

**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY
PROGRAMMING COMMITTEE MEETING**

2019.03.20

A-F (28-2019)

REVIEWED INTEGRATED DEVELOPMENT PLAN (IDP) AND DRAFT MEDIUM-TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF): 2019/2020 TO 2021/2022

PURPOSE

To submit the Reviewed Draft Integrated Development Plan (IDP), the Draft Medium-term Revenue and Expenditure Framework (MTREF) for 2019/2020 to 2021/2022 and the Built Environment Performance Plan (BEPP) for 2019/2020 to Council for consideration in terms of Section 16(2) of the Municipal Finance Management Act (56 of 2003).

EXECUTIVE SUMMARY

The draft IDP, the draft Budget and the draft Built Environment Performance Plan will be tabled to Council on the 28th March 2019 in accordance with requirements of section 16 of the Municipal Finance Management Act. The intention of the tabled documents is for Council to **note** the draft budget, the draft IDP, the draft BEPP, the draft budget-policies and the draft tariffs for the public consultation process to commence.

The **consolidated draft budget** reflects the following totals:

CONSOLIDATED	Adjusted Budget 2018/19	Actuals as at end Feb 2019	Draft Budget 2019/20
Total Operating Revenue	(38 730 933 585)	(23 832 456 893)	(40 983 804 588)
Total Operating Expenditure	36 154 065 198	21 746 844 107	38 601 917 429
Total Gains and Losses	15 278 401	347 613	15 307 321
<i>Surplus/(Deficit) for the year</i>	<i>(2 501 124 688)</i>	<i>(2 085 265 173)</i>	<i>(2 366 579 839)</i>
<i>Less Grant Income recognised to fund Capital Expenditure</i>	<i>2 499 964 223</i>	<i>629 562 939</i>	<i>2 362 957 361</i>
<i>Surplus/(Deficit) for the year after Capital Grants</i>	<i>(1 160 465)</i>	<i>(1 455 702 233)</i>	<i>(3 622 478)</i>

Total Operating Revenue includes capital grants gazetted to be received which are then deducted to determine the actual surplus budgeted for operating activities.

The following attachments are provided:

SECTION ONE: INTEGRATED DEVELOPMENT PLANNING

Annexure A Draft Reviewed Integrated Development Plan IDP - (To be tabled in Council)

SECTION TWO: MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK

Annexure B Draft Medium Term Revenue and Expenditure Framework – Complete Budget Document as per Municipal Budget and Reporting Regulations (To be tabled in Council);

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- Annexure C** Draft Tariff Schedules (To be tabled in Council);
Annexure D Draft Budget Related Policies (To be tabled in Council);

SECTION THREE: SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

- Annexure E** Draft Departmental Service Delivery and Budget Implementation Plan (Measurable Performance Indicators section) (SDBIP) (only for Final Budget to be tabled)(To be tabled in Council);
Annexure F Draft Capital Budget per Ward (To be tabled in Council);

SECTION FOUR: BEPP AND SERVICE LEVEL STANDARDS AND COST-CUTTING MEASURES

- Annexure G** Built Environment Performance Plan of CoE (To be tabled in Council)
and
Annexure H Service Level Standards (To be tabled in Council).

DISCUSSION

Section 16 of the Municipal Finance Management Act (56 of 2003) [MFMA] dealing with the tabling of the annual budget states that:

- (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.*
- (2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.*

This item, together with all accompanying documents and annexures, contain the budget that is tabled in terms of the abovementioned legislative requirements. This is the budget that will be taken through the public consultation process during April 2018 in terms of section 23 of the MFMA

Furthermore, section 24 of the MFMA dealing with the approval of annual budgets, inter alia, reads as follows:

- 1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.*
- 2) An annual budget-*
 - a) must be approved before the start of the budget year;*
 - b) is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and*

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- c) *must be approved together with the adoption of resolutions as may be necessary-*
- i. imposing any municipal tax for the budget year;*
 - ii. setting any municipal tariffs for the budget year;*
 - iii. approving measurable performance objectives for revenue from each source and for each vote in the budget;*
 - iv. approving any changes to the municipality's integrated development plan; and*
 - v. approving any changes to the municipality's budget related policies.*
- 3) *The accounting officer of a municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury.*

Once this budget has been tabled in terms of section 16 of the MFMA, and subjected to public consultation as required by section 23 of the same Act, it will further be subjected to the approval process as required by section 24 as mentioned above.

PROCESS FOLLOWED

The compilation of the tabled budget and the reviewing of the municipality's integrated development plan and budget-related policies started already 10 months before the begin of the 2018/19 financial year when the Report regarding the key deadlines was submitted to Council for approval in July 2018, a month earlier than the legislated timeframe. The tabling of the Schedule of Key Deadlines is required in terms of section 21(b) of the MFMA. In terms of the schedule of key deadlines, the budget is planned to be tabled to Council in March 2019.

In February 2019, the adjustment budget was tabled to Council after the tabling of the 2018/19 mid-year budget and performance assessment report. The mid-year report essentially informed the 2019/20 MTREF.

During the month of February 2019, the one-on-one meetings were held between the MMC: Finance, Economic Development and ICT and various departments to shape and reprioritise the budget, and develop strategic framework within which the budget should be compiled. The Departments of Corporate Strategy and Corporate Planning as well as the Project Management Office participated in these sessions to advise on alignment with the performance targets and readiness to implement, amongst others. These engagements culminated in this draft budget.

Budget Steering Committee

The Budget Steering Committee has been set up by the Executive Mayor in terms of section 4 of the Municipal Budget and Reporting Regulations.

The Budget Steering Committee is chaired by the Member of Mayoral Committee (MMC) Finance and all the members of Mayoral Committee are invited to the meetings. The Executive Mayor is an ex officio member of the Budget Steering Committee and attends several of these meetings.

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Several meetings were held during the compilation of the draft budget and will continue until the planned tabling on the 20th March 2019. The main function of the Budget Steering Committee is to give administration strategic guidance with the compilation of the IDP, Budget and BEPP. This ensures that the budget is aligned with the strategic views from National and Provincial government.

Meeting with the Oversight Committees

After the tabling of the Draft Budget/ IDP to Council on the 20th March 2019, the documents will be referred to Oversight Committee to obtain input from Legislature. The Finance Oversight Committee inter alia will consider the Draft Budget as presented by the Administration to the committee.

The draft budget will also be made available to the caucuses of the political parties. Administration will be available to attend some meetings when information or clarity on some of the aspects of the draft Budget/ IDP are required.

DRAFT BUILT ENVIRONMENT PERFORMANCE PLAN (BEPP) 2019/20 AND CAPITAL INVESTMENT FRAMEWORK (CIF) APPROVAL

This part of the item to Council deals with the Built Environment Performance Plan (BEPP) and Capital Investment Framework (CIF). The Division of Revenue Act (DoRA) stipulates that the City of Ekurhuleni must submit Council approved draft BEPP with IDP and budget to National Treasury by 31 March 2019.

Submission of Council approved BEPP is legislative eligibility for the City of Ekurhuleni to receive infrastructure grants that are related to the built environment. The grants are Urban Settlement Development Grant (USDG), Integrated City Development Grant (ICDG), Human Settlements Development Grant (HSDG), Public Transport Infrastructure Grant (PTIG) and the Neighbourhood Development Partnership Grant (NDPG). From the beginning of the 2019/20 financial year, the Integrated National Electrification Programme (INEP) grant will be phased out and be incorporated into the USDG.

The BEPP encompasses the capital investment framework in its function to strategically and spatially, guide, co-ordinate and align the municipal budget across all sectors. The CIF is a legislative requirement in terms of the Spatial Planning and Land Use Management Act, 2013, and the Municipal Planning and Performance Management Regulations, 2001 as promulgated in terms of the Municipal Systems Act.

The BEPP/CIF is in line with the Spatial Development Framework (SDF), which is a chapter in the IDP. The capital prioritization model is an instrument utilized in the implementation of the CIF in alignment with the annual budget process set out by the CoE Finance Department in order to strategically prioritize the multi-year capital budget.

The purpose of BEPP is to assist CoE to achieve built environment outcomes of productive, sustainable, inclusive and well-governed city. The BEPP approach is based on spatial targeting, the integration of key sectors (economic, transport and housing), co-ordination, and fiscal alignment and governance that should result in triggering long-term spatial transformation and facilitating economic growth. It has evolved over the years from

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identification of Integration Zones, catalytic projects, intergovernmental project pipeline to actually demonstrating progress in implementing the planning strategy. 2019/20 The 2019/2020 BEPP review focuses on incorporating (1) the 2019/20 Medium Term Expenditure Framework, (2) highlighting the importance and effect of Climate Responsiveness to the City and (3) to provide a detailed assessment of the identified priority areas located within the Tembisa-Kempton Park Integration Zone 1.

The CIF through the Capital Prioritisation Model (CPM) supports the spatial targeting planning rational by targeting investment to prioritised Integration Zones and Geographic Priority Areas. It guides the spatial and strategic prioritization of the municipal capital budget in alignment with the annual multi-year capital budget evaluation process and in accordance with the CoE's overarching strategies.

The CoE has to a large extent adhered to the 2019/20 BEPP guidelines as issued by National Treasury. It is compiled from a range of current Ekurhuleni planning and strategy documents and is thus not a new plan, but is rather a 're-packaging' of existing plans and information into a digestible, measurable format as required by National Treasury.

KEY ASPECTS CONTAINED IN THE DRAFT BUDGET

MFMA Circulars 93 issued 7th December 2018 and 94 issued 8th March 2019 provide guidance to municipalities and their entities in the preparation of their 2019/20 Medium Term Revenue and Expenditure Framework (MTREF). Some of the guidance provided in the Circular is highlighted below.

Economic Outlook

The National Treasury pointed out that since the October 2018 Medium Term Budget Policy Statement (MTBPS or Mini Budget), the economic and revenue outlook have deteriorated. State-owned entities such as Eskom and the SABC have increased funding pressures and require national government financial support. This means reprioritisation of large scale expenditure and introduction of new and revised tax measures. The impact on local communities and rate-payers will be significant and will impact on the ability of consumers to pay for the services they consume. For consumers, this also means that they will seek alternative and innovative ways for services such as recycling, alternative energy sources and more water preservation to reduce municipal bills. For the City and other municipalities, this means extended revenue pressure.

The 2018 MTBPS noted that weak economic performance and revenue shortfalls had contributed to some slippage in fiscal projections. Since then, economic growth has remained subdued and the domestic GDP outlook has been revised down. In the current year, tax revenue will be R15.4 billion below the 2018 MTBPS estimate. Funding pressures from Eskom and other financially distressed state-owned companies have increased, with several requesting state support to continue operating.

In this context, the 2019 Budget proposes a series of tax and expenditure measures aimed at narrowing the deficit and stabilising the debt-to-GDP ratio. Additions to spending amount to R75.3 billion over the medium term, consisting mainly of transfers to support the reconfiguration of Eskom. These additions are partially offset by reductions to expenditure

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baselines and proposed savings from compensation adjustments totalling R50.3 billion. Tax measures raise an additional R15 billion in 2019/20 and R10 billion in 2020/21.

In combination, these measures are expected to narrow the consolidated budget deficit from a projected 4.5 per cent of GDP in 2019/20 to 4 per cent of GDP in 2021/22. Gross national debt is projected to stabilize at 60.2 per cent of GDP in 2023/24. Net loan debt (gross loan debt excluding government's cash balances) stabilises at 57.3 per cent of GDP in 2024/25.

The GDP growth rate is forecasted at 1.5 per cent in 2019, 1.7 per cent in 2020 and 2.1 per cent in 2021. The revisions take into account weaker investment outcomes in 2018, a more fragile recovery in household income and slower export demand than expected due to moderating global growth. Consumer inflation has also been revised down due to lower oil prices and food inflation than previously assumed.

The main risks to the economic outlook are continued policy uncertainty and deterioration in the finances of state-owned entities. ***These factors, alongside continued high unemployment and slow growth will continue to exert pressure on municipal revenue generation and collection levels hence a conservative approach is advised for municipal revenue projections. Municipalities affected by the drought should also consider its impact on revenue generation. In this context, municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures.***

The following macro-economic forecasts must be considered when preparing the 2019/20 MTREF municipal budgets.

Table 1: Macroeconomic performance and projections 2018 -2021

Fiscal Year	2018/19 Estimates	2020/21		
		2019/20	Forecast	2021/22
Consumer Price Inflation (CPI)	4.7%	5.2%	5.4%	5.4%
Real GDP Growth	0.7%	1.5%	1.7%	2.1%

Source: 2019 Budget Review.

Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

SUMMARY OF TARIFF INCREASES

In order to realise required funding and based on differential rating ratios in respect of individual categories of properties, it is proposed that **assessment rates be increased by 7.5%** (as approved in the 2018/19 MTREF) compared to the increase of 6.9% in the 2018/19 financial year.

NERSA has granted Eskom a tariff increase of 9.41%. This proposed increase must still be approved at Cabinet level. Eskom will then pronounce a tariff increase applicable to large consumers, including municipalities. At this stage it is difficult to speculate on the tariff that will be levied to municipalities so **this budget based on the electricity tariff increase of 7.5% as was approved in the 2018/19 MTREF.**

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Rand Water indicated a tariff increase 15.0%. This increase must still be approved at Cabinet level as it forms part of administered prices. Moreover, in terms of Water Research Act, 1971, Rand Water was tasked to collect the Water research levy which is not part of the Rand Water's tariff, for payment to Water Research Commission.

ERWAT proposes a tariff increase of 11% on Sanitation. This is based on the increase in input costs such as fuel and chemicals and to address backlogs on sewer network maintenance.

As in the previous year, **refuse removal tariff** increase is proposed to remain the same at **7.5%** for all users. This is largely based on the increase of the main cost drivers of the service.

Sundry tariffs increases were limited, in most instances, to be within the upper CPI rate of 6.0%. Special focus was given to tariffs of social services not to increase, especially to accommodate the poorest of the poor.

Burial and Cemetery tariff increase is based on CPI (at 6.0%) which is recommended that a minimum nominal percentage increase be applied to cover inflationary increases in costs and reduce overall subsidization of interment. In the previous year the tariff was not increased for residents of the City, while an increase of 6.5% was applied for non-residents.

Similarly, Council reviewed the **Municipal Bus Services tariff** increases. This increase by an average of 4.0% (between 4.0% - 25.0%). This average compare well with the overall increase of consumer goods and the increase in the cost of living. In order to ensure that the CoE bus fares are market-related compared to the fares charged by alternative modes of transport, cognizance needs to be taken of the tariffs being charged by the mini-bus taxis and other bus operators such as City to City, who currently operate the routes previously operated by Putco, in the same area.

The following table reflects the tariff assumptions for the 2018/19 MTREF for the major services rendered:

Revenue category	2019/20 Proposed tariff increase	2020/21 Proposed tariff increase	2021/22 Proposed tariff increase
	%	%	%
Property rates	7.5	7.5	7.5 (subject to outcome of new VR)
Sanitation	11.0	11.0	11.0
Refuse removal	7.5	7.5	7.5
Water	15.0	15.0	15.0
Electricity sales	8.5	8.5	8.5
Electricity bulk purchases	10.0	10.0	10.0

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The impact of the above tariff increases on households is estimated to vary between 9.2% and 10.2%, as set out in Table 13 MBRR Table SA14.

The financial sustainability of the 2019/20 MTREF is largely dependent on the collection level of billed income. Provision is made for a **collection level of 94%**. To achieve this collection, the CoE will have to implement more robust credit control measures, develop new strategies to bill properties that remain unbilled, optimise existing revenue base and identify new revenue sources.

In order to sustain the services rendered to our community the **repair and maintenance** budget has been increased to almost R3.0 billion in 2019/20 as compared to R2.35 billion in adjusted 2018/19 budget.

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

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

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

Annual Budget Assessment and Benchmarking with other metros conducted by National Treasury

Between April and May 2019, the National Treasury will conduct a benchmark assessment of the tariff increases proposed by all the metros. The outcome of the assessment will be contained in the budget to be approved in May 2019.

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2019/20 MTREF SUMMARY (OPERATING BUDGET)

The following table is a summary of the 2019/20 MTREF Operating Budget.

Category	ADJUSTED BUDGET 1819	ACTUALS as at end Feb 2019	% SPENT	APPROVED 1920	DRAFT 1920	Variance
1_TOTAL INCOME	(38 730 933 585)	(23 832 456 893)	61.5%	(40 536 862 782)	(40 983 804 588)	(446 941 806)
1.1_NON - EXCHANGE REVENUE	(15 121 844 859)	(8 565 466 038)	56.6%	(15 306 672 715)	(15 294 842 946)	11 829 769
102_PROPERTY RATES	(5 632 288 291)	(3 569 953 852)	63.4%	(6 102 837 899)	(6 140 478 219)	(37 640 320)
104_FINES PENALTIES AND FORFEITS	(238 197 268)	(77 499 616)	32.5%	(145 107 136)	(145 107 136)	-
106_LICENCES AND PERMITS	(338 744 807)	(204 002 358)	60.2%	(359 069 497)	(305 915 543)	53 153 954
107_INTEREST DIV RENT ON LAND NON-EXCHANGE	(52 763 928)	(52 983 566)	100.4%	(55 402 125)	(55 402 125)	-
114_OPERATIONAL : MONETARY	(6 359 886 342)	(4 031 463 706)	63.4%	(6 362 338 697)	(6 284 982 562)	77 356 135
124_CAPITAL : MONETARY	(2 499 964 223)	(629 562 939)	25.2%	(2 281 917 361)	(2 362 957 361)	(81 040 000)
1.2_EXCHANGE REVENUE	(23 609 088 726)	(15 266 990 854)	64.7%	(25 230 190 067)	(25 688 961 642)	(458 771 575)
132_SERVICE CHARGES	(20 922 144 523)	(13 970 927 404)	66.8%	(22 689 601 780)	(23 143 093 987)	(453 492 207)
134_INTEREST DIVIDENDS AND RENT ON LAND	(893 401 908)	(483 363 537)	54.1%	(937 643 643)	(935 985 006)	1 658 637
138_OPERATIONAL REVENUE	(25 082 630)	(17 164 112)	68.4%	(26 237 903)	(25 596 853)	641 050
140_RENTAL FROM FIXED ASSETS	(127 762 558)	(71 132 251)	55.7%	(134 596 416)	(136 271 005)	(1 674 589)
142_SALES OF GOODS AND RENDERING OF SERVICES	(1 640 697 107)	(724 403 551)	44.2%	(1 442 110 325)	(1 448 014 791)	(5 904 466)

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Category	ADJUSTED BUDGET 1819	ACTUALS as at end Feb 2019	% SPENT	APPROVED 1920	DRAFT 1920	Variance
2_TOTAL EXPENDITURE	36 154 065 198	21 746 844 107	60.2%	38 236 237 249	38 601 917 429	365 680 180
2.1_Employee Related Cost	8 656 028 416	5 451 495 260	63.0%	9 513 498 045	9 513 264 944	(233 101)
203_SM - SALARIES ALLOW AND SERV BENEFITS	441 436 219	242 528 485	54.9%	496 047 410	490 918 999	(5 128 411)
205_SM - SOCIAL CONTRIBUTIONS	1 719 401	1 734 726	100.9%	1 890 345	2 894 899	1 004 554
211_MS - SALARIES ALLOW AND SERV BENEFITS	6 781 578 815	4 236 898 491	62.5%	7 444 217 314	7 272 945 121	(171 272 193)
213_MS - SOCIAL CONTRIBUTIONS	1 502 784 804	904 410 049	60.2%	1 649 715 746	1 662 902 290	13 186 544
214_MS - POST RETIREMENT BENEFITS	96 836 806	62 143 898	64.2%	106 045 986	97 126 650	(8 919 336)
215_MS - COST CAPITALISED TO PPE	(176 696 173)	-	0.0%	(193 499 977)	(22 637 740)	170 862 237
216_BOARD MEMBERS	8 368 544	3 779 611	45.2%	9 081 221	9 114 725	33 504
2.2_Remuneration of Councilors	151 061 797	92 256 407	61.1%	160 880 819	139 695 066	(21 185 753)
221_ALLOWANCES & SRB	146 272 489	89 233 435	61.0%	155 780 207	134 887 973	(20 892 234)
222_SOCIAL CONTRIBUTIONS	4 789 308	3 022 971	63.1%	5 100 612	4 807 093	(293 519)
2.3_Contracted Services	4 514 021 212	2 094 025 074	46.4%	4 316 713 550	4 748 552 243	431 838 693
226_OUTSOURCE SERVICES	2 267 113 417	1 327 307 547	58.5%	2 327 345 461	2 518 858 291	191 512 830
227_CONSULTANTS AND PROFESSIONAL SERVICES	455 984 990	163 875 924	35.9%	268 517 426	411 178 747	142 661 321
228_CONTRACTORS	1 790 922 805	602 841 603	33.7%	1 720 850 663	1 818 515 204	97 664 541
2.4_Other Expenditure	22 893 419 071	14 109 067 367	61.6%	24 245 144 835	24 200 405 176	(44 739 659)
230_OPERATIONAL COST	1 177 787 193	591 691 151	50.2%	1 155 900 959	1 292 076 940	136 175 981
232_INVENTORY	2 331 603 379	934 494 779	40.1%	2 101 289 971	2 153 892 470	52 602 499
234_BULK PURCHASES	13 579 633 336	8 955 857 463	66.0%	14 929 414 481	15 100 093 217	170 678 736
236_INTEREST DIVIDENDS AND RENT ON LAND	821 438 456	467 883 028	57.0%	1 076 811 294	1 076 780 957	(30 337)
238_OPERATING LEASES	45 044 234	26 024 447	57.8%	44 129 681	47 982 599	3 852 918
240_BAD DEBTS WRITTEN OFF	1 503 081 147	972 353 122	64.7%	1 569 722 099	1 569 131 251	(590 848)
259_OPERATIONAL : MONETARY	1 088 197 620	577 989 408	53.1%	803 137 366	768 766 002	(34 371 364)
260_Capital: Monetary	829 130	10 000	1.2%	866 303	866 303	-
272_DEPRECIATION & AMORTISATION	2 285 339 278	1 582 763 967	69.3%	2 563 872 681	2 190 815 437	(373 057 244)
280_INCOME TAX	60 465 298	-	0.0%	-	-	-
4_TOTAL GAINS AND LOSSES	15 278 401	347 613	2.3%	15 307 321	15 307 321	-
4.1_Gains and Losses	15 278 401	347 613	2.3%	15 307 321	15 307 321	-
320_DISP OF FIXED AND INTANGIBLE ASSETS	15 278 401	138 929	0.9%	15 307 321	15 307 321	-
370_INVENTORY	-	208 684	#DIV/0!	-	-	-
Grand Total	(2 501 124 688)	(2 085 265 173)	83.4%	(2 285 318 212)	(2 366 579 839)	(81 261 627)
Less Capital grants	2 499 964 223	629 562 939		2 281 917 361	2 362 957 361	81 040 000
(Surplus)/Deficit after capital grants	(1 160 465)	(1 455 702 233)		(3 400 851)	(3 622 478)	(221 627)

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CAPITAL BUDGET

The overall departmental requests on the capital budget grow by 14% (R1.1 billion) compared to the 2018/19 adjusted budget, and by 9.6% (R685 million) compared to the 2019/20 approved MTREF;

2019/20 - 2021/22 DRAFT MULTI YEAR CAPITAL BUDGET											
New Department	Old Department	Adjusted Budget 2018/19 (as at 08 March 2019)	Actual Exp (as at 08 March 2019)	% Spent	Approved Budget 2019/20	Departmental Requests Budget 2019/20	Variance 2019/20	Approved Budget 2020/21	Departmental Requests Budget 2020/21	Variance 2020/21	Departmental Requests Budget 2021/22
Chief Operating Officer	Chief Operating Officer	112,139,532	148,163	0.13%	112,200,000	114,000,000	1,800,000	112,040,000	112,040,000	-	112,040,000
	Customer Relations Management	7,150,000	3,568,700	85.80%	5,500,000	42,500,000	37,000,000	15,000,000	10,000,000	(5,000,000)	2,500,000
City Manager	City Manager	20,000	18,500	92.50%	20,000	-	(20,000)	20,000	-	(20,000)	-
	EPMO	188,175	188,148	99.99%	200,000	50,000	(150,000)	200,000	50,000	(150,000)	75,000
City Planning		1,761,384	1,084,429	61.57%	3,050,000	600,000	(2,450,000)	3,050,000	600,000	(2,450,000)	600,000
Communication and Brand Management		574,020	570,278	99.35%	900,000	50,000	(850,000)	900,000	50,000	(850,000)	50,000
Corporate Legal Services		330,069	283,120	85.78%	500,000	280,000	(220,000)	500,000	280,000	(220,000)	280,000
Council General		538,084,525	176,393,732	32.78%	614,127,125	654,127,125	40,000,000	698,698,077	651,698,077	(47,000,000)	655,982,682
Disaster & Emergency Management Services		129,686,706	86,771,513	66.91%	147,730,000	160,300,000	12,570,000	162,980,000	167,000,000	4,020,000	124,300,000
Economic Development		176,839,207	26,360,712	14.91%	175,300,000	193,300,000	18,000,000	169,780,092	183,000,000	13,219,908	164,000,000

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2019/20 - 2021/22 DRAFT MULTI YEAR CAPITAL BUDGET											
New Department	Old Department	Adjusted Budget 2018/19 (as at 08 March 2019)	Actual Exp (as at 08 March 2019)	% Spent	Approved Budget 2019/20	Departmental Requests Budget 2019/20	Variance 2019/20	Approved Budget 2020/21	Departmental Requests Budget 2020/21	Variance 2020/21	Departmental Requests Budget 2021/22
EMPD	EMPD	160,660,363	58,570,245	36.46%	108,600,000	100,800,000	(7,800,000)	144,800,000	125,800,000	(19,000,000)	109,000,000
	Licensing		1,139,918	0.00%	84,050,000	92,500,000	8,450,000	95,550,000	150,000,000	54,450,000	39,000,000
Energy		735,600,745	160,210,993	21.78%	795,765,000	736,850,450	(58,914,550)	836,700,000	780,150,000	(56,550,000)	841,000,000
Environmental Resources & Waste Management	Environmental Resources	314,262,583	87,041,723	27.70%	320,900,000	306,600,000	(14,300,000)	290,050,000	284,000,000	(6,050,000)	232,800,000
	Waste Management	197,522,567	65,346,520	33.08%	115,900,000	126,000,000	10,100,000	134,500,000	180,500,000	46,000,000	263,600,000
Executive Office		1,800,000	966,692	53.71%	4,300,000	1,000,000	(3,300,000)	3,700,000	1,000,000	(2,700,000)	1,000,000
Finance		18,230,638	8,904,334	48.84%	10,680,000	270,000	(10,410,000)	12,600,000	340,000	(12,260,000)	300,000
Health & Social Development		27,300,000	15,109,899	55.35%	111,050,000	77,950,000	(33,100,000)	135,800,000	139,200,000	3,400,000	129,900,000
Human Resources Management & Development		1,365,080	1,334,561	97.76%	1,400,000	150,000	(1,250,000)	1,800,000	150,000	(1,650,000)	150,000
Human Settlements		1,382,777,862	281,318,032	20.34%	1,371,610,361	1,386,648,919	15,038,558	1,235,290,093	1,179,998,275	(55,291,818)	1,288,921,377
ICT		487,936,776	97,786,319	20.04%	629,846,768	952,244,768	322,398,000	265,118,268	890,819,768	625,701,500	610,550,000
Internal Audit		320,466	290,466	90.64%	-	30,000	30,000	553,000	34,000	(519,000)	36,000

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2019/20 - 2021/22 DRAFT MULTI YEAR CAPITAL BUDGET											
New Department	Old Department	Adjusted Budget 2018/19 (as at 08 March 2019)	Actual Exp (as at 08 March 2019)	% Spent	Approved Budget 2019/20	Departmental Requests Budget 2019/20	Variance 2019/20	Approved Budget 2020/21	Departmental Requests Budget 2020/21	Variance 2020/21	Departmental Requests Budget 2021/22
Legislature		5,979,850	1,953,676	32.67%	6,492,835	-	(6,492,835)	7,423,835	-	(7,423,835)	-
Real Estate		145,148,251	43,011,032	29.63%	113,340,000	210,753,335	97,413,335	128,080,000	149,910,000	21,830,000	123,520,000
Risk Management		232,326	232,326	100.00%	310,000	10,000	(300,000)	310,000	10,000	(300,000)	10,000
Roads and Stormwater		696,957,853	96,694,992	13.87%	689,050,000	662,650,000	(26,400,000)	751,050,500	711,550,000	(39,500,500)	674,600,000
SRAC		100,399,494	26,725,356	26.62%	134,900,000	143,000,000	8,100,000	151,820,000	145,020,000	(6,800,000)	148,500,000
Strategy & Corporate Planning		358,743	288,312	80.37%	570,000	120,000	(450,000)	648,271	127,339	(520,932)	127,339
Transport, Planning & Provisioning	Transport	592,818,778	108,749,166	18.34%	573,571,000	723,021,000	149,450,000	644,766,000	761,716,000	50,600,944	501,000,000
	Fleet Management	7,114,976	630,525	8.86%	12,119,000	71,725,360	59,606,360	20,284,000	105,438,304	85,154,304	88,361,360
Water & Sanitation		706,380,168	288,610,119	40.86%	861,500,000	894,800,000	33,300,000	906,000,000	966,000,000	60,000,000	1,161,000,000
ERWAT		164,204,889	88,675,349	54.00%	124,051,055	121,400,000	(2,651,055)	125,824,292	135,000,000	9,175,708	85,000,000
EHC		8,549,000	152,012	1.78%	1,112,160	40,007,971	38,895,811	1,178,890	47,450,050	46,271,160	1,537,052
BBC		350,000	220,095	62.88%	350,000	2,990,000	2,640,000	500,000	380,000	(120,000)	530,000
Grand Total		6,723,045,026	1,729,349,958	25.72%	7,130,995,304	7,816,728,928	685,733,624	7,057,515,318	7,879,311,813	755,447,439	7,360,270,810

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The Capital Budget will be funded as follows:

2019/20 - 2021/22 DRAFT MULTI YEAR CAPITAL BUDGET - PER SOURCE OF FINANCE										
Source Of Finance	Adjusted Budget 2018/19 (as at 08 March 2019)	Actual Exp (as at 08 March 2019)	% Spent	Approved Budget 2019/20	Departmental Requests Budget 2019/20	Variance 2019/20	Approved Budget 2020/21	Departmental Requests Budget 2020/21	Variance 2020/21	Departmental Requests Budget 2021/22
Energy Efficiency & Demand Side Management (EEDMS)	13,720,000	12,796,423	93.27%	13,065,000	12,150,450	(914,550)	15,000,000	13,950,000	(1,050,000)	9,300,000
External Loans	3,153,898,201	725,469,658	23.00%	3,816,221,893	4,036,875,228	220,653,335	3,549,888,833	3,906,893,333	357,004,500	3,474,699,549
Intergrated City Development Grant (ICDG)	45,537,000	44,679,106	98.12%	48,375,000	54,295,000	5,920,000	51,069,000	51,069,000	-	54,878,000
Intergrated National Electrification Programme (INEP)	45,000,000	-	0.00%	38,000,000	-	(38,000,000)	32,000,000	-	(32,000,000)	-
Neighborhood Development Partnership Grant (NDPG)	60,000,000	6,184,935	10.31%	42,190,000	65,000,000	22,810,000	72,800,000	80,000,000	7,200,000	74,999,000
SRAC Provincial Grant	9,096,777	1,646,369	18.10%	9,000,000	9,000,000	-	9,000,000	9,000,000	-	9,000,000
Public Transport Network Grant (PTNG)	421,708,000	84,470,158	20.03%	445,521,000	568,521,000	123,000,000	471,716,000	578,716,000	107,000,000	440,000,000
Revenue	1,076,739,137	398,217,816	36.98%	1,032,856,050	996,333,331	(36,522,719)	1,071,510,880	1,146,809,693	75,298,813	1,075,116,751
Urban Settlement Development Grant (USDG)	1,841,992,991	455,885,493	24.75%	1,685,766,361	2,074,553,919	388,787,558	1,784,530,605	1,676,378,787	(108,151,818)	1,610,662,510
Human Settlement Development Grant (HSDG)	55,409,455	-	0.00%	-	-	-	-	-	-	-
Informal Settlement Upgrading Partnership Grant (ISUPG)	-	-	#DIV/0!	-	-	-	-	416,495,000	416,495,000	611,615,000
Total	6,723,101,561	1,729,349,958	25.72%	7,130,995,304	7,816,728,928	685,733,624	7,057,515,318	7,879,311,813	821,796,495	7,360,270,810

PROPOSED POLICY CHANGES

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

The entire set of Budget Related Policies can be viewed on the EMM website:
<http://www.ekurhuleni.gov.za>

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It is required by legislation that amendments to all budget related policies must form part of the tabled budget. The following budget related policies are included as **Annexure D** to this report:

Annexure D1	Medium - term Budget Statement Policy (reviewed)
Annexure D2	Pricing Policy Statement (reviewed)
Annexure D3	Property Rates Policy (reviewed)
Annexure D4	Provision of Free Basic Electricity Policy (reviewed)
Annexure D5	Waste Management Tariff Policy (reviewed)
Annexure D6	Consumer Deposit Policy (remains unchanged)
Annexure D7	Indigent Support Policy (remains unchanged)
Annexure D8	Credit Control & Debt Collection Policy (reviewed)
Annexure D9	Provision for Doubtful Debt and Debt Write-Off Policy (remains unchanged)
Annexure D10	Budget Implementation and Monitoring Policy (reviewed)
Annexure D11	Municipal Entity Financial Support Policy (reviewed)
Annexure D12	Accounting Policy (reviewed)
Annexure D13	Electricity Metering for Residential and business Customers (reviewed)
Annexure D14	Policy for the vending of pre-paid electricity (reviewed)
Annexure D15	Policy for Correction of Meter Reading and Billing Data (reviewed)
Annexure D16	Electricity Tariff Policy (reviewed)
Annexure D17	Virements Policy (remains unchanged))
Annexure D18	Consumer Agreement (remains unchanged)
Annexure D19	Supply Chain Management Policy (remains unchanged)
Annexure D20	Treasury Policy Consolidation of various policies) (reviewed)
Annexure D21	Grants-in-Aid Policy (remains unchanged)
Annexure D22	Asset Management Policy (reviewed)

SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN

In terms of the MFMA the SDBIP is only required 14 days after approval of the MTREF. The Strategy and Corporate Planning Department is in the process of compiling the SDBIP, in collaboration with all the departments It will be submitted as **Annexure E** in the final budget report.

ORGANISATIONAL AND HUMAN RESOURCE IMPLICATIONS

None

FINANCIAL IMPLICATIONS

None

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LEGAL IMPLICATIONS

The tabling of the IDP and Budget in March 2019 will ensure compliance with Section 16 of the MFMA.

COMMUNICATION IMPLICATIONS

The delivery and approval of the budget to the community is widely communicated by Marketing and Brand Management Department. The tabled document will also be distributed as per the required legislation, which inter alia includes CoE's website.

OTHER DEPARTMENTS/ BODIES CONSULTED

The Strategy and Corporate Planning Department was involved in the development of the proposals for the reviewed IDP section of the report.

The recommendations have been presented to the Senior Management Team and are supported.

RECOMMENDATION

1. **That** the report regarding the Draft Reviewed Integrated Development Plan and the Draft Medium-term Revenue and Expenditure Framework for the City of Ekurhuleni for the 2019/2020 to 2021/2022 financial period **BE NOTED**.
2. **That** the Draft Reviewed Integrated Development Plan and the Draft Medium-term Revenue and Expenditure Framework for the 2019/2020 to 2021/2022 financial period, inclusive of draft tariffs and draft budget-related policies as contained in the Budget Document **BE NOTED** in terms of Section 16 of the Municipal Finance Management Act.
3. **That** the Draft Reviewed Integrated Development Plan and the Draft Medium-term Revenue and Expenditure Framework for the 2019/2020 to 2021/2022 financial period, inclusive of draft tariffs and draft budget-related policies as contained in the Budget Document **BE SUBJECTED** to a detailed review and community consultation process in terms of Sections 22 and 23 of the Municipal Finance Management Act and that the consultation process **BE DONE** in accordance with Chapter 4 of the Municipal Systems Act.
4. **That** the Reviewed IDP and the Draft Medium-term Revenue and Expenditure Framework for the 2019/2020 to 2021/2022 financial period, inclusive of draft tariffs and draft budget-related policies **BE TABLED** to Council for final consideration at the end of May 2019 as required by section 24 of the Municipal Finance Management Act.

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5. **That** the Draft Medium-term Revenue and Expenditure Frameworks of the Municipal Entities for the 2019/2020 to 2021/2022 financial period as well as the Draft Measureable Performance Indicators **BE INCLUDED** in the Community Consultation Process as required by Section 87 of the Municipal Finance Management Act.
6. **That** the Municipal Entities **PRESENT** their proposed salaries and benefits for the 2019/2020 financial year to the City's Remuneration Committee before the end of May 2019 for purposes of setting of upper limits as required by section 89 of the Municipal Finance Management Act.
7. **That** the Final Medium-term Revenue and Expenditure Frameworks of the Municipal Entities for the 2019/2020 to 2021/2022 financial period as well as the Final Measureable Performance Indicators **BE TABLED** to the respective Entity Boards for final consideration at the end of May 2019 as required by section 87 of the Municipal Finance Management Act.