70 741	78 453	119 106	104 218	-	-	111 513	122 107	133 096
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>	-	-	-	-	-	-	-	-	-
<b>Total cost of FBS provided</b>	<b>255 261</b>	<b>258 450</b>	<b>460 691</b>	<b>410 940</b>	<b>-</b>	<b>-</b>	<b>485 053</b>	<b>529 603</b>	<b>579 086</b>
<b>Highest level of free service provided per household</b>									
Property rates (R value threshold)	15 000	15 000	15 000	15 000			15 000	15 000	15 000
Water (kilolitres per household per month)	8	8	8	8			8	8	8
Sanitation (kilolitres per household per month)	11	11	11	11			11	11	11
Sanitation (Rand per household per month)	74	83	93	108			108	108	108
Electricity (kwh per household per month)	75	75	75	75			75	75	75
Refuse (average litres per week)	240	240	240	240			240	240	240
<b>Revenue cost of subsidised services provided (R'000)</b>									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		31 937	35 131	35 206					
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA	142 171	89 884	119 832	117 653	-	-	120 707	129 086	138 052
Water (in excess of 6 kilolitres per indigent household per month)	21 510	14 691	35 298	30 886	-	-	40 345	44 178	48 375
Sanitation (in excess of free sanitation service to indigent households)	-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)	13 463	10 312	17 669	20 578	-	-	22 979	24 396	26 605
Refuse (in excess of one removal a week for indigent households)	-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates									
Housing - top structure subsidies									
Other									
<b>Total revenue cost of subsidised services provided</b>	<b>177 144</b>	<b>146 823</b>	<b>207 930</b>	<b>204 322</b>	<b>-</b>	<b>-</b>	<b>184 031</b>	<b>197 661</b>	<b>213 032</b>

### Explanatory notes to Table A10 - Basic Service Delivery Measurement

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

#### 1.6 **ANNUAL BUDGET TABLES - PARENT MUNICIPALITY (New EMS Tables attached as separate Annexures)**

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



**TABLE 24 (TABLE A1 – BUDGET SUMMARY)**

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	1 332 135	1 502 463	1 639 399	1 882 347	-	-	-	2 177 831	2 331 111	2 495 664
Service charges	4 059 653	4 649 308	4 882 264	5 107 449	-	-	-	5 513 662	5 898 403	6 307 712
Investment revenue	79 961	109 358	118 647	103 374	-	-	-	104 592	110 797	117 452
Transfers recognised - operational	1 486 060	1 148 940	954 122	1 539 804	-	-	-	1 569 223	1 674 834	1 824 808
Other own revenue	1 165 389	1 314 489	1 320 121	724 662	-	-	-	794 553	865 049	937 008
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>8 123 198</b>	<b>8 724 558</b>	<b>8 914 553</b>	<b>9 357 636</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 159 862</b>	<b>10 880 195</b>	<b>11 682 644</b>
Employee costs	2 152 035	2 329 844	3 044 676	2 820 756	-	-	-	3 143 335	3 425 688	3 751 437
Remuneration of councillors	58 161	62 196	64 284	70 438	-	-	-	73 451	79 013	86 439
Depreciation & asset impairment	901 683	1 094 887	777 551	808 877	-	-	-	816 905	841 412	866 655
Finance charges	206 596	166 488	155 281	147 941	-	-	-	156 943	184 205	211 746
Materials and bulk purchases	3 014 510	3 224 442	3 352 795	3 282 340	-	-	-	3 536 587	3 751 609	3 877 996
Transfers and grants	56 964	69 016	109 052	112 165	-	-	-	190 465	187 237	197 336
Other expenditure	1 813 150	1 813 365	1 636 050	2 277 039	-	-	-	2 307 062	2 404 269	2 534 478
<b>Total Expenditure</b>	<b>8 203 100</b>	<b>8 760 238</b>	<b>9 139 690</b>	<b>9 519 556</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 224 748</b>	<b>10 873 434</b>	<b>11 526 087</b>
<b>Surplus/(Deficit)</b>	<b>(79 902)</b>	<b>(35 680)</b>	<b>(225 136)</b>	<b>(161 920)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(64 886)</b>	<b>6 762</b>	<b>156 557</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	784 204	777 512	905 519	1 321 667	-	-	-	977 575	1 033 573	1 073 513
Contributions recognised - capital & contributed assets	56 854	43 972	57 061	149 769	-	-	-	139 982	170 525	198 873
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>761 156</b>	<b>785 804</b>	<b>737 444</b>	<b>1 309 515</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 052 670</b>	<b>1 210 859</b>	<b>1 428 943</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>761 156</b>	<b>785 804</b>	<b>737 444</b>	<b>1 309 515</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 052 670</b>	<b>1 210 859</b>	<b>1 428 943</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>1 450 618</b>	<b>1 345 494</b>	<b>1 430 286</b>	<b>1 565 241</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 677 662</b>	<b>1 941 002</b>	<b>1 914 755</b>
Transfers recognised - capital	784 204	777 512	855 067	1 394 136	-	-	-	1 029 575	1 095 573	1 135 513
Public contributions & donations	56 854	47 747	107 513	77 300	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	148 290	286 370	235 943
Internally generated funds	609 560	520 235	467 706	93 806	-	-	-	499 797	559 059	543 300
<b>Total sources of capital funds</b>	<b>1 450 618</b>	<b>1 345 494</b>	<b>1 430 286</b>	<b>1 565 241</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 677 662</b>	<b>1 941 002</b>	<b>1 914 755</b>
<b>Financial position</b>										
Total current assets	3 231 253	3 465 948	3 778 235	4 266 067	-	-	-	4 696 572	5 301 642	6 012 562
Total non current assets	14 045 818	14 808 724	15 636 155	16 180 922	-	-	-	17 080 794	18 183 410	19 234 674
Total current liabilities	2 160 625	2 246 413	2 312 975	2 383 487	-	-	-	2 618 189	2 785 424	2 960 164
Total non current liabilities	3 171 084	3 311 166	3 646 878	3 396 527	-	-	-	4 001 304	4 281 070	4 387 372
Community wealth/Equity	11 945 362	12 717 093	13 454 537	14 666 975	-	-	-	15 157 872	16 418 557	17 899 700
<b>Cash flows</b>										
Net cash from (used) operating	1 405 421	1 906 501	1 469 636	1 907 814	-	-	-	1 940 415	2 121 661	2 348 428
Net cash from (used) investing	(1 450 307)	(1 616 185)	(1 382 624)	(1 279 855)	-	-	-	(1 700 744)	(1 891 361)	(1 923 168)
Net cash from (used) financing	(112 968)	(104 093)	(93 920)	(82 472)	-	-	-	78 878	205 574	145 654
<b>Cash/cash equivalents at the year end</b>	<b>1 392 182</b>	<b>1 578 405</b>	<b>1 571 497</b>	<b>2 216 396</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 534 945</b>	<b>2 970 820</b>	<b>3 541 735</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	1 394 896	1 580 875	1 574 148	2 216 396	-	-	-	2 534 945	2 970 820	3 541 735
Application of cash and investments	182 783	197 496	(123 322)	1 590 818	-	-	-	1 589 336	1 670 289	1 797 698

Balance - surplus (shortfall)	1 212 113	1 383 379	1 697 471	625 578	-	-	-	945 609	1 300 532	1 744 037
<b>Asset management</b>										
Asset register summary (WDV)	-	-	-	16 152 775	-	-	-	17 013 531	18 113 121	19 161 222
Depreciation	-	-	-	808 877	-	-	-	816 905	841 412	866 655
Renewal of Existing Assets	782 007	685 260	783 100	323 690	-	-	-	310 705	381 339	373 640
Repairs and Maintenance	559 424	408 710	342 195	315 781	-	-	-	462 967	504 569	515 875
<b>Free services</b>										
Cost of Free Basic Services provided	255 261	258 450	460 691	410 940	-	-	485 053	485 053	529 603	579 086
Revenue cost of free services provided	177 144	146 823	207 930	204 322	-	-	184 031	184 031	197 661	213 032
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	30	30	22	24	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	156	156	62	367	-	-	20	20	20	20

**TABLE 25 (TABLE A2 – BUDGETED FINANCIAL PERFORMANCE ((REVENUE AND EXPENDITURE BY FUNCTIONAL CLASSIFICATION))**

Functional Classification Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue - Functional</b>									
<i>Governance and administration</i>	2 547 839	2 707 968	2 724 880	2 559 903	-	-	3 039 681	3 280 410	3 570 461
Executive and council	650	116	9 705	35	-	-	31	34	37
Finance and administration	2 547 189	2 707 852	2 715 175	2 559 866	-	-	3 039 648	3 280 374	3 570 422
Internal audit	-	-	-	2	-	-	2	2	2
<i>Community and public safety</i>	798 200	734 164	539 992	629 246	-	-	555 027	568 749	604 852
Community and social services	27 477	26 650	27 984	63 885	-	-	57 534	61 468	65 781
Sport and recreation	22 912	19 651	31 124	51 938	-	-	4 761	5 089	5 408
Public safety	40 503	229 141	204 830	5 800	-	-	-	-	-
Housing	701 604	455 307	271 140	505 678	-	-	490 924	500 376	531 832
Health	5 703	3 415	4 915	1 944	-	-	1 808	1 816	1 830
<i>Economic and environmental services</i>	523 062	340 205	382 743	1 025 452	-	-	804 485	854 650	898 665
Planning and development	200 556	172 128	190 829	305 635	-	-	145 829	170 498	166 817
Road transport	305 815	160 778	187 346	715 157	-	-	657 151	682 550	730 139
Environmental protection	16 692	7 299	4 568	4 660	-	-	1 504	1 602	1 709
<i>Trading services</i>	5 079 058	5 746 204	6 212 012	6 594 204	-	-	6 843 740	7 343 406	7 842 878
Energy sources	3 289 064	3 708 357	3 789 505	4 054 525	-	-	4 204 137	4 475 020	4 738 935
Water management	805 052	996 553	1 163 571	1 099 105	-	-	1 166 004	1 262 094	1 362 616
Waste water management	729 022	759 019	954 100	1 083 260	-	-	1 024 580	1 114 444	1 205 716
Waste management	255 920	282 275	304 836	357 313	-	-	449 020	491 847	535 611
<i>Other</i>	16 098	17 501	17 507	20 267	-	-	34 486	37 078	38 174
<b>Total Revenue - Functional</b>	<b>8 964 257</b>	<b>9 546 042</b>	<b>9 877 134</b>	<b>10 829 072</b>	<b>-</b>	<b>-</b>	<b>11 277 418</b>	<b>12 084 293</b>	<b>12 955 030</b>
<b>Expenditure - Functional</b>									
<i>Governance and administration</i>	1 095 178	1 234 578	1 730 177	1 655 089	-	-	1 921 406	2 051 686	2 208 410
Executive and council	182 709	187 685	176 357	262 512	-	-	288 365	306 094	326 516
Finance and administration	912 470	1 046 893	1 553 820	1 350 942	-	-	1 570 808	1 679 158	1 810 839

Internal audit	-	-	-	41 635	-	-	62 234	66 434	71 056
<b>Community and public safety</b>	<b>1 544 467</b>	<b>1 596 436</b>	<b>1 408 590</b>	<b>1 273 137</b>	-	-	<b>1 225 391</b>	<b>1 294 463</b>	<b>1 403 749</b>
Community and social services	180 960	187 463	198 807	237 565	-	-	266 598	286 815	326 801
Sport and recreation	189 075	211 365	207 842	397 184	-	-	386 462	399 580	429 101
Public safety	455 489	749 762	648 812	179 462	-	-	207 040	225 130	245 327
Housing	520 186	316 392	144 279	395 707	-	-	288 674	300 119	312 867
Health	198 758	131 452	208 850	63 219	-	-	76 616	82 819	89 654
<b>Economic and environmental services</b>	<b>1 232 901</b>	<b>967 802</b>	<b>944 390</b>	<b>1 175 788</b>	-	-	<b>1 315 974</b>	<b>1 389 767</b>	<b>1 479 746</b>
Planning and development	515 655	512 972	385 962	319 158	-	-	335 174	349 503	371 030
Road transport	584 010	304 283	412 250	809 650	-	-	922 658	977 427	1 040 750
Environmental protection	133 236	150 547	146 178	46 980	-	-	58 142	62 837	67 966
<b>Trading services</b>	<b>4 311 687</b>	<b>4 945 911</b>	<b>5 036 427</b>	<b>5 374 654</b>	-	-	<b>5 714 886</b>	<b>6 086 662</b>	<b>6 379 191</b>
Energy sources	3 040 348	3 487 071	3 597 784	3 712 787	-	-	3 920 899	4 150 243	4 312 885
Water management	626 581	702 836	727 200	772 686	-	-	812 021	881 646	950 782
Waste water management	444 905	486 967	493 232	511 934	-	-	597 048	644 553	674 537
Waste management	199 853	269 037	218 210	377 247	-	-	384 918	410 220	440 987
<b>Other</b>	<b>18 867</b>	<b>15 511</b>	<b>20 106</b>	<b>40 888</b>	-	-	<b>47 091</b>	<b>50 856</b>	<b>54 991</b>
<b>Total Expenditure - Functional</b>	<b>8 203 100</b>	<b>8 760 238</b>	<b>9 139 690</b>	<b>9 519 556</b>	-	-	<b>10 224 748</b>	<b>10 873 434</b>	<b>11 526 087</b>
<b>Surplus/(Deficit) for the year</b>	<b>761 156</b>	<b>785 804</b>	<b>737 444</b>	<b>1 309 515</b>	-	-	<b>1 052 670</b>	<b>1 210 859</b>	<b>1 428 943</b>

**TABLE 26 (TABLE A3 BUDGET FINANCIAL PERFORMANCE BY 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>Revenue by Vote</b>									
Vote 1 - Budget & Treasury	2 520 975	2 662 693	2 688 505	2 480 469	-	-	2 986 932	3 215 934	3 499 560
Vote 2 - Public Health	287 386	299 709	318 420	411 983	-	-	492 719	547 315	597 609
Vote 3 - Human Settlements	729 690	479 704	312 673	520 525	-	-	518 562	530 713	565 130
Vote 4 - Economic Development, Tourism & Agriculture	115 713	96 493	134 435	112 139	-	-	117 893	142 885	136 172
Vote 5 - Corporate Services	19 828	34 141	15 587	25 043	-	-	20 733	21 831	23 009
Vote 6 - Infrastructure & Engineering Unit - Rate & General	297 661	147 733	178 572	658 178	-	-	385 950	384 896	406 128
Vote 7 - Metro Water Service	805 052	996 553	1 163 571	1 099 105	-	-	1 166 004	1 262 094	1 362 616
Vote 8 - Sanitation - Metro	721 528	759 019	947 460	1 098 220	-	-	1 024 580	1 114 444	1 205 716
Vote 9 - Electricity & Energy	3 289 064	3 708 357	3 789 505	4 054 525	-	-	4 204 137	4 475 020	4 738 935
Vote 10 - Executive & Council	2 639	6 360	25 186	20 589	-	-	22 350	21 459	22 071
Vote 11 - Safety & Security	60 570	248 628	226 367	256 625	-	-	287 183	314 595	342 043
Vote 12 - Mandela Bay Stadium	42 112	50 932	14 193	10 800	-	-	15 000	16 200	17 496
Vote 13 - Special Projects and Programmes	37 689	22 426	17 052	20 784	-	-	14 416	15 554	16 805
Vote 14 - Recreational & Cultural Services	34 350	33 296	45 608	60 087	-	-	20 961	21 353	21 741
<b>Total Revenue by Vote</b>	<b>8 964 257</b>	<b>9 546 042</b>	<b>9 877 134</b>	<b>10 829 072</b>	-	-	<b>11 277 418</b>	<b>12 084 293</b>	<b>12 955 030</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 1 - Budget & Treasury	584 219	723 426	1 181 075	696 245	-	-	726 006	773 250	839 542
Vote 2 - Public Health	531 312	652 893	563 068	654 078	-	-	695 017	744 933	802 816
Vote 3 - Human Settlements	683 113	564 998	260 919	478 511	-	-	373 958	392 336	411 298
Vote 4 - Economic Development, Tourism & Agriculture	106 490	105 446	110 057	174 212	-	-	184 257	196 496	207 128
Vote 5 - Corporate Services	362 049	296 648	333 340	413 513	-	-	451 596	483 492	518 544
Vote 6 - Infrastructure & Engineering Unit - Rate & General	708 090	407 538	562 264	644 967	-	-	784 218	826 186	874 094
Vote 7 - Metro Water Service	626 582	702 977	727 200	790 601	-	-	853 403	924 405	994 864
Vote 8 - Sanitation - Metro	386 167	430 121	458 024	465 894	-	-	535 963	580 030	606 189
Vote 9 - Electricity & Energy	3 040 348	3 500 746	3 597 784	3 708 839	-	-	3 906 379	4 135 004	4 296 814
Vote 10 - Executive & Council	221 930	235 069	238 469	343 968	-	-	380 066	395 037	422 544

Vote 11 - Safety & Security	467 520	621 408	661 276	727 756	-	-	883 831	954 482	1 032 057
Vote 12 - Mandela Bay Stadium	182 259	192 150	128 697	50 434	-	-	54 754	58 587	62 688
Vote 13 - Special Projects and Programmes	33 937	22 748	13 134	13 011	-	-	12 797	13 774	14 846
Vote 14 - Recreational & Cultural Services	269 085	304 071	304 382	357 527	-	-	382 505	395 422	442 663
<b>Total Expenditure by Vote</b>	<b>8 203 100</b>	<b>8 760 238</b>	<b>9 139 690</b>	<b>9 519 556</b>	-	-	<b>10 224 748</b>	<b>10 873 434</b>	<b>11 526 087</b>
<b>Surplus/(Deficit) for the year</b>	<b>761 156</b>	<b>785 804</b>	<b>737 444</b>	<b>1 309 515</b>	-	-	<b>1 052 670</b>	<b>1 210 859</b>	<b>1 428 943</b>

**TABLE 27 (TABLE A4 – BUDGET 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	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue By Source</b>										
Property rates	1 332 135	1 502 463	1 639 399	1 882 347	-	-	-	2 177 831	2 331 111	2 495 664
Service charges - electricity revenue	3 085 502	3 467 072	3 569 229	3 748 825	-	-	-	3 993 137	4 233 489	4 486 266
Service charges - water revenue	519 528	660 223	761 650	714 594	-	-	-	756 455	828 318	907 008
Service charges - sanitation revenue	323 716	377 421	424 335	469 359	-	-	-	464 169	508 265	556 551
Service charges - refuse revenue	130 907	144 592	127 050	174 671	-	-	-	299 902	328 331	357 887
Service charges - other										
Rental of facilities and equipment	18 378	21 042	22 813	18 686				36 318	39 266	42 362
Interest earned - external investments	79 961	109 358	118 647	103 374				104 592	110 797	117 452
Interest earned - outstanding debtors	151 070	160 682	178 768	178 343				221 488	239 542	259 014
Dividends received	291	77	341	-						
Fines, penalties and forfeits	40 885	224 461	202 307	265 711				303 735	333 884	363 757
Licences and permits	9 695	9 332	10 473	26 671				28 034	29 723	31 662
Agency services	2 246	2 345	2 503	-				2 892	3 066	3 250
Transfers and subsidies	1 486 060	1 148 940	954 122	1 539 804				1 569 223	1 674 834	1 824 808
Other revenue	941 994	896 522	902 310	235 219	-	-	-	202 086	219 568	236 963
Gains on disposal of PPE	830	28	606	32						
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>8 123 198</b>	<b>8 724 558</b>	<b>8 914 553</b>	<b>9 357 636</b>	-	-	-	<b>10 159 862</b>	<b>10 880 195</b>	<b>11 682 644</b>
<b>Expenditure By Type</b>										
Employee related costs	2 152 035	2 329 844	3 044 676	2 820 756	-	-	-	3 143 335	3 425 688	3 751 437
Remuneration of councillors	58 161	62 196	64 284	70 438				73 451	79 013	86 439
Debt impairment	407 361	625 533	437 820	619 213				543 861	541 708	578 840
Depreciation & asset impairment	901 683	1 094 887	777 551	808 877	-	-	-	816 905	841 412	866 655
Finance charges	206 596	166 488	155 281	147 941				156 943	184 205	211 746
Bulk purchases	2 455 086	2 815 732	3 010 600	3 005 447	-	-	-	3 228 173	3 419 421	3 526 287
Other materials	559 424	408 710	342 195	276 892				308 414	332 187	351 709
Contracted services	349 465	481 775	650 011	1 161 193	-	-	-	1 096 653	1 166 818	1 220 269
Transfers and subsidies	56 964	69 016	109 052	112 165	-	-	-	190 465	187 237	197 336
Other expenditure	1 055 811	706 057	547 055	496 633	-	-	-	666 549	695 744	735 368
Loss on disposal of PPE	513	-	1 165							
<b>Total Expenditure</b>	<b>8 203 100</b>	<b>8 760 238</b>	<b>9 139 690</b>	<b>9 519 556</b>	-	-	-	<b>10 224 748</b>	<b>10 873 434</b>	<b>11 526 087</b>
<b>Surplus/(Deficit)</b>	<b>(79 902)</b>	<b>(35 680)</b>	<b>(225 136)</b>	<b>(161 920)</b>	-	-	-	<b>(64 886)</b>	<b>6 762</b>	<b>156 557</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	784 204	777 512	905 519	1 321 667				977 575	1 033 573	1 073 513







<b>Receipts</b>										
Proceeds on disposal of PPE				149 469				-	-	-
Decrease (Increase) in non-current debtors				(1 340)				-	-	-
Decrease (increase) other non-current receivables				-				(39 115)	(3 027)	(3 163)
Decrease (increase) in non-current investments				-				-	-	-
<b>Payments</b>										
Capital assets	(1 450 307)	(1 616 185)	(1 382 624)	(1 427 984)				(1 661 629)	(1 888 334)	(1 920 005)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(1 450 307)</b>	<b>(1 616 185)</b>	<b>(1 382 624)</b>	<b>(1 279 855)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 700 744)</b>	<b>(1 891 361)</b>	<b>(1 923 168)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans								-	-	-
Borrowing long term/refinancing								148 290	286 370	235 943
Increase (decrease) in consumer deposits				3 937				10 349	8 353	8 854
<b>Payments</b>										
Repayment of borrowing	(112 968)	(104 093)	(93 920)	(86 409)				(79 760)	(89 149)	(99 143)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(112 968)</b>	<b>(104 093)</b>	<b>(93 920)</b>	<b>(82 472)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78 878</b>	<b>205 574</b>	<b>145 654</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(157 854)</b>	<b>186 223</b>	<b>(6 908)</b>	<b>545 486</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>318 549</b>	<b>435 875</b>	<b>570 915</b>
Cash/cash equivalents at the year begin:	1 550 035	1 392 182	1 578 405	1 670 910				2 216 396	2 534 945	2 970 820
Cash/cash equivalents at the year end:	1 392 182	1 578 405	1 571 497	2 216 396	-	-	-	2 534 945	2 970 820	3 541 735

**TABLE 31 (TABLE A8 – CASH BACKED RESERVES)**

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end	1 392 182	1 578 405	1 571 497	2 216 396	-	-	-	2 534 945	2 970 820	3 541 735
Other current investments > 90 days	2 715	2 470	2 652	-	-	-	-	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>	<b>1 394 896</b>	<b>1 580 875</b>	<b>1 574 148</b>	<b>2 216 396</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 534 945</b>	<b>2 970 820</b>	<b>3 541 735</b>
<b>Application of cash and investments</b>										
Unspent conditional transfers	171 309	196 617	44 252	216 938	-	-	-	227 785	239 174	251 133
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements										
Other working capital requirements	11 475	880	(167 575)	135 003	-	-	-	88 757	47 813	49 181
Other provisions				679 073				660 510	701 470	744 097
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments				559 804				612 284	681 831	753 287
<b>Total Application of cash and investments:</b>	<b>182 783</b>	<b>197 496</b>	<b>(123 322)</b>	<b>1 590 818</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 589 336</b>	<b>1 670 289</b>	<b>1 797 698</b>
<b>Surplus(shortfall)</b>	<b>1 212 113</b>	<b>1 383 379</b>	<b>1 697 471</b>	<b>625 578</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>945 609</b>	<b>1 300 532</b>	<b>1 744 037</b>

**TABLE 32 (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>668 611</b>	<b>660 235</b>	<b>647 186</b>	<b>643 103</b>	<b>-</b>	<b>-</b>	<b>644 331</b>	<b>578 815</b>	<b>735 475</b>
<i>Roads Infrastructure</i>	146 622	148 883	99 720	238 198	-	-	236 635	230 222	261 283





Machinery and Equipment	11 639	10 008	11 081	-	-	-	2 000	-
Transport Assets	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-
<b>Total Upgrading of Existing Assets</b>	-	-	-	598 449	-	-	722 626	980 848
<i>Roads Infrastructure</i>	-	-	-	205 500	-	-	201 819	287 861
<i>Storm water Infrastructure</i>	-	-	-	27 400	-	-	31 950	39 250
<i>Electrical Infrastructure</i>	-	-	-	63 700	-	-	88 392	134 527
<i>Water Supply Infrastructure</i>	-	-	-	52 000	-	-	74 600	65 900
<i>Sanitation Infrastructure</i>	-	-	-	155 964	-	-	207 000	305 700
<i>Solid Waste Infrastructure</i>	-	-	-	7 000	-	-	7 500	7 500
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	1 000	-	-	3 000	3 000
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	-	-	-	512 564	-	-	614 261	843 738
Community Facilities	-	-	-	49 000	-	-	45 148	52 400
Sport and Recreation Facilities	-	-	-	18 820	-	-	28 500	20 000
<b>Community Assets</b>	-	-	-	67 820	-	-	73 648	72 900
<b>Heritage Assets</b>	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	13 985	-	-	26 343	43 860
Housing	-	-	-	-	-	-	375	16 000
<b>Other Assets</b>	-	-	-	13 985	-	-	26 718	59 860
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	1 000	-	-	5 000	1 500
<b>Intangible Assets</b>	-	-	-	1 000	-	-	5 000	1 500
Computer Equipment	-	-	-	2 000	-	-	2 000	1 500
Furniture and Office Equipment	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	1 080	-	-	1 000	1 350
Transport Assets	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>								
<i>Roads Infrastructure</i>	266 850	225 042	235 678	495 198	-	-	507 953	570 583
<i>Storm water Infrastructure</i>	-	-	-	61 118	-	-	69 140	77 217
<i>Electrical Infrastructure</i>	206 700	216 574	277 141	267 156	-	-	228 285	307 992
<i>Water Supply Infrastructure</i>	189 999	215 431	210 329	228 069	-	-	206 490	255 848
<i>Sanitation Infrastructure</i>	482 689	449 140	488 956	333 767	-	-	342 153	414 338
<i>Solid Waste Infrastructure</i>	-	-	-	7 000	-	-	7 500	7 500
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	2 500	-	-	3 000	3 000
<i>Information and Communication Infrastructure</i>	-	-	-	4 000	-	-	3 500	-
<b>Infrastructure</b>	1 146 238	1 106 187	1 212 105	1 398 807	-	-	1 368 021	1 636 479
Community Facilities	158 891	31 954	55 188	51 650	-	-	103 565	62 400
Sport and Recreation Facilities	15 242	59 182	19 147	19 220	-	-	30 500	22 000
<b>Community Assets</b>	174 134	91 136	74 335	70 870	-	-	134 065	84 900
<b>Heritage Assets</b>	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	-	-
Operational Buildings	51 302	70 305	41 409	13 985	-	-	27 843	45 860
Housing	-	-	-	-	-	-	375	16 000



<i>Information and Communication Infrastructure</i>	-	-	-	112	-	-	-	-	-
<b>Infrastructure</b>	<b>454 565</b>	<b>313 422</b>	<b>249 745</b>	<b>214 010</b>	-	-	<b>324 654</b>	<b>358 940</b>	<b>364 491</b>
Community Facilities	24 629	23 740	30 939	11 821	-	-	13 698	14 648	15 534
Sport and Recreation Facilities	15 020	13 059	14 252	15 006	-	-	7 034	7 413	7 858
<b>Community Assets</b>	<b>39 649</b>	<b>36 799</b>	<b>45 191</b>	<b>26 827</b>	-	-	<b>20 732</b>	<b>22 061</b>	<b>23 392</b>
<b>Heritage Assets</b>	-	-	-	<b>1 094</b>	-	-	<b>726</b>	<b>774</b>	<b>546</b>
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	245	-	-	393	420	450
<b>Investment properties</b>	-	-	-	<b>245</b>	-	-	<b>393</b>	<b>420</b>	<b>450</b>
Operational Buildings	59 321	48 746	45 221	12 473	-	-	24 952	26 450	26 944
Housing	174	738	842	4 529	-	-	8 992	9 055	9 122
<b>Other Assets</b>	<b>59 494</b>	<b>49 484</b>	<b>46 063</b>	<b>17 002</b>	-	-	<b>33 944</b>	<b>35 505</b>	<b>36 065</b>
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	3 724	-	-	4 147	4 427	4 727
<b>Intangible Assets</b>	-	-	-	<b>3 724</b>	-	-	<b>4 147</b>	<b>4 427</b>	<b>4 727</b>
Computer Equipment	5 716	9 005	1 196	6 217	-	-	9 603	10 214	10 635
Furniture and Office Equipment	-	-	-	1 908	-	-	1 466	1 561	1 409
Machinery and Equipment	-	-	-	11 838	-	-	16 611	17 657	18 694
Transport Assets	-	-	-	32 780	-	-	50 692	53 009	55 466
Libraries	-	-	-	136	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>559 424</b>	<b>408 710</b>	<b>342 195</b>	<b>1 124 658</b>	-	-	<b>1 279 872</b>	<b>1 345 981</b>	<b>1 382 530</b>
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	53,9%	50,9%	54,8%	58,9%	0,0%	0,0%	61,6%	70,2%	61,6%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	0,0%	0,0%	0,0%	114,0%	0,0%	0,0%	126,5%	161,9%	136,1%
<i>R&amp;M as a % of PPE</i>	4,1%	2,8%	2,2%	2,0%	0,0%	0,0%	2,8%	2,8%	2,7%
<i>Renewal and upgrading and R&amp;M as a % of PPE</i>	0,0%	0,0%	0,0%	8,0%	0,0%	0,0%	9,0%	10,0%	9,0%

**TABLE 33 (TABLE A10 – BASIC SERVICE DELIVERY MEASUREMENT)**

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Household service targets</b>									
<b>Water:</b>									
Piped water inside dwelling	294 090	323 499	323 499	342 909	-	-	-	-	-
Piped water inside yard (but not in dwelling)	-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	30 202	33 222	33 222	35 215	-	-	-	-	-
Other water supply (at least min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	324 292	356 721	356 721	378 124	-	-	-	-	-
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>324 292</b>	<b>356 721</b>	<b>356 721</b>	<b>378 124</b>	-	-	-	-	-
<b>Sanitation/sewerage:</b>									
Flush toilet (connected to sewerage)	290 710	290 710	319 781	338 968	-	-	359 306	380 864	403 716
Flush toilet (with septic tank)	3 060	3 060	3 366	3 568	-	-	3 782	4 009	4 249
Chemical toilet	-	-	204	216	-	-	700	742	787
Pit toilet (ventilated)	-	-	149	158	-	-	167	177	188
Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	293 770	293 770	323 499	342 910	-	-	363 955	385 792	408 940

Bucket toilet	30 202	30 202	22 413	23 758	-	-	-	-	-
Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-	-
No toilet provisions	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	30 202	30 202	22 413	23 758	-	-	-	-	-
<b>Total number of households</b>	<b>323 972</b>	<b>323 972</b>	<b>345 912</b>	<b>366 668</b>	-	-	<b>363 955</b>	<b>385 792</b>	<b>408 940</b>
<b>Energy:</b>									
Electricity (at least min.service level)	27 926	26 748	24 913	22 062	-	-	23 795	23 557	23 321
Electricity - prepaid (min.service level)	235 303	248 905	263 510	240 309	-	-	274 953	277 703	280 480
<i>Minimum Service Level and Above sub-total</i>	263 229	275 653	288 423	262 371	-	-	298 748	301 260	303 801
Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
Other energy sources	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	<b>263 229</b>	<b>275 653</b>	<b>288 423</b>	<b>262 371</b>	-	-	<b>298 748</b>	<b>301 260</b>	<b>303 801</b>
<b>Refuse:</b>									
Removed at least once a week	168 430	168 430	263 478	302 410	-	-	247 046	247 046	247 046
<i>Minimum Service Level and Above sub-total</i>	168 430	168 430	263 478	302 410	-	-	247 046	247 046	247 046
Removed less frequently than once a week	133 308	133 308	38 932	302 410	-	-	-	-	-
Using communal refuse dump	15 559	15 559	15 765	41 268	-	-	11 695	11 695	11 695
Using own refuse dump	-	-	-	15 765	-	-	6 852	6 852	6 852
Other rubbish disposal	6 852	6 852	6 852	6 852	-	-	1 823	1 823	1 823
No rubbish disposal	143	143	853	853	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	155 862	155 862	62 402	367 148	-	-	20 370	20 370	20 370
<b>Total number of households</b>	<b>324 292</b>	<b>324 292</b>	<b>325 880</b>	<b>669 558</b>	-	-	<b>267 416</b>	<b>267 416</b>	<b>267 416</b>
<b>Households receiving Free Basic Service</b>									
Water (6 kilolitres per household per month)	76 272	75 071	78 200	99 597	-	-	100 674	103 694	106 805
Sanitation (free minimum level service)	76 272	75 309	78 200	100 753	-	-	101 650	104 699	107 840
Electricity/other energy (50kwh per household per month)	67 214	64 747	65 031	78 643	-	-	73 500	74 000	74 500
Refuse (removed at least once a week)	67 214	66 898	69 110	94 903	-	-	94 669	97 509	100 435
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>									
Water (6 kilolitres per indigent household per month)	64 530	44 072	105 894	92 657	-	-	121 036	132 535	145 126
Sanitation (free sanitation service to indigent households)	93 064	115 302	200 354	175 310	-	-	206 547	226 169	247 655
Electricity/other energy (50kwh per indigent household per month)	26 926	20 623	35 338	38 755	-	-	45 957	48 793	53 209
Refuse (removed once a week for indigent households)	70 741	78 453	119 106	104 218	-	-	111 513	122 107	133 096
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>	-	-	-	-	-	-	-	-	-
<b>Total cost of FBS provided</b>	<b>255 261</b>	<b>258 450</b>	<b>460 691</b>	<b>410 940</b>	-	-	<b>485 053</b>	<b>529 603</b>	<b>579 086</b>
<b>Highest level of free service provided per household</b>									
Property rates (R value threshold)	15 000	15 000	15 000	15 000	-	-	15 000	15 000	15 000
Water (kilolitres per household per month)	8	8	8	8	-	-	8	8	8
Sanitation (kilolitres per household per month)	11	11	11	11	-	-	11	11	11
Sanitation (Rand per household per month)	74	83	93	108	-	-	108	108	108
Electricity (kwh per household per month)	75	75	75	75	-	-	75	75	75
Refuse (average litres per week)	240	240	240	240	-	-	240	240	240
<b>Revenue cost of subsidised services provided (R'000)</b>									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)	-	31 937	35 131	35 206	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	142 171	89 884	119 832	117 653	-	-	120 707	129 086	138 052
Water (in excess of 6 kilolitres per indigent	21 510	14 691	35 298	30 886	-	-	40 345	44 178	48 375

household per month)									
Sanitation (in excess of free sanitation service to indigent households)	-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)	13 463	10 312	17 669	20 578	-	-	22 979	24 396	26 605
Refuse (in excess of one removal a week for indigent households)	-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates									
Housing - top structure subsidies									
Other									
<b>Total revenue cost of subsidised services provided</b>	<b>177 144</b>	<b>146 823</b>	<b>207 930</b>	<b>204 322</b>	<b>-</b>	<b>-</b>	<b>184 031</b>	<b>197 661</b>	<b>213 032</b>

## **1.7 CONSOLIDATED BUDGET SUPPORTING TABLES**

The relevant supporting Tables attached elsewhere in this budget report.

## **PART 2 – SUPPORTING DOCUMENTATION**

### **2.1 OVERVIEW OF ANNUAL BUDGET PROCESS**

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

The timetable provides broad timeframes for the IDP and Budget preparation process. It allows for consultation with stakeholders, such as the elected public representatives, employees of the Municipality, Civil Society, State departments (e.g. National / Provincial Treasuries), business and labour, during the period April to May 2017. The main aims of the timetable are to ensure that a revised IDP and a balanced Budget are tabled on or before end March 2018 for noting and on or before end May 2018 for approval. The draft Budget will be tabled by the Executive Mayor at a Council meeting to be held on the 24 May 2018 for consideration and approval.

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

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

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

### **2.2 ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN**

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

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

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

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

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

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

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

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

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

**Table 34 - BUDGET ALLOCATION ACCORDING TO IDP PRIORITIES**

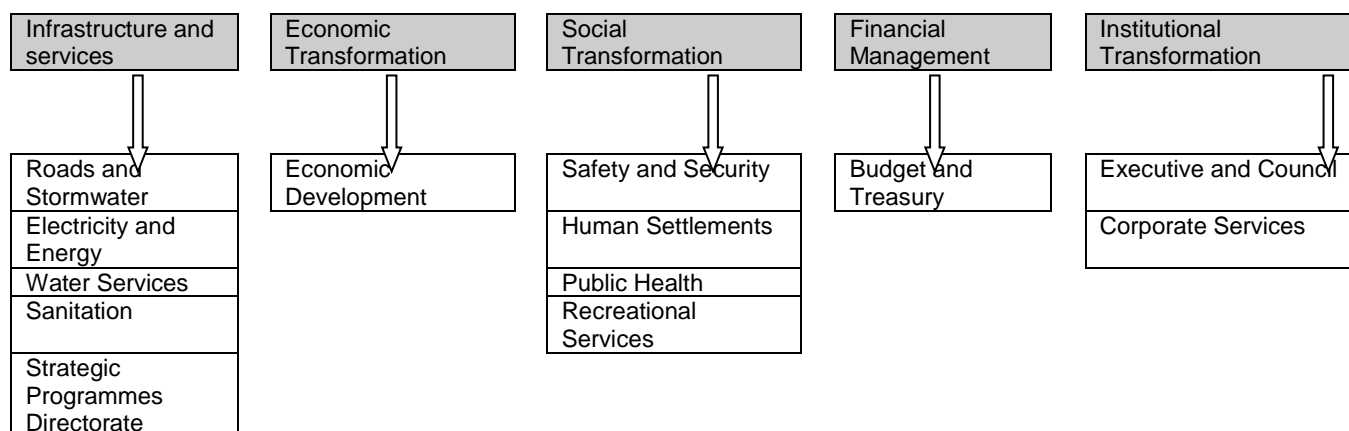
	<b>Institutional and Capacity Development</b>	<b>Integrated Service Delivery to a Well Structured City</b>	<b>Inclusive Economic Development and Job Creation</b>	<b>Financial Sustainability and Viability</b>	<b>Effective City Governance</b>	<b>Total</b>
	<b>R '000</b>	<b>R '000</b>	<b>R '000</b>	<b>R '000</b>	<b>R '000</b>	<b>R '000</b>
<b>2018/19 Budget</b>						
Capital Expenditure	27,428	1,614,584	16,500	16,500	2,650	<b>1,677,662</b>
Operating Expenditure	256,952	8,784,227	78,254	825,843	279,472	<b>10,224,748</b>
<b>Total</b>	<b>284,380</b>	<b>10,398,811</b>	<b>94,754</b>	<b>842,343</b>	<b>282,122</b>	<b>11,902,410</b>
	<b>2.39%</b>	<b>87.37%</b>	<b>0.80%</b>	<b>7.08%</b>	<b>2.37%</b>	
<b>2019/20 Budget</b>						
Capital Expenditure	22,845	1,898,657	12,000	4,000	3,500	<b>1,941,002</b>
Operating Expenditure	274,079	9,414,980	78,097	809,611	296,666	<b>10,873,433</b>
<b>Total</b>	<b>296,924</b>	<b>11,313,637</b>	<b>90,097</b>	<b>813,611</b>	<b>300,166</b>	<b>12,814,435</b>
	<b>2.32%</b>	<b>88.29%</b>	<b>0.70%</b>	<b>6.35%</b>	<b>2.34%</b>	
<b>2020/21 Budget</b>						
Capital Expenditure	3,685	1,889,070	14,000	4,500	3,500	<b>1,914,755</b>

Operating Expenditure	291,385	9,990,931	82,827	844,863	316,080	<b>11,526,086</b>
<b>Total</b>	<b>295,070</b>	<b>11,880,001</b>	<b>96,827</b>	<b>849,363</b>	<b>319,580</b>	<b>13,440,841</b>
	<b>2.20%</b>	<b>88.39%</b>	<b>0.72%</b>	<b>6.32%</b>	<b>2.38%</b>	

### 2.2.1 Alignment with National and Provincial Priorities

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

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



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

### 2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

This section contains the key performance indicators.

**TABLE 35 – MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS**

Description of financial indicator	Basis of calculation	2018/19 Medium Term Revenue & Expenditure Framework		
		Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Borrowing Management</u>				
Credit Rating		Baa2	Baa2	Baa2
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.3%	2.5%	2.7%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.8%	3.0%	3.2%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	21.4%	32.5%	28.9%
<u>Safety of Capital</u>				
Gearing	Long Term Borrowing/ Funds & Reserves	9.77%	9.72%	8.61%



<b><u>Liquidity</u></b>				
Current Ratio	Current assets/current liabilities	1.8	1.9	2.0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.8	1.9	2.0
Liquidity Ratio	Monetary Assets/Current Liabilities	1.0	1.1	1.2
<b><u>Revenue Management</u></b>				
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	95.0%	95.5%	95.5%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		95.0%	95.5%	95.5%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	19.9%	20.1%	19.9%
<b><u>Creditors Management</u></b>				
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(2)(e))	75.0%	80.0%	85.0%
Creditors to Cash and Investments		75.8	68.2%	61.0%
<b><u>Other Indicators</u></b>				
Employee costs	Employee costs/(Total Revenue - capital revenue)	31.2%	31.7%	32.4%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	31.9%	32.5%	33.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.6%	4.6%	4.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	9.6%	9.4%	9.2%
<b><u>IDP regulation financial viability indicators</u></b>	-			
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	42.5	42.1	45.1
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	25.3%	25.6%	25.4%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3.3	3.6	4.1

### 2.3.1 Performance indicators and benchmarks

#### 2.3.1.1 Borrowing Management

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

- *Capital charges to operating expenditure* is a measure of the cost of borrowing, compared to the total operating expenditure. The cost of borrowing is increasing from 2.3% in 2018/19 to 2.7% in 2020/21. The decrease is attributable to no further borrowing being planned over the MTREF period.

#### 2.3.1.2 Liquidity

- The *current ratio* is a measure of the current assets divided by the current liabilities. The Municipality has set a benchmark limit of 1.5. For the 2018/19 MTREF, the current ratio increases from 1.8 in 2018/19 to 2.0 in 2020/21.
- The *liquidity ratio* is a measure of the municipality's ability to utilise cash and cash equivalents to meet its current liabilities. A liquidity ratio of 1 should be maintained. For the 2016/17 MTREF, the liquidity ratio increases from 1.0 in 2018/19 to 1.2 in 2020/21. This represents a significant risk for the Municipality, as any under collection of revenue will result in serious financial challenges for the Municipality. As part of the medium term financial planning objectives, this ratio must be maintained at a minimum of 1.

#### 2.3.1.3 Revenue Management

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

### 2.3.2 Drinking Water Quality and Waste Water Management

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

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

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

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

### 2.3.3 Basic social services package for indigent households

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

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

## **2.4 OVERVIEW OF BUDGET RELATED POLICIES**

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

## **2.5 OVERVIEW OF BUDGET ASSUMPTIONS**

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

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

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

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

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

- Budgeting for a surplus on the Operating Budget;
- Fully implementing cost containment measures and removing non-core expenditure items;
- Maintaining revenue collection rates at the targeted levels;
- Maintaining electricity and water losses at acceptable levels;
- Allocation of the required operating budget provision for newly created infrastructure and facilities, with a consequential impact on the level of rates and tariff increases;
- Allocation of the required budget provision for the rehabilitation and maintenance of infrastructure;

- Depleted Capital Replacement Reserve, impacting on the Municipality's ability to fund capital expenditure from internal sources;
- Maintaining an acceptable cost coverage ratio;
- Reprioritisation of capital projects and operating expenditure within the financial affordability limits of the Budget, taking the municipality's declining cash position into account.
- All other demands not included in the draft / tabled budget such as (i) Operationalisation Costs for the Establishment of Metro Police Force as well as IPTS, (ii) Critical Vacancies, amongst others.

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

### TABLE 36 – BUDGET ASSUMPTIONS

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

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

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

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

## 2.6 OVERVIEW OF BUDGET FUNDING

### 2.6.1 Medium-term outlook: operating revenue

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

**TABLE 37 (BREAKDOWN OF THE OPERATING REVENUE OVER THE MEDIUM-TERM)**

Description	2018/19 Medium Term Revenue & Expenditure Framework					
	Budget Year 2018/19	%	Budget Year 2019/20	%	Budget Year 2020/21	%
R thousands						
<u>Revenue by Source</u>						
Property rates	2,177,831	21.43	2,331,111	21.42	2,495,664	21.36
Service charges	5,513,862	54.26	5,898,653	54.20	6,308,012	53.98
Investment revenue	106,592	1.05	112,897	1.04	119,652	1.02
Transfers recognised - operational	1,569,223	15.44	1,674,834	15.39	1,824,808	15.62
Other own revenue	794,953	7.82	865,499	7.95	937,508	8.02
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>10,162,462</b>	<b>100.00</b>	<b>10,882,995</b>	<b>100.00</b>	<b>11,054,320</b>	<b>100.00</b>
<b>Total Expenditure</b>	<b>10,196,714</b>		<b>10,838,642</b>		<b>11,489,208</b>	
Surplus/ (Deficit)	(34,253)		44,353		196,436	

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

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

The revenue management strategy includes the following key components:

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

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

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

**TABLE 38 (SA15 – DETAIL INVESTMENT INFORMATION)**

Investment type	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year 2018/19	Budget Year 2019/20
R thousand			
<b>Parent municipality</b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	2,346,511	2,783,625	3,355,885
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
<b>Municipality sub-total</b>	<b>2,346,511</b>	<b>2,783,625</b>	<b>3,355,885</b>
<b>Entities</b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
<b>Entities sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Consolidated total:</b>	<b>2,346,511</b>	<b>2,783,625</b>	<b>3,355,885</b>

Investments are anticipated to increase from R2.35 billion in 2018/19 to R3.36 billion in 2020/21

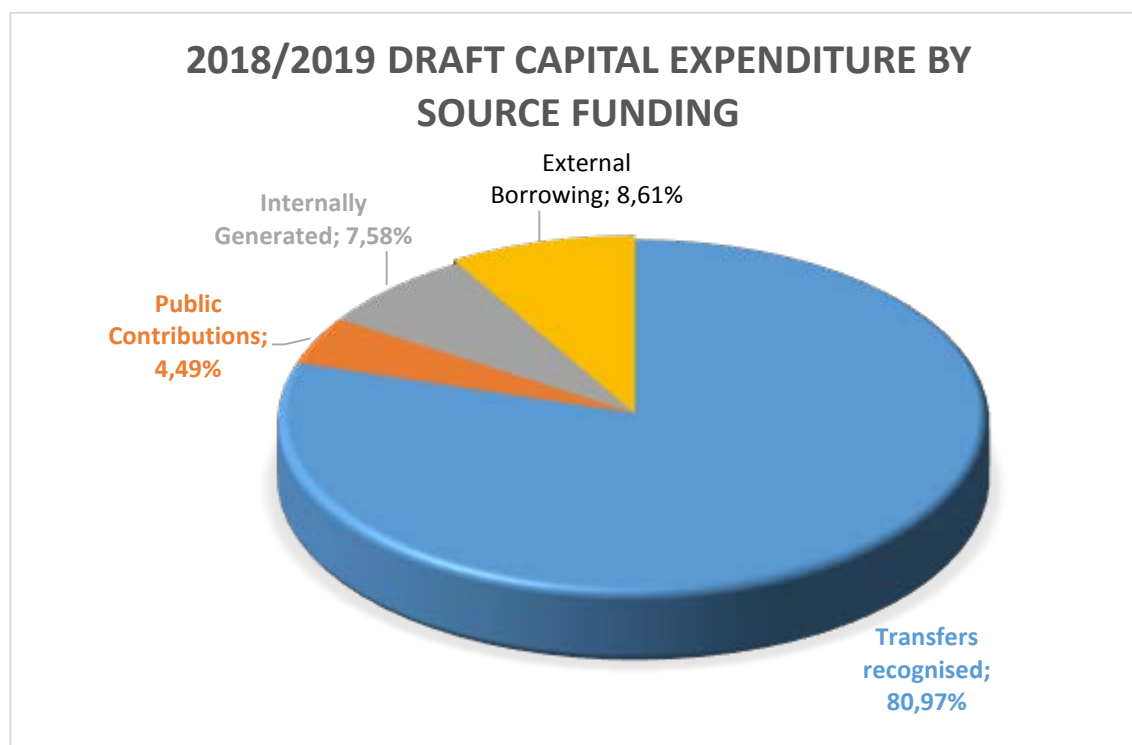
## 2.6.2 Medium-term outlook: capital revenue

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

**TABLE 39 (SOURCES OF CAPITAL REVENUE OVER THE MTREF)**

Description	Current Year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework					
	R thousand		Budget Year 2018/19		Budget Year 2019/20		Budget Year 2020/21	
	Original Budget	%		%		%		%
<b>Capital Transfers and Grants</b>								
National Government:	999,317	62.38	977,575	56.78	1,033,573	52.31	1,073,513	54.92
Provincial Government:	0	0.00	0	0.00	0	0.00	0	0.00
District Municipality	0	0.00		0.00		0.00		0.00
Other grant providers:	394,819	24.65	52,000	3.02	62,000	3.14	62,000	3.17
<b>Transfers recognised - capital</b>	<b>1,394,136</b>	<b>87.43</b>	<b>1,029,575</b>	<b>59.80</b>	<b>1,095,573</b>	<b>55.45</b>	<b>1,135,513</b>	<b>58.09</b>
Public contributions and donations	77,300	4.83	0	0.00	0	0.00	0	0.00
External Borrowing	–	0.00	148,290	8.61	286,370	14.49	235,943	12.07
Internally generated funds	130,455	8.14	543,844	31.59	593,851	30.06	580,179	29.68
<b>Total Capital Transfers and Grants</b>	<b>1,601,891</b>	<b>100.00</b>	<b>1,721,709</b>	<b>100.0</b>	<b>1,975,793</b>	<b>100.00</b>	<b>1,954,634</b>	<b>100</b>

The above table is graphically represented as follows for the 2017/18 financial year.



**Figure 4 Sources of Capital Revenue for the 2018/19 financial year**

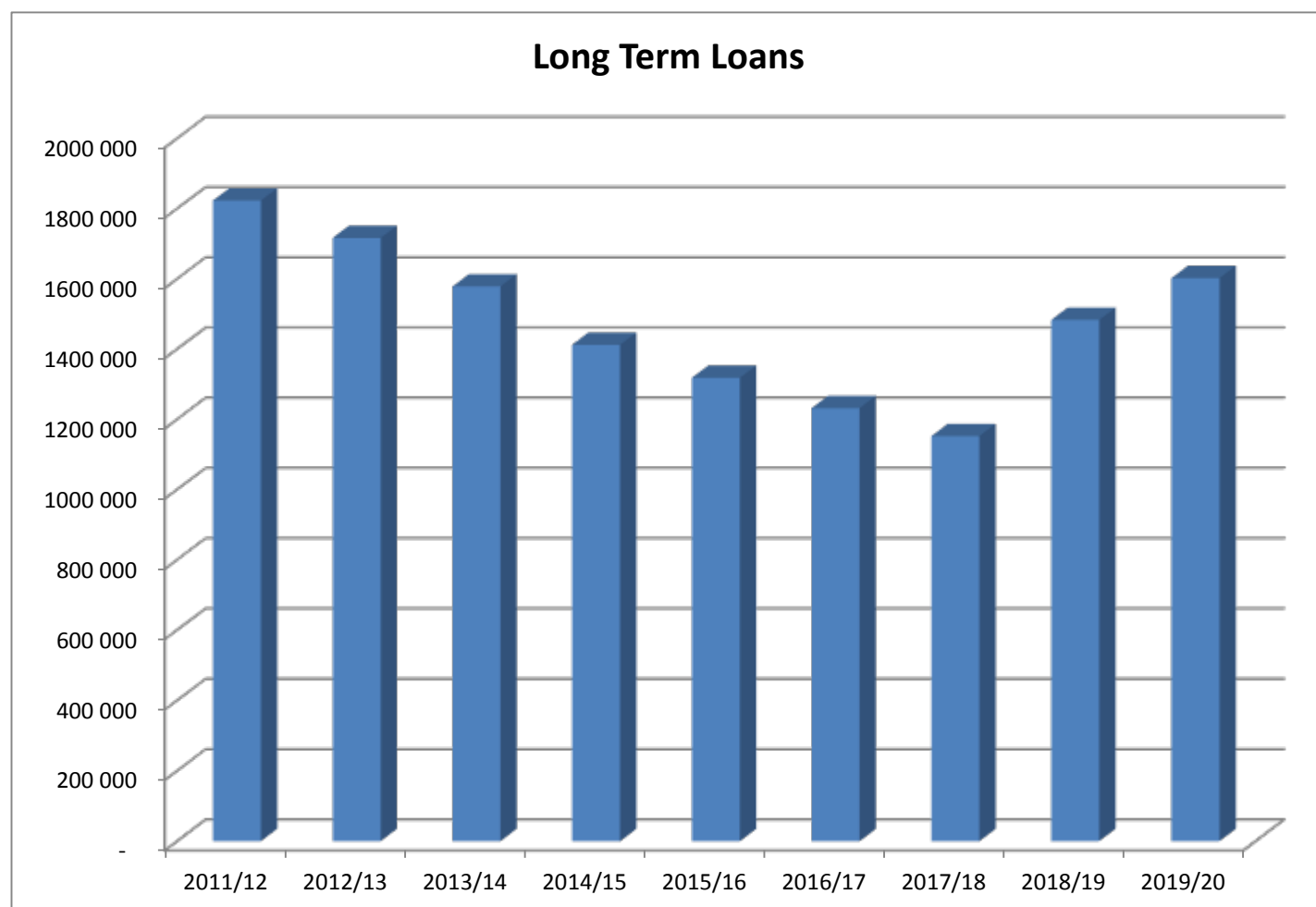
Capital Grants constitute 87.03% of the total funding sources, amounting to R1.39 billion for the 2017/18 financial year and amounting to R1.44 billion or 85.37% in the 2019/20 financial year.

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

**TABLE 40 (TABLE SA 17 - DETAIL OF BORROWINGS)**

Borrowing - Categorised by type R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Parent municipality</b>			
Annuity and Bullet Loans	1,482,961	1,601,794	1,548,191
<b>Municipality sub-total</b>	<b>1,482,961</b>	<b>1,601,794</b>	<b>1,548,191</b>
<b>Total Borrowing</b>	<b>1,482,961</b>	<b>1,601,794</b>	<b>1,548,191</b>

The following graph illustrates the outstanding borrowing for the 2008/09 to 2018/19 period:



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

The following table indicates the capital transfers and grants receipts:



### **2.6.3 Funding Compliance Measurement**

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

Incorporated under SA10 which is attached elsewhere in the Agenda.

### **2.7 EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES**

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

### **2.8 ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY**

Incorporated under SA21 attached elsewhere in the Agenda.

### **2.9 COUNCILLORS AND BOARD MEMBERS ALLOWANCES AND EMPLOYEE BENEFITS**

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

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

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

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

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

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

The SDBIP relating to the 2017/18 financial year must be approved by the Executive Mayor during June 2017, following the approval of the Budget.

## 2.11 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

Below the schedule of contracts impacting on future budgets:

**TABLE 41 - CONTRACTS IMPACTING ON THE MUNICIPALITY'S REVENUE**

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

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

## Contracts Impacting on the Municipality's Expenditure

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

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

### 2.12 LEGISLATION COMPLIANCE STATUS

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

#### Implementation of the MFMA

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

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

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

#### IDP

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

#### Budget

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

#### Annual Report

The Annual Report has been developed taking the MFMA and NT requirements into account. The 2015/16 Annual Report was tabled in January 2017.

### Oversight Report

The Municipal Public Accounts Committee has considered the 2015/16 Annual report and as such the Committee is dealing with issues raised in terms of their responsibilities.

### In-Year Reporting

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

### Supply Chain Management Policy (SCM)

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

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

### Budget and Treasury

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

### Audit Committee

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

### Internal Audit Function

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

### Financial Internship Programme

In the 2016/17 financial year the Municipality has a total of seven Finance Interns on the Municipal Financial Management Internship programme, as approved by National Treasury. The Finance Interns are rotated within various Sub Directorates of Budget and Treasury in order to capacitate them. So far the institution has been able to recruit many of the Interns into fulltime position due to their relevant work exposure, and such is beneficial to both parties (i.e. NMBM and the Finance Interns). One of the interns was appointed in a fulltime employment within the institution whilst another one got employment abroad (in Korea). Recently three of the Finance Interns have been appointed on a fulltime basis as Accountants within Budget and Treasury Directorate.

## **2.13 CAPITAL EXPENDITURE DETAILS**

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

### **QUALITY CERTIFICATE**

**I, JOHANN METTLER, City Manager of Nelson Mandela Bay Municipality, hereby certify that this draft annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act (56 of 2003) and the regulations made under the Act, and that the draft annual budget and supporting documents are consistent with the new mSCOA requirements and the Integrated Development Plan of the Municipality.**

**Print Name : JOHANN METTLER**

**CITY MANAGER OF NELSON MANDELA BAY MUNICIPALITY (EC000)**

**Signature : \_\_\_\_\_**

**Date : \_\_\_\_\_**