



nelson mandela bay

M U N I C I P A L I T Y

PORT ELIZABETH | UITENHAGE | DESPATCH

2019/20 ADJUSTMENTS BUDGET

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PART 1 – 2019/20 ADJUSTMENTS BUDGET

1.1 EXECUTIVE MAYOR'S REPORT

1.1.1 Summary of reasons for the 2019/20 Adjustments Budget

In accordance with section 28 of the Municipal Finance Management Act, Act No. 56 of 2003 (MFMA), a municipality must revise its approved annual budget through an Adjustments Budget, in the following circumstances:

- (i) To adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue;
- (ii) To appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;
- (iii) To authorise the utilisation of projected savings in one vote towards spending under another vote;
- (iv) To authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected rollovers when the annual budget for the current year was approved by the Council;
- (v) To correct any errors in the annual budget.

The Municipal Budget and Reporting Regulations stipulate that one adjustments budget may be tabled in the Municipal Council during a financial year. The Adjustments Budget must be approved by Council on or before the end of February of each year.

In line with the MFMA and the Municipal Budget and Reporting Regulations, the 2019/20 approved Budget has been adjusted. The adjustment has been mainly necessitated as a result of, amongst others, the following:

- The need to appropriate additional revenues that may have become available over and above those anticipated in the approved 2019/20 Budget.
- The need to authorise the utilisation of projected savings in one vote towards spending under another vote/s.
- The need to authorise the spending of unspent funds at the end of the 2018/19 financial year (such as the Disaster / Drought Relief Grant).

1.1.2 The Executive Mayor recommends that the Council approves the 2019/20 Adjustments Budget and relevant documents attached to this Adjustments Budget Report.

CIlr T BUYEYE
INTERIM EXECUTIVE MAYOR

1.2 2019/20 ADJUSTMENTS BUDGET RESOLUTIONS

1.2.1 Approval of the Adjustments Budget

- (i) The Executive Mayor recommends that the Council, by resolution taken by the majority of its full number, and in terms of Section 30(2) of the Local Government: Municipal Structures Act No. 117 of 1998 (as amended), read in conjunction with Section 28 of the Local Government: Municipal Finance Management Act, Act 56 of 2003, approves the 2019/20 Consolidated Adjustments Budget as set-out in the following tables:
- Table B1 Adjustments Budget Summary: page 6-7;
 - Table B2 Adjustments Budget Financial Performance (revenue and expenditure by standard classification): page 8-9;
 - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote): page 9-10;
 - Table B4 Adjustments Budget Financial Performance (revenue by source and expenditure by type): page 10-14;
 - Table B5 Adjustments Budget Capital Expenditure by vote and standard classification and funding source: page 15-17;
 - Table B6 Adjustments Budget Financial Position: page 17-18;
 - Table B7 Adjustments Budgeted Cash Flows: page 18-19;
 - Table B8 Cash backed reserves/accumulated surplus reconciliation: page 20;
 - Table B9 Asset Management : page 21-25;
 - Table B10 Basic Service Delivery: page 25-27.
- (ii) That the Chief Financial Officer be authorised to implement any changes that may be identified after the tabling of the adjustments budget in Council for approval, prior to submission to National Treasury and publication in the media and on the municipal website.

1.3 EXECUTIVE SUMMARY

The 2019/20 Consolidated Adjustments Budget amounts to R12.713 billion, comprising of R11.031 billion for the Operating Budget and R1.682 billion for the Capital Budget. The Operating Adjustments Budget reflects an increase of R158,769 million compared to the originally approved 2019/20 Operating Budget, whilst the Adjustments Capital Budget reflects a decrease of R150,822 million, compared to the originally approved budget.

The increase in the Operating Budget of R158,769 million is made up as follows:

	<u>R'000</u>
Reduction in Transfers and subsidies	(7,065)
Reduction in Employee Related Costs	(49,261)
Reduction in Finance Charges	(33,999)
Reduction in Debt Impairment	<u>(31,834)</u>
Total Expenditure Reductions	<u>(122,158)</u>
Increase in Remuneration of Councillors	1,118
Increase in Depreciation and Asset Impairment	125,116
Increase in Contracted Services	57,141
Increase in Bulk Purchases	65,693
Increase in Other Materials	1,736
Increase in Other Expenditure	<u>30,123</u>
Total Expenditure Increases	<u>280,927</u>
Net Increase	<u>158,769</u>

In terms of funding the Capital Budget, the Municipality mainly relies on grant funding, comprising 73.73% of the total capital budget. The funding sources, supporting the Municipality's capital expenditure, are summarised below:

	2019/20 Original Budget	2019/20 Adjustments Budget	Variance
	R'000	R'000	R'000
Total Capital Budget	1,832,628	1,681,806	(150,822)
Funded as follows:			
Grant funding	1,088,830	1,239,939	151,119
Internal funding	457,429	441,857	(15,571)
Borrowing	286,370	0	(286,370)
Total	1,832,628	1,681,806	(150,822)

Borrowing will be taken up once the loan agreement with the Financial institution has been concluded and signed by the relevant parties. It is anticipated that the external borrowing will be taken up during the 2020/21 financial year. The increase in grant funding is mainly attributable to the approved rollover of the drought funding.

It is to be noted that the 2019/20 consolidated adjustments budgeted cash flow statement projects a cash and investments balance of R3.076 billion as at 30 June 2020, compared to the amount of R2.517 billion as per the original budgeted cash flow statement. It must be noted that the municipality's cash and investments portfolio must cover certain commitments.

Description	Budget Year 2019/20										Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	
Capital expenditure	1,832,628	-	-	-	-	-	(150,822)	(150,822)	1,681,806	1,776,524	1,678,954	
Transfers recognised - capital	1,088,830	-	-	-	-	-	151,119	151,119	1,239,949	1,097,440	1,160,666	
Borrowing	286,370	-	-	-	-	-	(286,370)	(286,370)	-	235,943	80,000	
Internally generated funds	457,429	-	-	-	-	-	(15,571)	(15,571)	441,857	443,141	438,288	
Total sources of capital funds	1,832,628	-	-	-	-	-	(150,822)	(150,822)	1,681,806	1,776,524	1,678,954	
Financial position												
Total current assets	5,431,993	-	-	-	-	-	431,193	431,193	5,863,187	6,323,550	6,823,722	
Total non current assets	19,983,387	-	-	-	-	-	(828,215)	(828,215)	19,155,171	20,299,508	21,293,278	
Total current liabilities	3,234,674	-	-	-	-	-	(65,183)	(65,183)	3,169,491	3,368,746	3,566,315	
Total non current liabilities	4,292,279	-	-	-	-	-	(424,744)	(424,744)	3,867,535	4,585,252	4,730,075	
Community wealth/Equity	17,888,426	-	-	-	-	-	92,905	92,905	17,981,332	18,669,060	19,820,609	
Cash flows												
Net cash from (used) operating	1,702,131	-	-	-	-	-	30,401	30,401	1,732,532	1,815,003	1,985,565	
Net cash from (used) investing	(1,900,506)	-	-	-	-	-	128,251	128,251	(1,772,256)	(1,747,554)	(1,790,866)	
Net cash from (used) financing	110,304	-	-	-	-	-	(213,422)	(213,422)	(103,118)	55,752	(96,629)	
Cash/cash equivalents at the year end	2,516,993	-	-	-	-	-	558,734	558,734	3,075,727	3,198,928	3,296,997	
Cash backing/surplus reconciliation												
Cash and investments available	2,516,993	-	-	-	-	-	558,734	558,734	3,075,727	3,219,700	3,318,567	
Application of cash and investments	1,756,096	-	-	-	-	-	(61,104)	(61,104)	1,694,993	1,825,286	1,888,536	
Balance - surplus (shortfall)	760,897	-	-	-	-	-	619,838	619,838	1,380,735	1,394,414	1,430,031	
Asset Management												
Asset register summary (WDV)	19,901,905	-	-	-	-	-	(808,599)	(808,599)	19,093,306	20,198,953	21,187,445	
Depreciation & asset impairment	614,541	-	-	-	-	-	125,116	125,116	739,657	651,397	690,462	
Renewal and Upgrading of Existing Assets	866,520	-	-	-	-	-	(98,835)	(98,835)	767,685	835,971	857,550	
Repairs and Maintenance	481,279	-	-	-	-	-	2,029	2,029	483,308	511,694	547,934	
Free services												
Cost of Free Basic Services provided	486,075	-	-	-	-	-	-	-	486,075	530,467	580,675	
Revenue cost of free services provided	180,555	-	-	-	-	-	-	-	180,555	195,034	211,084	
Households below minimum service level												
Water:	-	-	-	-	-	-	-	-	-	-	-	
Sanitation/sewerage:	5	-	-	-	-	-	-	-	5	4	3	
Energy:	-	-	-	-	-	-	-	-	-	-	-	
Refuse:	25	-	-	-	-	-	-	-	25	25	25	

Explanatory notes to Table B1 – Adjustments Budget Summary

The aim of the Adjustments Budget Summary is to provide a concise overview of the proposed Adjustments 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. **It must be noted that the figures illustrated above are inclusive of the entity.**

Table B2 - Consolidated Adjustments Budget Financial Performance (revenue and expenditure by standard classification)

Standard Description	Budget Year 2019/20									Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
Revenue - Functional											
Governance and administration	3,268,696	-	-	-	-	-	47,195	47,195	3,315,891	3,450,503	3,691,884
Executive and council	40	-	-	-	-	-	403	403	443	40	40
Finance and administration	3,268,654	-	-	-	-	-	46,791	46,791	3,315,445	3,450,461	3,691,842
Internal audit	2	-	-	-	-	-	-	-	2	2	2
Community and public safety	1,086,703	-	-	-	-	-	(26,059)	(26,059)	1,060,644	1,169,903	1,279,433
Community and social services	42,091	-	-	-	-	-	795	795	42,886	44,813	47,772
Sport and recreation	5,702	-	-	-	-	-	1,300	1,300	7,002	6,097	6,427
Public safety	677,650	-	-	-	-	-	(36,791)	(36,791)	640,859	725,516	801,044
Housing	358,835	-	-	-	-	-	5,929	5,929	364,764	390,887	421,427
Health	2,425	-	-	-	-	-	2,708	2,708	5,133	2,591	2,763
Economic and environmental services	623,917	-	-	-	-	-	3,890	3,890	627,807	622,339	655,628
Planning and development	197,519	-	-	-	-	-	(8,833)	(8,833)	188,686	171,311	179,600
Road transport	424,311	-	-	-	-	-	982	982	425,293	448,789	473,618
Environmental protection	2,088	-	-	-	-	-	11,741	11,741	13,828	2,239	2,409
Trading services	7,333,074	-	-	-	-	-	274,538	274,538	7,607,612	7,988,380	8,811,525
Energy sources	4,565,809	-	-	-	-	-	(196,122)	(196,122)	4,369,687	5,042,006	5,597,863
Water management	1,281,854	-	-	-	-	-	377,721	377,721	1,659,575	1,369,750	1,508,066
Waste water management	1,076,573	-	-	-	-	-	92,939	92,939	1,169,512	1,131,277	1,218,288
Waste management	408,838	-	-	-	-	-	-	-	408,838	445,348	487,308
Other	42,163	-	-	-	-	-	63	63	42,225	45,322	48,858
Total Revenue - Functional	12,354,553						299,626	299,626	12,654,179	13,276,447	14,487,329
Expenditure - Functional											
Governance and administration	2,305,857	-	-	-	-	-	(12,563)	(12,563)	2,293,294	2,480,787	2,783,575
Executive and council	268,905	-	-	-	-	-	(15,452)	(15,452)	253,454	286,995	307,244
Finance and administration	1,972,533	-	-	-	-	-	1,938	1,938	1,974,471	2,125,353	2,403,601
Internal audit	64,419	-	-	-	-	-	951	951	65,370	68,439	72,729
Community and public safety	1,707,947	-	-	-	-	-	753	753	1,708,701	1,814,175	1,946,746
Community and social services	322,255	-	-	-	-	-	(720)	(720)	321,535	350,583	382,031
Sport and recreation	415,290	-	-	-	-	-	67,252	67,252	482,542	439,781	473,334
Public safety	690,890	-	-	-	-	-	(46,814)	(46,814)	644,076	728,644	774,103
Housing	181,036	-	-	-	-	-	(15,062)	(15,062)	165,974	192,546	206,273
Health	98,476	-	-	-	-	-	(3,902)	(3,902)	94,574	102,621	111,005
Economic and environmental services	770,462	-	-	-	-	-	92,729	92,729	863,191	830,515	863,366
Planning and development	339,569	-	-	-	-	-	20,388	20,388	359,957	344,969	358,129
Road transport	382,590	-	-	-	-	-	73,088	73,088	455,677	432,767	447,801
Environmental protection	48,303	-	-	-	-	-	(747)	(747)	47,557	52,779	57,436
Trading services	6,035,897	-	-	-	-	-	62,003	62,003	6,097,899	6,528,097	7,133,099
Energy sources	4,300,189	-	-	-	-	-	26,107	26,107	4,326,296	4,695,459	5,132,488
Water management	822,112	-	-	-	-	-	(3,488)	(3,488)	818,624	897,215	975,317
Waste water management	554,406	-	-	-	-	-	37,796	37,796	592,202	552,984	613,523
Waste management	359,190	-	-	-	-	-	1,588	1,588	360,777	382,440	411,772

Standard Description	Budget Year 2019/20									Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
<i>Other</i>	51,983	-	-	-	-	-	15,846	15,846	67,829	56,480	61,403
Total Expenditure - Functional	10,872,146	-	-	-	-	-	158,769	158,769	11,030,915	11,710,054	12,788,188
Surplus/ (Deficit) for the year	1,482,407	-	-	-	-	-	140,858	140,858	1,623,265	1,566,393	1,699,141

Explanatory notes to Table B2 – Adjustments Budget 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 B3 - Consolidated Adjustments Budget Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Budget Year 2019/20									Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
Revenue by Vote											
Vote 1 - Budget & Treasury	3,158,640	-	-	-	-	-	44,189	44,189	3,202,829	3,335,584	3,571,313
Vote 2 - Public Health	446,464	-	-	-	-	-	14,449	14,449	460,913	485,343	528,604
Vote 3 - Human Settlements	387,697	-	-	-	-	-	5,929	5,929	393,626	421,425	453,743
Vote 4 - Economic Development, Tourism & Agriculture	182,346	-	-	-	-	-	2,271	2,271	184,617	160,699	168,038
Vote 5 - Corporate Services	20,422	-	-	-	-	-	2,998	2,998	23,419	21,930	23,585
Vote 6 - Infrastructure & Engineering Unit - Rate & General	426,927	-	-	-	-	-	982	982	427,909	451,558	476,551
Vote 7 - Metro Water Service	1,281,914	-	-	-	-	-	377,721	377,721	1,659,636	1,369,818	1,508,142
Vote 8 - Sanitation - Metro	1,076,578	-	-	-	-	-	92,934	92,934	1,169,512	1,131,282	1,218,294
Vote 9 - Electricity & Energy	4,565,809	-	-	-	-	-	(196,122)	(196,122)	4,369,687	5,042,006	5,597,863
Vote 10 - Executive & Council	25,231	-	-	-	-	-	(10,722)	(10,722)	14,509	21,701	23,845
Vote 11 - Safety & Security	698,093	-	-	-	-	-	(36,791)	(36,791)	661,302	747,491	824,734
Vote 12 - Mandela Bay Stadium	47,779	-	-	-	-	-	-	-	47,779	50,215	52,576
Vote 13 - Special Projects and Programmes	13,958	-	-	-	-	-	-	-	13,958	13,423	14,812
Vote 14 - Recreational & Cultural Services	22,694	-	-	-	-	-	1,789	1,789	24,483	23,971	25,230
Total Revenue by Vote	12,354,553	-	-	-	-	-	299,626	299,626	12,654,179	13,276,447	14,487,329
Expenditure by Vote											
Vote 1 - Budget & Treasury	929,117	-	-	-	-	-	(71,216)	(71,216)	857,901	1,000,774	1,189,870
Vote 2 - Public Health	680,772	-	-	-	-	-	1,987	1,987	682,759	727,339	786,917
Vote 3 - Human Settlements	268,058	-	-	-	-	-	(17,475)	(17,475)	250,583	287,172	305,009
Vote 4 - Economic Development, Tourism & Agriculture	176,991	-	-	-	-	-	18,958	18,958	195,949	178,272	179,571
Vote 5 - Corporate Services	443,227	-	-	-	-	-	6,145	6,145	449,372	479,045	517,218
Vote 6 - Infrastructure & Engineering	869,956	-	-	-	-	-	132,328	132,328	1,002,283	954,227	1,006,232

Vote Description	Budget Year 2019/20										Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	
Unit - Rate & General												
Vote 7 - Metro Water Service	841,527	-	-	-	-	-	(3,748)	(3,748)	837,779	918,199	998,032	
Vote 8 - Sanitation - Metro	522,898	-	-	-	-	-	41,061	41,061	563,959	519,909	578,767	
Vote 9 - Electricity & Energy	4,296,071	-	-	-	-	-	26,446	26,446	4,322,517	4,690,962	5,127,630	
Vote 10 - Executive & Council	326,596	-	-	-	-	-	(632)	(632)	325,964	338,734	362,121	
Vote 11 - Safety & Security	1,028,377	-	-	-	-	-	(36,791)	(36,791)	991,586	1,096,795	1,179,080	
Vote 12 - Mandela Bay Stadium	47,779	-	-	-	-	-	61,866	61,866	109,645	50,215	52,576	
Vote 13 - Special Projects and Programmes	12,572	-	-	-	-	-	-	-	12,572	13,056	13,856	
Vote 14 - Recreational & Cultural Services	428,205	-	-	-	-	-	(160)	(160)	428,046	455,355	491,308	
Total Expenditure by Vote	10,872,146	-	-	-	-	-	158,769	158,769	11,030,915	11,710,054	12,788,188	
Surplus/ (Deficit) for the year	1,482,407	-	-	-	-	-	140,858	140,858	1,623,265	1,566,393	1,699,141	

Explanatory notes to Table B3 – Adjustments Budget Financial Performance (revenue and expenditure by municipal vote)

The purpose of the format in which the Adjustments 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 Municipal Finance Management Act (MFMA) as one of the main segments into which a budget of a municipality is divided into, for the appropriation of funds.

Table B4 - Consolidated Adjustments Budget Financial Performance (revenue and expenditure)

Description	Budget Year 2019/20										Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	
R thousands	A	A1	B	C	D	E	F	G	H			
Revenue By Source												
Property rates	2,353,508	-	-	-	-	-	250	250	2,353,758	2,488,735	2,689,000	
Service charges - electricity revenue	4,379,448	-	-	-	-	-	(212,084)	(212,084)	4,167,364	4,862,289	5,399,755	
Service charges - water revenue	815,772	-	-	-	-	-	180,669	180,669	996,442	893,270	980,811	
Service charges - sanitation revenue	554,361	-	-	-	-	-	102,466	102,466	656,826	607,025	666,514	
Service charges - refuse revenue	246,024	-	-	-	-	-	(873)	(873)	245,151	267,251	292,620	
Rental of facilities and equipment	36,797						370	370	37,167	39,231	41,695	
Interest earned - external investments	113,116						47,878	47,878	160,994	118,942	128,335	
Interest earned - outstanding debtors	291,720								291,720	317,087	345,902	
Dividends received												
Fines, penalties and forfeits	253,517						(37,227)	(37,227)	216,290	252,629	252,489	
Licences and permits	21,354								21,354	22,955	24,745	
Agency services	3,095								3,095	3,327	3,586	
Transfers and subsidies	2,030,336						57,349	57,349	2,087,686	2,129,706	2,313,372	
Other revenue	166,175	-	-	-	-	-	9,708	9,708	175,884	176,050	187,319	
Gains on disposal of PPE	500								500	510	520	

Description	Budget Year 2019/20									Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Total Revenue (excluding capital transfers and contributions)	11,265,723	-	-	-	-	-	148,507	148,507	11,414,230	12,179,007	13,326,663
Expenditure By Type											
Employee related costs	3,660,092	-	-	-	-	-	(49,261)	(49,261)	3,610,831	4,002,310	4,492,532
Remuneration of councillors	80,439						1,118	1,118	81,557	85,338	91,379
Debt impairment	608,943						(31,834)	(31,834)	577,109	600,147	634,960
Depreciation & asset impairment	614,541	-	-	-	-	-	125,116	125,116	739,657	651,397	690,462
Finance charges	173,361						(33,999)	(33,999)	139,362	200,796	222,901
Bulk purchases	3,555,290	-	-	-	-	-	65,693	65,693	3,620,983	3,889,193	4,251,865
Other materials	217,245						1,736	1,736	218,981	230,700	244,033
Contracted services	1,242,489	-	-	-	-	-	57,141	57,141	1,299,630	1,302,564	1,384,982
Transfers and subsidies	77,062						(7,065)	(7,065)	69,998	74,204	70,430
Other expenditure	642,683	-	-	-	-	-	30,123	30,123	672,806	673,404	704,643
Loss on disposal of PPE	-								-		
Total Expenditure	10,872,146	-	-	-	-	-	158,769	158,769	11,030,915	11,710,054	12,788,188
Surplus/(Deficit)	393,577	-	-	-	-	-	(10,261)	(10,261)	383,316	468,953	538,475
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	983,161						129,565	129,565	1,112,726	1,020,533	1,081,910
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	105,669						21,554	21,554	127,223	76,907	78,756
Transfers and subsidies - capital (in-kind - all)									-	-	
Surplus/(Deficit) before taxation	1,482,407	-	-	-	-	-	140,858	140,858	1,623,265	1,566,393	1,699,141
Taxation									-	-	
Surplus/(Deficit) after taxation	1,482,407	-	-	-	-	-	140,858	140,858	1,623,265	1,566,393	1,699,141
Attributable to minorities									-	-	
Surplus/(Deficit) attributable to municipality	1,482,407	-	-	-	-	-	140,858	140,858	1,623,265	1,566,393	1,699,141
Share of surplus/ (deficit) of associate									-	-	
Surplus/ (Deficit) for the year	1,482,407	-	-	-	-	-	140,858	140,858	1,623,265	1,566,393	1,699,141

Explanatory notes to Table B4 – Adjustments Budget Financial Performance (revenue and expenditure)

Revenue

- The Financial Performance Adjustments Budget is required to be approved concurrently by revenue source and expenditure type, in order to ensure consistency with the annual reporting format requirements. A key aim is to facilitate comparison between the annual results and the Adjustments Budget, in order to assess performance.
- Total Operating Revenue amounts to R11.414 billion in the 2019/20 Consolidated Adjustments Budget, compared to the amount of R11.265 billion in the original 2019/20 Budget. This represents an increase of R148.507 million or 1.32%. It is to be noted that an amount of R370.5 million in respect of the Fuel Levy allocation, is included in the Total Operating Revenue. This is used to fund capital expenditure. The revenue that is used to

fund operating expenditure is therefore R11.044 billion, resulting in an operating surplus of approximately R12.816 million.

3. The significant variations in revenue, compared to the original budget are as follows:

3.1 Service Charges

Service charges increased by R70.18 million from R5.996 billion to R6.066 billion when compared to the original budget due to the following:

3.1.1 Electricity Revenue

The Electricity Revenue was adjusted by R212.08 million from R4.379 billion to R4.167 billion, in line with current trends.

3.1.2 Water Revenue

The Water Revenue increased by R180.67 million from R815.77 million to R996.44 million due to the implementation of punitive water tariffs.

3.1.3 Sanitation Revenue

The Sanitation Revenue increased by R102.47 million, from R554.36 million to R656.83 million, in line with current trends.

3.2 Fines

Fines decreased by R37.227 million compared to the original budget. The decrease in fines is attributable to the accounting treatment in accordance with GRAP 23, which requires all traffic fines issued, to be accounted for. As all fines are not collectable, an impairment in the amount of R128,886 million was budgeted for, based on historical trends. The original budget for fines has therefore been adjusted to a more realistic level.

3.3 Transfers Recognised - Operating

This includes the local government equitable share and other operating grants from national and provincial government. Transfers increased by R57,349 million when compared to the original budget. The increase is mainly due to moving part of the Urban Settlements Development Grant from the capital budget to the operating budget. This does not represent new grant revenue.

Expenditure

4. Total Operating Expenditure amounts to R11.031 billion in the 2019/20 Adjustments Budget, compared to the amount of R10.872 billion in the original 2019/20 Budget. This represents an increase of R158.77 million or 1.46%.

5. The significant variations in expenditure, compared to the original budget, are as follows:

5.1 Electricity Bulk Purchases

Electricity Bulk Purchases increased by R73.69 million, compared to the original budget. This increase is attributable to an increased budget provision being required for electricity bulk purchases, in line with current expenditure trends. The decrease in growth in bulk electricity units purchased is approximately 1.7%.

5.2 Water Bulk Purchases

Water Bulk Purchases decreased by R8 million, compared to the original budget. This decrease is attributable to the current drought conditions.

5.3 Other Expenses

Other expenses increased by R30.12 million, compared to the original budget. This increase is mainly attributable due to realignment of mSCOA items such as Remuneration of Ward Committees in the amount of R14,400,000 moved from Employee Related Costs to Other Expenditure.

5.4 Contracted Services

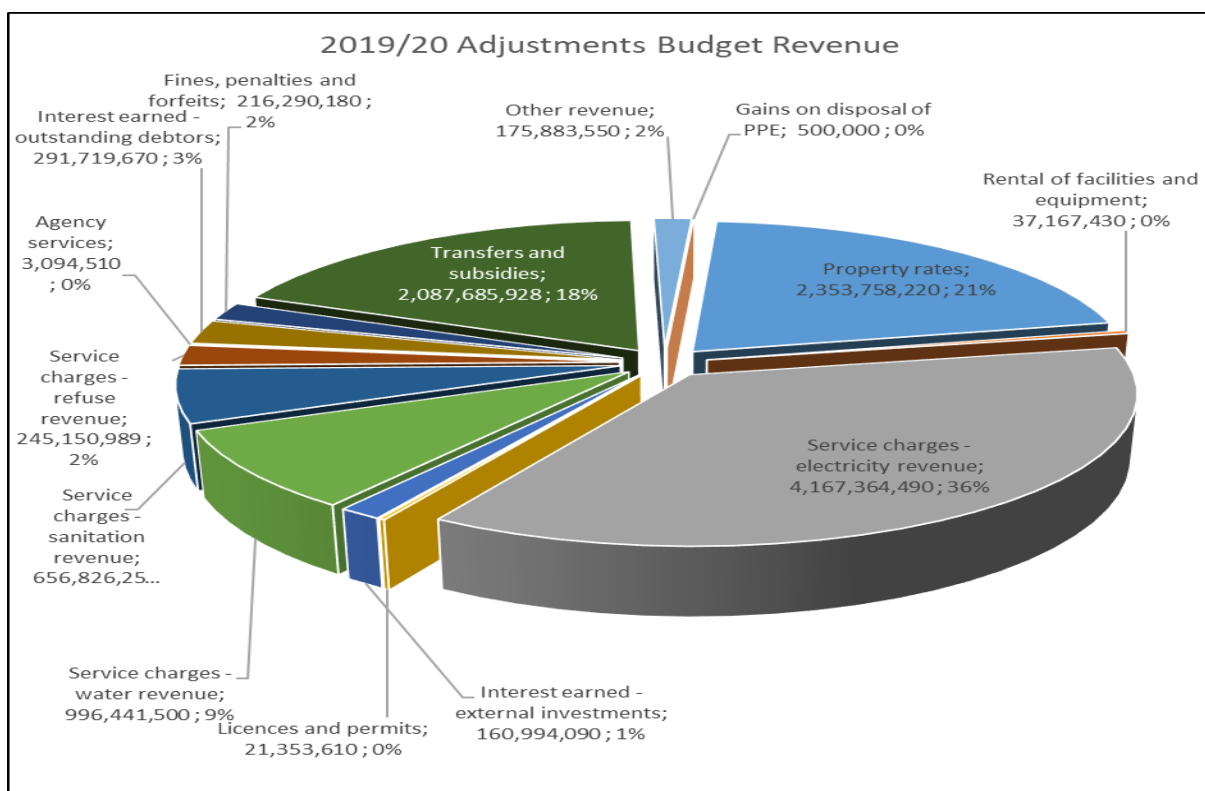
Contracted services increased by R57.14 million compared to the original budget. This increase is mainly attributable to Hygiene Services (Hiring of Toilets) increasing by R50,412,080 from R3,562,180 to R53,974,260 as well as Transport Operations – IPTS increasing by R34,516,760 due to a transfer of the Public Transport Network Grant from the capital budget to the operating budget.

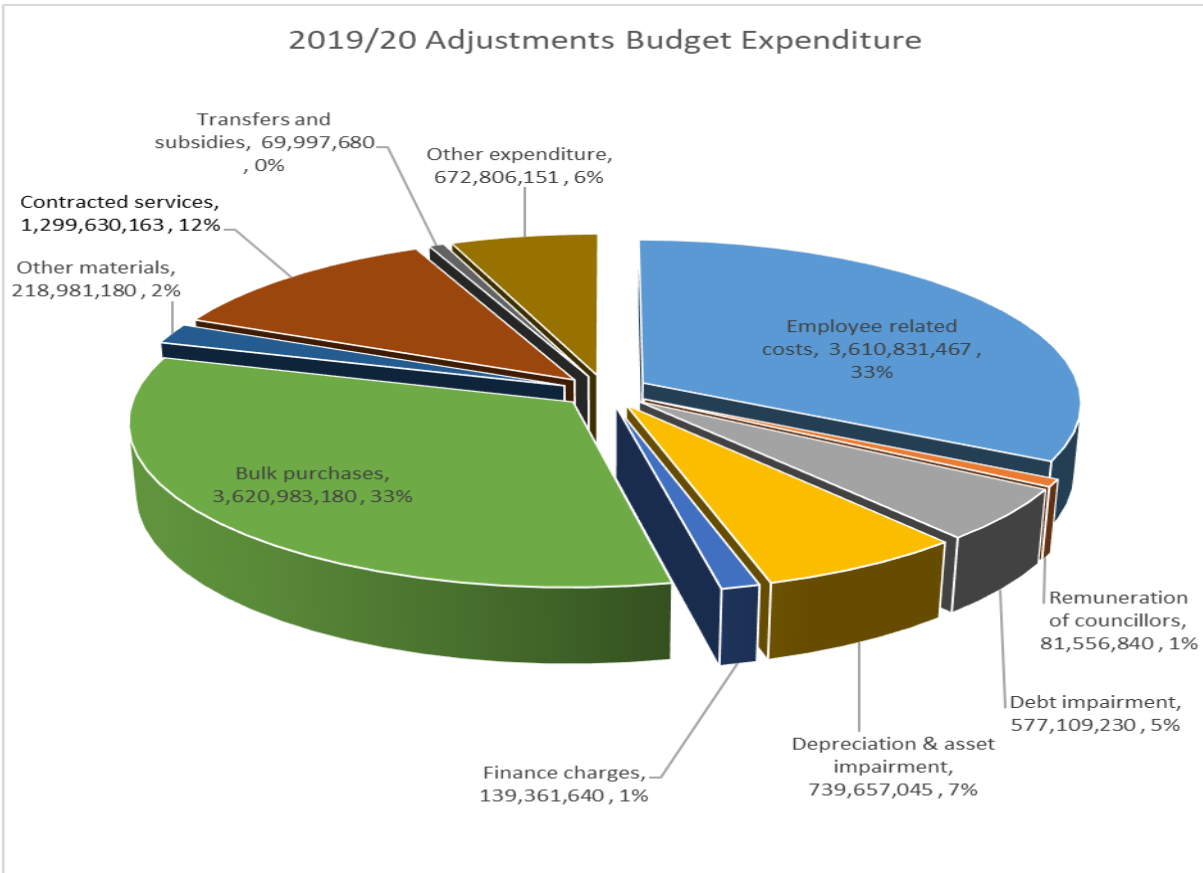
5.5 Finance Charges

Finance charges decreased by R33.999 million, as the external borrowing has not yet been taken up, in view of the loan agreement still in the process of being concluded.

5.6 Graphical representation of Operating Revenue, Operating Expenditure and Capital funding

The following graphs illustrate how the operating revenue, operating expenditure and capital funding is allocated over the various categories.





The capital graph below illustrates how the adjusted capital budget is funded.

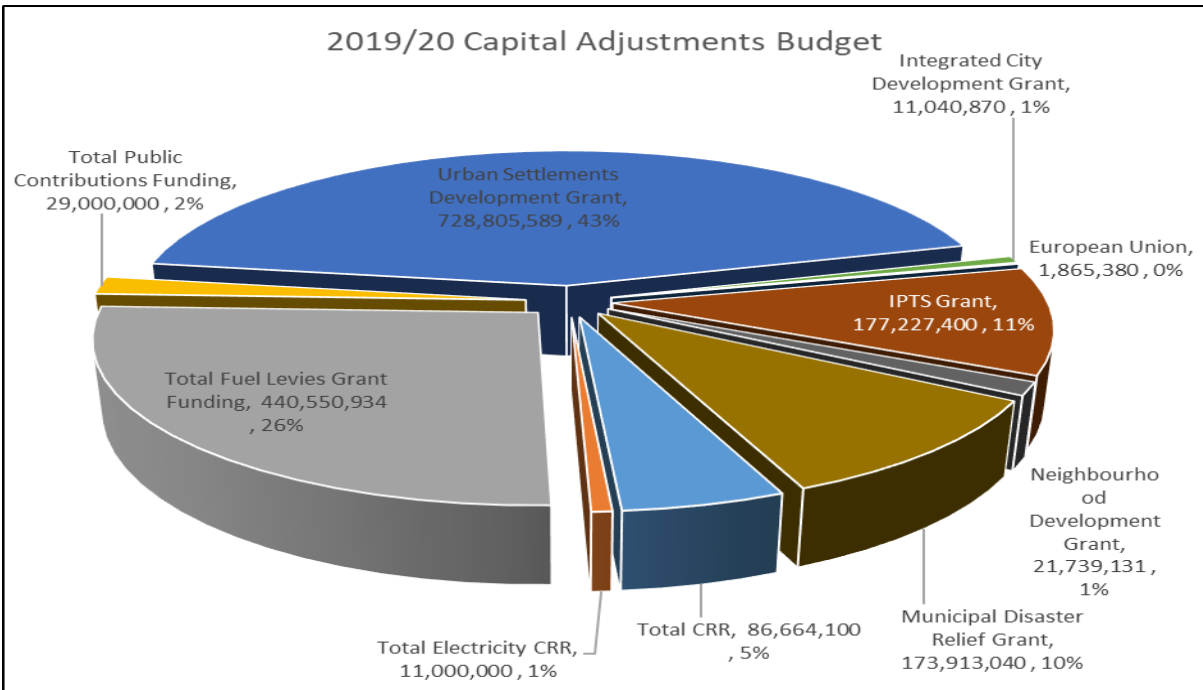


Table B5 - Consolidated Adjustment Capital Expenditure Budget by vote, standard classification and funding source

Description	Budget Year 2019/20									Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
Capital expenditure - Vote											
Multi-year expenditure to be adjusted											
Vote 1 - Budget & Treasury	27,839	-	-	-	-	-	(17,321)	(17,321)	10,517	6,500	3,000
Vote 2 - Public Health	26,300	-	-	-	-	-	(1,025)	(1,025)	25,275	38,400	42,500
Vote 3 - Human Settlements	200,629	-	-	-	-	-	(93,947)	(93,947)	106,681	226,155	247,900
Vote 4 - Economic Development, Tourism & Agriculture	81,520	-	-	-	-	-	16,295	16,295	97,816	64,185	69,528
Vote 5 - Corporate Services	29,950	-	-	-	-	-	(2,895)	(2,895)	27,055	27,400	35,500
Vote 6 - Infrastructure & Engineering Unit - Rate & General	457,468	-	-	-	-	-	(48,156)	(48,156)	409,312	464,348	454,599
Vote 7 - Metro Water Service	311,000	-	-	-	-	-	54,393	54,393	365,393	310,050	269,100
Vote 8 - Sanitation - Metro	302,050	-	-	-	-	-	(139,700)	(139,700)	162,350	315,500	244,500
Vote 9 - Electricity & Energy	215,346	-	-	-	-	-	(74,770)	(74,770)	140,576	160,169	135,075
Vote 10 - Executive & Council	11,041	-	-	-	-	-	(11,041)	(11,041)	-	16,097	17,851
Vote 11 - Safety & Security	22,950	-	-	-	-	-	(17,450)	(17,450)	5,500	10,500	14,000
Vote 12 - Mandela Bay Stadium	5,000	-	-	-	-	-	(5,000)	(5,000)	-	5,000	5,000
Vote 13 - Special Projects and Programmes	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Recreational & Cultural Services	38,600	-	-	-	-	-	(9,780)	(9,780)	28,820	48,700	35,200
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	1,729,692	-	-	-	-	-	(350,397)	(350,397)	1,379,296	1,693,004	1,573,754
Single-year expenditure to be adjusted											
Vote 1 - Budget & Treasury	4,750	-	-	-	-	-	1,321	1,321	6,071	3,500	5,500
Vote 2 - Public Health	34,901	-	-	-	-	-	8,766	8,766	43,667	25,000	20,000
Vote 3 - Human Settlements	-	-	-	-	-	-	93,947	93,947	93,947	-	-
Vote 4 - Economic Development, Tourism & Agriculture	3,000	-	-	-	-	-	8,640	8,640	11,640	750	4,800
Vote 5 - Corporate Services	4,635	-	-	-	-	-	2,895	2,895	7,530	5,500	1,900
Vote 6 - Infrastructure & Engineering Unit - Rate & General	24,600	-	-	-	-	-	46,156	46,156	70,756	22,000	22,000
Vote 7 - Metro Water Service	6,500	-	-	-	-	-	17,520	17,520	24,020	-	4,000
Vote 8 - Sanitation - Metro	4,500	-	-	-	-	-	6,700	6,700	11,200	4,000	10,000
Vote 9 - Electricity & Energy	8,050	-	-	-	-	-	(3,200)	(3,200)	4,850	-	-
Vote 10 - Executive & Council	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Safety & Security	6,450	-	-	-	-	-	12,950	12,950	19,400	3,300	25,000
Vote 12 - Mandela Bay Stadium	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Special Projects and Programmes	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Recreational & Cultural Services	5,550	-	-	-	-	-	3,880	3,880	9,430	19,470	12,000
Capital single-year expenditure sub-total	102,936	-	-	-	-	-	199,575	199,575	302,511	83,520	105,200
Total Capital Expenditure - Vote	1,832,628	-	-	-	-	-	(150,822)	(150,822)	1,681,806	1,776,524	1,678,954
Capital Expenditure - Functional											
Governance and administration	132,537	-	-	-	-	-	(15,432)	(15,432)	117,105	108,368	151,649
Executive and council							-	-	-		
Finance and administration	132,537						(15,432)	(15,432)	117,105	108,368	151,649
Internal audit							-	-	-		

Description	Budget Year 2019/20									Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Community and public safety	107,751	-	-	-	-	-	93,729	93,729	201,480	121,100	113,000
Community and social services	56,250						(6,590)	(6,590)	49,660	60,900	53,700
Sport and recreation	36,501						13,513	13,513	50,014	42,700	36,200
Public safety	10,400						(3,341)	(3,341)	7,059	15,900	21,500
Housing							93,947	93,947	93,947		
Health	4,600						(3,800)	(3,800)	800	1,600	1,600
Economic and environmental services	605,515	-	-	-	-	-	(31,387)	(31,387)	574,128	597,935	570,580
Planning and development	58,433						24,418	24,418	82,851	38,098	39,094
Road transport	546,082						(55,805)	(55,805)	490,277	558,837	530,486
Environmental protection	1,000						-	-	1,000	1,000	1,000
Trading services	986,825	-	-	-	-	-	(197,731)	(197,731)	789,094	949,121	843,725
Energy sources	215,696						(71,970)	(71,970)	143,726	158,669	133,575
Water management	341,173						60,438	60,438	401,610	337,306	292,700
Waste water management	414,757						(186,199)	(186,199)	228,557	437,946	402,250
Waste management	15,200						-	-	15,200	15,200	15,200
Other											
Total Capital Expenditure - Functional	1,832,628	-	-	-	-	-	(150,822)	(150,822)	1,681,806	1,776,524	1,678,954
Funded by:											
National Government	983,161						129,565	129,565	1,112,726	1,020,533	1,081,910
Provincial Government									-	-	
District Municipality									-	-	
Other transfers and grants	105,669						21,554	21,554	127,223	76,907	78,756
Transfers recognised - capital	1,088,830	-	-	-	-	-	151,119	151,119	1,239,949	1,097,440	1,160,666
Borrowing	286,370						(286,370)	(286,370)		235,943	80,000
Internally generated funds	457,429						(15,571)	(15,571)	441,857	443,141	438,288
Total Capital Funding	1,832,628	-	-	-	-	-	(150,822)	(150,822)	1,681,806	1,776,524	1,678,954

Explanatory notes to Table B5 – Adjustments Capital Expenditure Budget by vote, standard classification and funding source

1. Table B5 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.
2. The Adjustments budgeted capital expenditure was arrived at, taking into account budget adjustments and unspent funds as at the end of the 2018/19 financial year.
3. The decrease in the capital grant funding is mainly attributable to the following:
 - a. The portion of the Fuel Levy that was allocated to the Original Capital Budget was reduced by R9.500,000 from R380,000,000 to R370,500,000. The funds were moved to fund operating expenditure and to provide a further allocation of R7 million to the Mandela Bay Development Agency for the Nelson Mandela Bay Stadium.
 - b. The National Treasury approved a roll-over of the Disaster Recovery Grant in the amount of R200 million, that has now been incorporated into the 2019/20 Capital Adjustments Budget.

- c. The Capital Budget was reduced by R286.37 million as External Borrowing will not be taken up in the 2019/20 financial year, due to the final loan agreement with the financial institution not yet being concluded.
- d. The increase in internal funding is mainly attributable to the planned spending of funds, which remained unspent at the end of the 2018/19 financial year.
- e. USDG funding in the amount of R46 million (VAT incl.) was transferred from the capital budget to the operating budget for funding Hygiene Services – Hiring of Toilets

Table B6 - Consolidated Adjustments Budget Financial Position

Description	Budget Year 2019/20									Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
ASSETS											
Current assets											
Cash	200,200						(200)	(200)	200,000	200,200	200,200
Call investment deposits	2,316,793	-	-	-	-	-	558,934	558,934	2,875,727	3,019,500	3,118,367
Consumer debtors	2,293,087	-	-	-	-	-	(71,142)	(71,142)	2,221,945	2,517,489	2,899,727
Other debtors	423,859						2,000	2,000	425,859	439,722	451,457
Current portion of long-term receivables	-							-	-		
Inventory	198,054						(58,399)	(58,399)	139,656	146,639	153,970
Total current assets	5,431,993	-	-	-	-	-	431,193	431,193	5,863,187	6,323,550	6,823,722
Non current assets											
Long-term receivables	81,482						13,177	13,177	94,659	100,556	105,833
Investments								-	-		
Investment property	223,638						253	253	223,892	217,128	211,239
Investment in Associate								-	-		
Property, plant and equipment	19,258,102	-	-	-	-	-	(743,878)	(743,878)	18,514,224	19,687,422	20,664,099
Biological								-	-		
Intangible	420,165						(97,768)	(97,768)	322,397	294,402	312,107
Other non-current assets								-	-		
Total non current assets	19,983,387	-	-	-	-	-	(828,215)	(828,215)	19,155,171	20,299,508	21,293,278
TOTAL ASSETS	25,415,380	-	-	-	-	-	(397,022)	(397,022)	25,018,358	26,623,058	28,116,999
LIABILITIES											
Current liabilities											
Bank overdraft								-	-		
Borrowing	99,143	-	-	-	-	-	-	-	99,143	111,313	124,281
Consumer deposits	166,137						(8,007)	(8,007)	158,129	171,137	176,137
Trade and other payables	2,707,820	-	-	-	-	-	(22,000)	(22,000)	2,685,820	2,829,757	2,983,825
Provisions	261,575						(35,176)	(35,176)	226,399	256,539	282,073
Total current liabilities	3,234,674	-	-	-	-	-	(65,183)	(65,183)	3,169,491	3,368,746	3,566,315
Non current liabilities											
Borrowing	1,360,541	-	-	-	-	-	(341,068)	(341,068)	1,019,472	1,411,292	1,309,663
Provisions	2,931,739	-	-	-	-	-	(83,676)	(83,676)	2,848,063	3,173,960	3,420,413
Total non current liabilities	4,292,279	-	-	-	-	-	(424,744)	(424,744)	3,867,535	4,585,252	4,730,075
TOTAL LIABILITIES	7,526,954	-	-	-	-	-	(489,927)	(489,927)	7,037,027	7,953,998	8,296,390

Description	Budget Year 2019/20									Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
NET ASSETS	17,888,426	-	-	-	-	-	92,905	92,905	17,981,332	18,669,060	19,820,609
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)	17,056,595	-	-	-	-	-	202,637	202,637	17,259,232	17,725,505	18,662,441
Reserves	831,831	-	-	-	-	-	(109,732)	(109,732)	722,099	943,555	1,158,169
TOTAL COMMUNITY WEALTH/EQUITY	17,888,426	-	-	-	-	-	92,905	92,905	17,981,332	18,669,060	19,820,609

Explanatory notes to Table B6 – Adjustments Budget Financial Position

- The table presents Assets Less Liabilities as Community Wealth. The order of items within each group is also aligned to the requirement 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.
- Any movement on the Adjustments Budgeted Financial Performance or the Capital Adjustments Budget will invariably impact on the Adjustments 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.
- The cash flow position requires close and ongoing monitoring.

Table B7 - Consolidated Adjustments Budgeted Cash Flow Statement

Description	Budget Year 2019/20									Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		3	4	5	6	7	8	9	10		
R thousands	A	A1	B	C	D	E	F	G	H		
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates	2,212,298						235	235	2,212,533	2,351,855	2,541,105
Service charges	5,635,930						66,388	66,388	5,702,318	6,265,506	6,936,328
Other revenue	270,107						1,235	1,235	271,342	278,978	298,679
Government - operating	1,990,061						48,462	48,462	2,038,523	2,081,750	2,265,538
Government - capital	1,140,095						(37,000)	(37,000)	1,103,095	1,147,991	1,216,154
Interest	113,116						47,878	47,878	160,994	118,942	128,335
Dividends	-							-	-		
Payments											
Suppliers and employees	(9,408,449)						(113,091)	(113,091)	(9,521,540)	(10,156,030)	(11,107,406)
Finance charges	(173,361)						33,999	33,999	(139,362)	(200,796)	(222,901)

Description	Budget Year 2019/20									Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Transfers and Grants	(77,666)						(17,706)	(17,706)	(95,373)	(73,192)	(70,267)
NET CASH FROM/(USED) OPERATING ACTIVITIES	1,702,131	-	-	-	-	-	30,401	30,401	1,732,532	1,815,003	1,985,565
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									-	-	
Decrease (Increase) in non-current debtors									-	-	
Decrease (increase) other non-current receivables	(14,219)						1,042	1,042	(13,177)	(5,897)	(5,278)
Decrease (increase) in non-current investments									-	-	
Payments											
Capital assets	(1,886,287)						127,208	127,208	(1,759,079)	(1,741,656)	(1,785,588)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(1,900,506)	-	-	-	-	-	128,251	128,251	(1,772,256)	(1,747,554)	(1,790,866)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	
Borrowing long term/refinancing	286,370						(286,370)	(286,370)	-	235,943	80,000
Increase (decrease) in consumer deposits	16,916						(24,923)	(24,923)	(8,007)	5,000	5,000
Payments											
Repayment of borrowing	(192,982)						97,871	97,871	(95,111)	(185,191)	(181,629)
NET CASH FROM/(USED) FINANCING ACTIVITIES	110,304	-	-	-	-	-	(213,422)	(213,422)	(103,118)	55,752	(96,629)
NET INCREASE/ (DECREASE) IN CASH HELD	(88,071)	-	-	-	-	-	(54,771)	(54,771)	(142,842)	123,201	98,069
Cash/cash equivalents at the year begin:	2,605,064						613,506	613,506	3,218,570	3,075,727	3,198,928
Cash/cash equivalents at the year end:	2,516,993	-	-	-	-	-	558,734	558,734	3,075,727	3,198,928	3,296,997

Explanatory notes to Table B7 – Adjustments Budget 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 the cash out flows that is likely to result from the implementation of the Budget.
3. The cash position of the Municipality increased by R558.734 million from R2.517 billion in the original 2019/20 Budget, to R3.076 billion in the 2019/20 Adjustments Budget.
4. The Municipality will have to maintain its efforts of enforcing strict cash flow management and monitoring on an ongoing basis.

Table B8 – Consolidated Cash backed reserves/accumulated surplus reconciliation

Description	Budget Year 2019/20									Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		3	4	5	6	7	8	9	10		
R thousands	A	A1	B	C	D	E	F	G	H		
Cash and investments available											
Cash/cash equivalents at the year end	2,516,993	–	–	–	–	–	558,734	558,734	3,075,727	3,198,928	3,296,997
Other current investments > 90 days	0	–	–	–	–	–	(0)	(0)	–	20,772	21,570
Non-current assets - Investments	–	–	–	–	–	–	–	–	–	–	–
Cash and investments available:	2,516,993	–	–	–	–	–	558,734	558,734	3,075,727	3,219,700	3,318,567
Applications of cash and investments											
Unspent conditional transfers	270,761	–	–	–	–	–	–	–	270,761	272,694	290,363
Unspent borrowing									–	–	
Statutory requirements									–	–	
Other working capital requirements	(53,529)	–					19,029	19,029	(34,499)	(182,448)	(411,540)
Other provisions	707,033						29,599	29,599	736,632	791,484	851,544
Long term investments committed	–	–					–	–	–	–	–
Reserves to be backed by cash/investments	831,831	–					(109,732)	(109,732)	722,099	943,555	1,158,169
Total Application of cash and investments:	1,756,096	–	–	–	–	–	(61,104)	(61,104)	1,694,993	1,825,286	1,888,536
Surplus(shortfall)	760,897	–	–	–	–	–	619,838	619,838	1,380,735	1,394,414	1,430,031

Explanatory notes to Table B8 - 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 2019/20 Adjustments Budget, the end objective was to ensure that the budget is funded as required in accordance with section 18 of the MFMA.
4. It is to be noted that the 2019/20 Original Budget reflected a funding Surplus of R760.9 million, which has increased to R1.38 billion in the 2019/20 Adjustments Budget.
5. The Adjustments Budget funding position indicates that the Municipality must continue to exercise strict fiscal discipline to maintain and improve its funding position.

Table B9 – Consolidated Asset Management

Description	Budget Year 2019/20									Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	A	A1	B	C	D	E	F	G	H		
CAPITAL EXPENDITURE											
Total New Assets to be adjusted	966,108	–	–	–	–	–	(51,986)	(51,986)	914,121	940,553	821,404

Description	Budget Year 2019/20										Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	
Total Capital Expenditure to be adjusted	1,832,628	-	-	-	-	-	(150,822)	(150,822)	1,681,806	1,776,524	1,678,954	
<i>Roads Infrastructure</i>	432,961	-	-	-	-	-	(3,702)	(3,702)	429,260	445,391	530,236	
<i>Storm water Infrastructure</i>	65,835	-	-	-	-	-	(10,343)	(10,343)	55,492	73,707	92,900	
<i>Electrical Infrastructure</i>	198,403	-	-	-	-	-	(58,327)	(58,327)	140,076	142,226	128,575	
<i>Water Supply Infrastructure</i>	334,673	-	-	-	-	-	62,438	62,438	397,110	332,806	286,200	
<i>Sanitation Infrastructure</i>	337,272	-	-	-	-	-	(166,306)	(166,306)	170,965	353,989	297,600	
<i>Solid Waste Infrastructure</i>	9,500	-	-	-	-	-	5,700	5,700	15,200	9,500	9,500	
<i>Rail Infrastructure</i>	2,679	-	-	-	-	-	10,379	10,379	13,058	11,726	-	
<i>Coastal Infrastructure</i>	1,000	-	-	-	-	-	-	-	1,000	1,000	1,000	
<i>Information and Communication Infrastructure</i>	18,500	-	-	-	-	-	(1,500)	(1,500)	17,000	6,500	10,500	
<i>Infrastructure</i>	1,400,823	-	-	-	-	-	(161,661)	(161,661)	1,239,161	1,376,846	1,356,511	
<i>Community Facilities</i>	172,691	-	-	-	-	-	(72,363)	(72,363)	100,327	201,350	95,700	
<i>Sport and Recreation Facilities</i>	35,014	-	-	-	-	-	2,345	2,345	37,359	26,197	21,800	
<i>Community Assets</i>	207,705	-	-	-	-	-	(70,018)	(70,018)	137,687	227,547	117,500	
<i>Heritage Assets</i>	3,571	-	-	-	-	-	2,080	2,080	5,651	3,723	13,100	
<i>Revenue Generating</i>	-	-	-	-	-	-	-	-	-	-	-	
<i>Non-revenue Generating</i>	8,500	-	-	-	-	-	(2,600)	(2,600)	5,900	-	-	
<i>Investment properties</i>	8,500	-	-	-	-	-	(2,600)	(2,600)	5,900	-	-	
<i>Operational Buildings</i>	95,829	-	-	-	-	-	(29,485)	(29,485)	66,343	45,140	38,200	
<i>Housing</i>	-	-	-	-	-	-	352	352	352	-	-	
<i>Other Assets</i>	95,829	-	-	-	-	-	(29,133)	(29,133)	66,695	45,140	38,200	
<i>Biological or Cultivated Assets</i>	-	-	-	-	-	-	-	-	-	-	-	
<i>Servitudes</i>	-	-	-	-	-	-	-	-	-	-	-	
<i>Licences and Rights</i>	11,314	-	-	-	-	-	4,662	4,662	15,976	8,000	42,709	
<i>Intangible Assets</i>	11,314	-	-	-	-	-	4,662	4,662	15,976	8,000	42,709	
<i>Computer Equipment</i>	7,129	-	-	-	-	-	4,569	4,569	11,698	29,380	9,916	
<i>Furniture and Office Equipment</i>	2,653	-	-	-	-	-	4,145	4,145	6,798	2,356	3,807	
<i>Machinery and Equipment</i>	63,523	-	-	-	-	-	(31,159)	(31,159)	32,363	50,702	63,210	
<i>Transport Assets</i>	31,582	-	-	-	-	-	33,747	33,747	65,329	32,830	34,000	
<i>Land</i>	-	-	-	-	-	-	94,547	94,547	94,547	-	-	
<i>Zoo's, Marine and Non-biological Animals</i>	-	-	-	-	-	-	-	-	-	-	-	
TOTAL CAPITAL EXPENDITURE to be adjusted	1,832,628	-	-	-	-	-	(150,822)	(150,822)	1,681,806	1,776,524	1,678,954	
ASSET REGISTER SUMMARY - PPE (WDV)	19,901,905	-	-	-	-	-	(808,599)	(808,599)	19,093,306	20,198,953	21,187,445	
<i>Roads Infrastructure</i>	4,536,762	-	-	-	-	-	130,272	130,272	4,667,034	4,608,160	4,966,323	
<i>Storm water Infrastructure</i>	606,880	-	-	-	-	-	(40,983)	(40,983)	565,897	664,351	740,041	
<i>Electrical Infrastructure</i>	2,366,679	-	-	-	-	-	(78,938)	(78,938)	2,287,741	2,292,508	2,318,708	
<i>Water Supply Infrastructure</i>	3,474,544	-	-	-	-	-	(117,602)	(117,602)	3,356,942	3,604,808	3,808,814	
<i>Sanitation Infrastructure</i>	2,289,201	-	-	-	-	-	(258,351)	(258,351)	2,030,849	2,456,816	2,689,359	
<i>Solid Waste Infrastructure</i>	323,022	-	-	-	-	-	75,397	75,397	398,420	322,024	320,395	
<i>Rail Infrastructure</i>	4,914	-	-	-	-	-	10,379	10,379	15,293	16,640	16,640	
<i>Coastal Infrastructure</i>	4,000	-	-	-	-	-	52,919	52,919	56,919	5,000	6,000	
<i>Information and Communication Infrastructure</i>	20,500	-	-	-	-	-	655	655	21,155	27,000	37,500	
<i>Infrastructure</i>	13,626,501	-	-	-	-	-	(226,251)	(226,251)	13,400,249	13,997,306	14,903,781	
<i>Community Assets</i>	2,846,170	-	-	-	-	-	(292,453)	(292,453)	2,553,717	2,856,532	2,877,261	
<i>Heritage Assets</i>	237,426	-	-	-	-	-	(18,979)	(18,979)	218,447	222,170	235,270	

Description	Budget Year 2019/20									Budget Year 2020/21	Budget Year 2021/22	
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS to be adjusted	1,095,820	-	-	-	-	-	127,145	127,145	1,222,965	1,163,091	1,238,396	
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	47.3%	0.0%							45.6%	47.1%	51.1%	
<i>Renewal and upgrading of Existing Assets as % of deprecn"</i>	141.0%	0.0%							103.8%	128.3%	124.2%	
<i>R&M as a % of PPE</i>	2.4%	0.0%							2.5%	2.5%	2.6%	
<i>Renewal and upgrading and R&M as a % of PPE</i>	6.8%	0.0%							6.6%	6.7%	6.6%	

Explanatory notes to Table B9 - Asset Management

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

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

- National Treasury has suggested that municipalities should allocate at least 40% of their capital budget to the renewal/rehabilitation of existing assets, and allocations to repairs and maintenance should be 8% of Property, Plant and Equipment (PPE). In this regard, the expenditure relating to the renewal/rehabilitation of existing assets amounts to 45.6% of the Capital Adjustments Budget, whilst repairs and maintenance constitute 2.5% of PPE.

Table B10 –Consolidated Basic service delivery measurement

Description	Budget Year 2019/20									Budget Year 2020/21	Budget Year 2021/22	
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	
	A	A1	B	C	D	E	F	G	H			
Household service targets												
Water:												
Piped water inside dwelling	366108							-	366	369128	405849	
Piped water inside yard (but not in dwelling)	0							-	-	0	0	
Using public tap (at least min.service level)	40000							-	40	45000	47000	
Other water supply (at least min.service level)	0							-	-	-	-	
<i>Minimum Service Level and Above sub-total</i>	406	-	-	-	-	-	-	-	406	414	453	
Using public tap (< min.service level)								-	-			
Other water supply (< min.service level)								-	-			
No water supply								-	-			
<i>Below Minimum Servic Level sub-total</i>	-	-	-	-	-	-	-	-	-	-	-	
Total number of households	406	-	-	-	-	-	-	-	406	414	453	
Sanitation/sewerage:												
Flush toilet (connected to sewerage)	362306							-	362,306	365306	401836	
Flush toilet (with septic tank)	3802							-	3,802	3822	4013	
Chemical toilet	1700							-	1,700	2700	3700	
Pit toilet (ventilated)	167							-	167	167	167	

Description	Budget Year 2019/20										Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	
Other toilet provisions (> min.service level)	0							-	-	0	0	
<i>Minimum Service Level and Above sub-total</i>	367,975	-	-	-	-	-	-	-	367,975	371,995	409,716	
Bucket toilet	5000							-	5,000	4000	3000	
Other toilet provisions (< min.service level)								-	-			
No toilet provisions								-	-			
<i>Below Minimum Servic Level sub-total</i>	5,000	-	-	-	-	-	-	-	5,000	4,000	3,000	
Total number of households	372,975	-	-	-	-	-	-	-	372,975	375,995	412,716	
Energy:												
Electricity (at least min. service level)	22851.64							-	22,852	22394.6072	21946.71506	
Electricity - prepaid (> min.service level)	293650.86							-	293,651	299523.8772	305514.3547	
<i>Minimum Service Level and Above sub-total</i>	316,503	-	-	-	-	-	-	-	316,503	321,918	327,461	
Electricity (< min.service level)								-	-			
Electricity - prepaid (< min. service level)								-	-			
Other energy sources								-	-			
<i>Below Minimum Servic Level sub-total</i>	-	-	-	-	-	-	-	-	-	-	-	
Total number of households	316,503	-	-	-	-	-	-	-	316,503	321,918	327,461	
Refuse:												
Removed at least once a week (min.service)	245978							-	245,978	245978	245978	
<i>Minimum Service Level and Above sub-total</i>	245,978	-	-	-	-	-	-	-	245,978	245,978	245,978	
Removed less frequently than once a week	0							-	-	0	0	
Using communal refuse dump	12100							-	12,100	12100	12100	
Using own refuse dump	0							-	-	0	0	
Other rubbish disposal	6852							-	6,852	6852	6852	
No rubbish disposal	5731							-	5,731	5731	5731	
<i>Below Minimum Servic Level sub-total</i>	24,683	-	-	-	-	-	-	-	24,683	24,683	24,683	
Total number of households	270,661	-	-	-	-	-	-	-	270,661	270,661	270,661	
Households receiving Free Basic Service												
Water (6 kilolitres per household per month)	89	-	-	-	-	-	-	-	89	89	89	
Sanitation (free minimum level service)	90	-	-	-	-	-	-	-	90	90	90	
Electricity/other energy (50kwh per household per month)	73	-	-	-	-	-	-	-	73	73	73	
Refuse (removed at least once a week)	80	-	-	-	-	-	-	-	80	80	80	
Cost of Free Basic Services provided (R'000)												
Water (6 kilolitres per indigent household per month)	122,607	-	-	-	-	-	-	-	122,607	134,255	147,412	
Sanitation (free sanitation service to indigent households)	197,000	-	-	-	-	-	-	-	197,000	215,715	236,855	
Electricity/other energy (50kwh per indigent household per month)	41,954	-	-	-	-	-	-	-	41,954	44,778	47,795	
Refuse (removed once a week for indigent households)	124,514	-	-	-	-	-	-	-	124,514	135,720	148,613	
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)	-	-	-	-	-	-	-	-	-	-	-	
Total cost of FBS provided	486,075	-	-	-	-	-	-	-	486,075	530,467	580,675	
Highest level of free service provided												
Property rates (R'000 value threshold)								-	-			
Water (kilolitres per household per month)								-	-			

Description	Budget Year 2019/20										Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	
Sanitation (kilolitres per household per month)									-	-		
Sanitation (Rand per household per month)									-	-		
Electricity (kw per household per month)									-	-		
Refuse (average litres per week)									-	-		
Revenue cost of free services provided (R'000)												
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)									-	-		
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	119,022	-	-	-	-	-	-	-	119,022	128,228	138,406	
Water (in excess of 6 kilolitres per indigent household per month)	40,869	-	-	-	-	-	-	-	40,869	44,752	49,137	
Sanitation (in excess of free sanitation service to indigent households)	-	-	-	-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)	20,664	-	-	-	-	-	-	-	20,664	22,055	23,541	
Refuse (in excess of one removal a week for indigent households)	-	-	-	-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates									-	-		
Housing - top structure subsidies									-	-		
Other									-	-		
Total revenue cost of subsidised services provided	180,555	-	-	-	-	-	-	-	180,555	195,034	211,084	

Explanatory notes to Table B10 - Basic Service Delivery Measurement

- Table B10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services. The information provided in this table originates from the respective Directorates.

1.5 ADJUSTMENTS BUDGET TABLES – PARENT MUNICIPALITY (i.e. NMBM)

The ten main budget tables of the parent municipality (i.e. NMBM), as required in terms of the Municipal Budget and Reporting Regulations (MBRR), are included in this section. These tables set out the Municipality's 2019/20 Adjustments Budget to be approved by Council. The purpose and form of these tables is exactly the same as the consolidated tables that have already been discussed in the previous paragraph 1.4.

Table B1 – Budget Summary

Description	Budget Year 2019/20										Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	
R thousands	A	A1	B	C	D	E	F	G	H			
Financial Performance												
Property rates	2,353,508	-	-	-	-	-	250	250	2,353,758	2,488,735	2,689,000	
Service charges	5,994,582	-	-	-	-	-	71,051	71,051	6,065,633	6,629,636	7,339,501	
Investment revenue	110,792	-	-	-	-	-	48,702	48,702	159,494	117,442	126,835	
Transfers recognised - operational	2,020,650	-	-	-	-	-	57,349	57,349	2,078,000	2,127,511	2,313,372	

Description	Budget Year 2019/20									Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Other own revenue	772,858	-	-	-	-	-	(28,392)	(28,392)	744,466	811,488	855,956
Total Revenue (excluding capital transfers and contributions)	11,252,390	-	-	-	-	-	148,961	148,961	11,401,351	12,174,812	13,324,663
Employee costs	3,622,172	-	-	-	-	-	(52,076)	(52,076)	3,570,097	3,961,356	4,448,302
Remuneration of councillors	79,228	-	-	-	-	-	1,085	1,085	80,313	83,982	89,860
Depreciation & asset impairment	613,686	-	-	-	-	-	125,000	125,000	738,686	650,507	689,537
Finance charges	173,361	-	-	-	-	-	(33,999)	(33,999)	139,362	200,796	222,901
Materials and bulk purchases	3,772,536	-	-	-	-	-	67,415	67,415	3,839,950	4,119,893	4,495,899
Transfers and grants	177,062	-	-	-	-	-	(7,065)	(7,065)	169,998	179,204	180,680
Other expenditure	2,456,481	-	-	-	-	-	46,601	46,601	2,503,081	2,546,821	2,698,603
Total Expenditure	10,894,526	-	-	-	-	-	146,961	146,961	11,041,487	11,742,560	12,825,782
Surplus/(Deficit)	357,865	-	-	-	-	-	2,000	2,000	359,864	432,251	498,882
Transfers recognised - capital	983,161	-	-	-	-	-	129,565	129,565	1,112,726	1,020,533	1,081,910
Contributions recognised - capital & contributed assets	84,625	-	-	-	-	-	21,554	21,554	106,179	75,010	78,756
Surplus/(Deficit) after capital transfers & contributions	1,425,650	-	-	-	-	-	153,119	153,119	1,578,769	1,527,795	1,659,547
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	1,425,650	-	-	-	-	-	153,119	153,119	1,578,769	1,527,795	1,659,547
Capital expenditure & funds sources											
Capital expenditure	1,777,195	-	-	-	-	-	(178,239)	(178,239)	1,598,956	1,738,426	1,639,860
Transfers recognised - capital	1,067,785	-	-	-	-	-	151,119	151,119	1,218,905	1,095,544	1,160,666
Borrowing	286,370	-	-	-	-	-	(286,370)	(286,370)	-	235,943	80,000
Internally generated funds	423,040	-	-	-	-	-	(42,989)	(42,989)	380,051	406,940	399,194
Total sources of capital funds	1,777,195	-	-	-	-	-	(178,239)	(178,239)	1,598,956	1,738,426	1,639,860
Financial position											
Total current assets	5,413,200	-	-	-	-	-	437,640	437,640	5,850,840	6,320,950	6,821,122
Total non current assets	19,850,673	585,419	-	-	-	-	(695,862)	(695,862)	(110,443)	20,030,718	21,199,505
Total current liabilities	3,188,208	-	-	-	-	-	(36,183)	(36,183)	3,152,025	3,330,934	3,527,503
Total non current liabilities	4,292,279	-	-	-	-	-	(424,744)	(424,744)	3,867,535	4,299,258	4,504,201
Community wealth/Equity	17,783,385	-	-	-	-	-	155,185	155,185	17,938,571	18,721,476	19,988,923
Cash flows											
Net cash from (used) operating	1,647,454	-	-	-	-	-	26,534	26,534	1,673,989	1,783,429	1,939,071
Net cash from (used) investing	(1,845,073)	-	-	-	-	-	131,611	131,611	(1,713,462)	(1,709,456)	(1,751,773)
Net cash from (used) financing	110,304	-	-	-	-	-	(213,422)	(213,422)	(103,118)	55,752	(96,629)
Cash/cash equivalents at the year end	2,498,200	-	-	-	-	-	567,181	567,181	3,065,380	3,219,700	3,318,567
Cash backing/surplus reconciliation											
Cash and investments available	2,498,200	-	-	-	-	-	567,181	567,181	3,065,380	3,219,700	3,318,567
Application of cash and investments	1,713,675	-	-	-	-	-	(37,418)	(37,418)	1,676,256	1,794,029	1,856,575
Balance - surplus (shortfall)	784,525	-	-	-	-	-	604,599	604,599	1,389,124	1,425,671	1,461,992
Asset Management											
Asset register summary (WDV)	19,769,191	18,152,363	-	-	-	-	860,270	860,270	19,012,633	19,930,163	21,093,671
Depreciation & asset impairment	613,686	-	-	-	-	-	125,000	125,000	738,686	650,507	689,537
Renewal and Upgrading of Existing Assets	854,061	-	-	-	-	-	(104,864)	(104,864)	749,196	815,820	843,550

Description	Budget Year 2019/20									Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Repairs and Maintenance	481,279	-	-	-	-	-	2,029	2,029	483,308	511,694	547,934
Free services											
Cost of Free Basic Services provided	486,075	-	-	-	-	-	-	-	486,075	530,467	580,675
Revenue cost of free services provided	180,555	-	-	-	-	-	-	-	180,555	195,034	211,084
Households below minimum service level											
Water:	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	5	-	-	-	-	-	-	-	5	4	3
Energy:	-	-	-	-	-	-	-	-	-	-	-
Refuse:	25	-	-	-	-	-	-	-	25	25	25

Table B2 – Budget Financial Performance

Standard Description	Budget Year 2019/20									Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
Revenue - Functional											
Governance and administration	3,268,696	-	-	-	-	-	47,195	47,195	3,315,891	3,450,503	3,691,884
Executive and council	40	-	-	-	-	-	403	403	443	40	40
Finance and administration	3,268,654	-	-	-	-	-	46,791	46,791	3,315,445	3,450,461	3,691,842
Internal audit	2	-	-	-	-	-	-	-	2	2	2
Community and public safety	1,086,703	-	-	-	-	-	(26,059)	(26,059)	1,060,644	1,169,903	1,279,433
Community and social services	42,091	-	-	-	-	-	795	795	42,886	44,813	47,772
Sport and recreation	5,702	-	-	-	-	-	1,300	1,300	7,002	6,097	6,427
Public safety	677,650	-	-	-	-	-	(36,791)	(36,791)	640,859	725,516	801,044
Housing	358,835	-	-	-	-	-	5,929	5,929	364,764	390,887	421,427
Health	2,425	-	-	-	-	-	2,708	2,708	5,133	2,591	2,763
Economic and environmental services	589,540	-	-	-	-	-	4,343	4,343	593,884	616,248	653,628
Planning and development	163,142	-	-	-	-	-	(8,379)	(8,379)	154,762	165,220	177,600
Road transport	424,311	-	-	-	-	-	982	982	425,293	448,789	473,618
Environmental protection	2,088	-	-	-	-	-	11,741	11,741	13,828	2,239	2,409
Trading services	7,333,074	-	-	-	-	-	274,538	274,538	7,607,612	7,988,380	8,811,525
Energy sources	4,565,809	-	-	-	-	-	(196,122)	(196,122)	4,369,687	5,042,006	5,597,863
Water management	1,281,854	-	-	-	-	-	377,721	377,721	1,659,575	1,369,750	1,508,066
Waste water management	1,076,573	-	-	-	-	-	92,939	92,939	1,169,512	1,131,277	1,218,288
Waste management	408,838	-	-	-	-	-	-	-	408,838	445,348	487,308
Other	42,163	-	-	-	-	-	63	63	42,225	45,322	48,858
Total Revenue - Functional	12,320,176	-	-	-	-	-	300,080	300,080	12,620,256	13,270,355	14,485,329
Expenditure - Functional											
Governance and administration	2,305,857	-	-	-	-	-	(12,563)	(12,563)	2,293,294	2,480,787	2,783,576
Executive and council	268,905	-	-	-	-	-	(15,452)	(15,452)	253,454	286,995	307,244
Finance and administration	1,972,533	-	-	-	-	-	1,938	1,938	1,974,471	2,125,353	2,403,602
Internal audit	64,419	-	-	-	-	-	951	951	65,370	68,439	72,729

Standard Description	Budget Year 2019/20									Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Community and public safety	1,707,947	-	-	-	-	-	753	753	1,708,701	1,814,175	1,946,746
Community and social services	322,255	-	-	-	-	-	(720)	(720)	321,535	350,583	382,031
Sport and recreation	415,290	-	-	-	-	-	67,252	67,252	482,542	439,781	473,334
Public safety	690,890	-	-	-	-	-	(46,814)	(46,814)	644,076	728,644	774,103
Housing	181,036	-	-	-	-	-	(15,062)	(15,062)	165,974	192,546	206,273
Health	98,476	-	-	-	-	-	(3,902)	(3,902)	94,574	102,621	111,005
Economic and environmental services	792,842	-	-	-	-	-	80,922	80,922	873,763	863,021	900,958
Planning and development	361,948	-	-	-	-	-	8,581	8,581	370,529	377,476	395,722
Road transport	382,590	-	-	-	-	-	73,088	73,088	455,677	432,767	447,801
Environmental protection	48,303	-	-	-	-	-	(747)	(747)	47,557	52,779	57,436
Trading services	6,035,897	-	-	-	-	-	62,003	62,003	6,097,899	6,528,097	7,133,099
Energy sources	4,300,189	-	-	-	-	-	26,107	26,107	4,326,296	4,695,459	5,132,488
Water management	822,112	-	-	-	-	-	(3,488)	(3,488)	818,624	897,215	975,317
Waste water management	554,406	-	-	-	-	-	37,796	37,796	592,202	552,984	613,523
Waste management	359,190	-	-	-	-	-	1,588	1,588	360,777	382,440	411,772
Other	51,983	-	-	-	-	-	15,846	15,846	67,829	56,480	61,403
Total Expenditure - Functional	10,894,526	-	-	-	-	-	146,961	146,961	11,041,487	11,742,560	12,825,782
Surplus/ (Deficit) for the year	1,425,650	-	-	-	-	-	153,119	153,119	1,578,769	1,527,795	1,659,547

Table B3 – Budget Financial Performance by Vote

Vote Description	Budget Year 2019/20									Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
Revenue by Vote											
Vote 1 - Budget & Treasury	3,158,640	-	-	-	-	-	44,189	44,189	3,202,829	3,335,584	3,571,313
Vote 2 - Public Health	446,464	-	-	-	-	-	14,449	14,449	460,913	485,343	528,604
Vote 3 - Human Settlements	387,697	-	-	-	-	-	5,929	5,929	393,626	421,425	453,743
Vote 4 - Economic Development, Tourism & Agriculture	147,969	-	-	-	-	-	2,724	2,724	150,693	154,608	166,038
Vote 5 - Corporate Services	20,422	-	-	-	-	-	2,998	2,998	23,419	21,930	23,585
Vote 6 - Infrastructure & Engineering Unit - Rate & General	426,927	-	-	-	-	-	982	982	427,909	451,558	476,551
Vote 7 - Metro Water Service	1,281,914	-	-	-	-	-	377,721	377,721	1,659,636	1,369,818	1,508,142
Vote 8 - Sanitation - Metro	1,076,578	-	-	-	-	-	92,934	92,934	1,169,512	1,131,282	1,218,294
Vote 9 - Electricity & Energy	4,565,809	-	-	-	-	-	(196,122)	(196,122)	4,369,687	5,042,006	5,597,863
Vote 10 - Executive & Council	25,231	-	-	-	-	-	(10,722)	(10,722)	14,509	21,701	23,845
Vote 11 - Safety & Security	698,093	-	-	-	-	-	(36,791)	(36,791)	661,302	747,491	824,734
Vote 12 - Mandela Bay Stadium	47,779	-	-	-	-	-	-	-	47,779	50,215	52,576
Vote 13 - Special Projects and Programmes	13,958	-	-	-	-	-	-	-	13,958	13,423	14,812
Vote 14 - Recreational & Cultural Services	22,694	-	-	-	-	-	1,789	1,789	24,483	23,971	25,230
Total Revenue by Vote	12,320,176	-	-	-	-	-	300,080	300,080	12,620,256	13,270,355	14,485,329
Expenditure by Vote											
Vote 1 - Budget & Treasury	929,117	-	-	-	-	-	(71,216)	(71,216)	857,901	1,000,774	1,189,871
Vote 2 - Public Health	680,772	-	-	-	-	-	1,987	1,987	682,759	727,339	786,917

Vote Description	Budget Year 2019/20									Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Vote 3 - Human Settlements	268,058	-	-	-	-	-	(17,475)	(17,475)	250,583	287,172	305,009
Vote 4 - Economic Development, Tourism & Agriculture	199,371	-	-	-	-	-	7,150	7,150	206,521	210,779	217,163
Vote 5 - Corporate Services	443,227	-	-	-	-	-	6,145	6,145	449,372	479,045	517,218
Vote 6 - Infrastructure & Engineering Unit - Rate & General	869,956	-	-	-	-	-	132,328	132,328	1,002,283	954,227	1,006,232
Vote 7 - Metro Water Service	841,527	-	-	-	-	-	(3,748)	(3,748)	837,779	918,199	998,032
Vote 8 - Sanitation - Metro	522,898	-	-	-	-	-	41,061	41,061	563,959	519,909	578,767
Vote 9 - Electricity & Energy	4,296,071	-	-	-	-	-	26,446	26,446	4,322,517	4,690,962	5,127,630
Vote 10 - Executive & Council	326,596	-	-	-	-	-	(632)	(632)	325,964	338,734	362,121
Vote 11 - Safety & Security	1,028,377	-	-	-	-	-	(36,791)	(36,791)	991,586	1,096,795	1,179,080
Vote 12 - Mandela Bay Stadium	47,779	-	-	-	-	-	61,866	61,866	109,645	50,215	52,576
Vote 13 - Special Projects and Programmes	12,572	-	-	-	-	-	-	-	12,572	13,056	13,856
Vote 14 - Recreational & Cultural Services	428,205	-	-	-	-	-	(160)	(160)	428,046	455,355	491,308
Total Expenditure by Vote	10,894,526	-	-	-	-	-	146,961	146,961	11,041,487	11,742,560	12,825,782
Surplus/ (Deficit) for the year	1,425,650	-	-	-	-	-	153,119	153,119	1,578,769	1,527,795	1,659,547

Table B4 – Budget Financial Performance Revenue and Expenditure

Description	Budget Year 2019/20									Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
Revenue By Source											
Property rates	2,353,508	-	-	-	-	-	250	250	2,353,758	2,488,735	2,689,000
Service charges - electricity revenue	4,379,448	-	-	-	-	-	(212,084)	(212,084)	4,167,364	4,862,289	5,399,755
Service charges - water revenue	815,772	-	-	-	-	-	180,669	180,669	996,442	893,270	980,811
Service charges - sanitation revenue	554,361	-	-	-	-	-	102,466	102,466	656,826	607,025	666,514
Service charges - refuse revenue	245,001	-	-	-	-	-	-	-	245,001	267,051	292,420
Rental of facilities and equipment	36,497	-	-	-	-	-	-	-	36,497	38,931	41,395
Interest earned - external investments	110,792	-	-	-	-	-	48,702	48,702	159,494	117,442	126,835
Interest earned - outstanding debtors	291,720	-	-	-	-	-	-	-	291,720	317,087	345,902
Dividends received	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	253,517	-	-	-	-	-	(37,227)	(37,227)	216,290	252,629	252,489
Licences and permits	21,354	-	-	-	-	-	-	-	21,354	22,955	24,745
Agency services	3,095	-	-	-	-	-	-	-	3,095	3,327	3,586
Transfers and subsidies	2,020,650	-	-	-	-	-	57,349	57,349	2,078,000	2,127,511	2,313,372
Other revenue	166,175	-	-	-	-	-	8,835	8,835	175,011	176,050	187,319
Gains on disposal of PPE	500	-	-	-	-	-	-	-	500	510	520
Total Revenue (excluding capital transfers and contributions)	11,252,390	-	-	-	-	-	148,961	148,961	11,401,351	12,174,812	13,324,663
Expenditure By Type											
Employee related costs	3,622,172	-	-	-	-	-	(52,076)	(52,076)	3,570,097	3,961,356	4,448,302
Remuneration of councillors	79,228	-	-	-	-	-	1,085	1,085	80,313	83,982	89,860
Debt impairment	608,878	-	-	-	-	-	(31,769)	(31,769)	577,109	600,078	634,891
Depreciation & asset impairment	613,686	-	-	-	-	-	125,000	125,000	738,686	650,507	689,537

Description	Budget Year 2019/20									Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Vote 14 - Recreational & Cultural Services	38,600	-	-	-	-	-	(9,780)	(9,780)	28,820	48,700	35,200
Capital multi-year expenditure sub-total	1,674,259	-	-	-	-	-	(377,814)	(377,814)	1,296,445	1,654,906	1,534,660
Single-year expenditure to be adjusted											
Vote 1 - Budget & Treasury	4,750	-	-	-	-	-	1,321	1,321	6,071	3,500	5,500
Vote 2 - Public Health	34,901	-	-	-	-	-	8,766	8,766	43,667	25,000	20,000
Vote 3 - Human Settlements	-	-	-	-	-	-	93,947	93,947	93,947	-	-
Vote 4 - Economic Development, Tourism & Agriculture	3,000	-	-	-	-	-	8,640	8,640	11,640	750	4,800
Vote 5 - Corporate Services	4,635	-	-	-	-	-	2,895	2,895	7,530	5,500	1,900
Vote 6 - Infrastructure & Engineering Unit - Rate & General	24,600	-	-	-	-	-	46,156	46,156	70,756	22,000	22,000
Vote 7 - Metro Water Service	6,500	-	-	-	-	-	17,520	17,520	24,020	-	4,000
Vote 8 - Sanitation - Metro	4,500	-	-	-	-	-	6,700	6,700	11,200	4,000	10,000
Vote 9 - Electricity & Energy	8,050	-	-	-	-	-	(3,200)	(3,200)	4,850	-	-
Vote 10 - Executive & Council	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Safety & Security	6,450	-	-	-	-	-	12,950	12,950	19,400	3,300	25,000
Vote 12 - Mandela Bay Stadium	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Special Projects and Programmes	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Recreational & Cultural Services	5,550	-	-	-	-	-	3,880	3,880	9,430	19,470	12,000
Capital single-year expenditure sub-total	102,936	-	-	-	-	-	199,575	199,575	302,511	83,520	105,200
Total Capital Expenditure - Vote	1,777,195	-	-	-	-	-	(178,239)	(178,239)	1,598,956	1,738,426	1,639,860
Capital Expenditure - Functional											
Governance and administration	132,537	-	-	-	-	-	(15,432)	(15,432)	117,105	108,368	151,649
Executive and council							-	-	-		
Finance and administration	132,537						(15,432)	(15,432)	117,105	108,368	151,649
Internal audit							-	-	-		
Community and public safety	107,751	-	-	-	-	-	93,729	93,729	201,480	121,100	113,000
Community and social services	56,250						(6,590)	(6,590)	49,660	60,900	53,700
Sport and recreation	36,501						13,513	13,513	50,014	42,700	36,200
Public safety	10,400						(3,341)	(3,341)	7,059	15,900	21,500
Housing							93,947	93,947	93,947		
Health	4,600						(3,800)	(3,800)	800	1,600	1,600
Economic and environmental services	550,082	-	-	-	-	-	(58,805)	(58,805)	491,277	559,837	531,486
Planning and development	3,000						(3,000)	(3,000)	-	-	-
Road transport	546,082						(55,805)	(55,805)	490,277	558,837	530,486
Environmental protection	1,000						-	-	1,000	1,000	1,000
Trading services	986,825	-	-	-	-	-	(197,731)	(197,731)	789,094	949,121	843,725
Energy sources	215,696						(71,970)	(71,970)	143,726	158,669	133,575
Water management	341,173						60,438	60,438	401,610	337,306	292,700
Waste water management	414,757						(186,199)	(186,199)	228,557	437,946	402,250
Waste management	15,200						-	-	15,200	15,200	15,200
Other									-	-	
Total Capital Expenditure - Functional	1,777,195	-	-	-	-	-	(178,239)	(178,239)	1,598,956	1,738,426	1,639,860
Funded by:											
National Government	983,161						129,565	129,565	1,112,726	1,020,533	1,081,910
Provincial Government									-	-	

Description	Budget Year 2019/20									Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Total New Assets to be adjusted	923,134	-	-	-	-	-	(73,375)	(73,375)	849,759	922,606	796,310
Roads Infrastructure	285,668	-	-	-	-	-	(56,338)	(56,338)	229,330	307,737	279,936
Storm water Infrastructure	32,835	-	-	-	-	-	(16,080)	(16,080)	16,755	43,707	67,900
Electrical Infrastructure	59,826	-	-	-	-	-	(29,716)	(29,716)	30,111	57,326	66,425
Water Supply Infrastructure	157,673	-	-	-	-	-	97,438	97,438	255,111	162,056	76,100
Sanitation Infrastructure	61,722	-	-	-	-	-	(45,606)	(45,606)	16,115	62,989	82,600
Solid Waste Infrastructure	5,000	-	-	-	-	-	(5,000)	(5,000)	-	5,000	5,000
Rail Infrastructure	-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	18,500	-	-	-	-	-	(3,500)	(3,500)	15,000	6,500	10,500
Infrastructure	621,223	-	-	-	-	-	(58,801)	(58,801)	562,422	645,315	588,461
Community Facilities	116,361	-	-	-	-	-	(88,884)	(88,884)	27,477	133,200	42,200
Sport and Recreation Facilities	-	-	-	-	-	-	600	600	600	-	-
Community Assets	116,361	-	-	-	-	-	(88,284)	(88,284)	28,077	133,200	42,200
Operational Buildings	73,389	-	-	-	-	-	(28,924)	(28,924)	44,465	27,000	17,000
Housing	-	-	-	-	-	-	-	-	-	-	-
Other Assets	73,389	-	-	-	-	-	(28,924)	(28,924)	44,465	27,000	17,000
Licences and Rights	9,614	-	-	-	-	-	(3,143)	(3,143)	6,471	5,500	40,199
Intangible Assets	9,614	-	-	-	-	-	(3,143)	(3,143)	6,471	5,500	40,199
Computer Equipment	5,279	-	-	-	-	-	4,534	4,534	9,813	26,518	7,550
Furniture and Office Equipment	2,600	-	-	-	-	-	4,191	4,191	6,791	2,300	3,750
Machinery and Equipment	63,087	-	-	-	-	-	(31,228)	(31,228)	31,859	50,643	63,150
Transport Assets	31,582	-	-	-	-	-	33,733	33,733	65,315	32,130	34,000
Land	-	-	-	-	-	-	94,547	94,547	94,547	-	-
Total Renewal of Existing Assets to be adjusted	301,150	-	-	-	-	-	(124,407)	(124,407)	176,743	311,180	260,900
Roads Infrastructure	57,500	-	-	-	-	-	(1,400)	(1,400)	56,100	54,000	54,000
Storm water Infrastructure	5,750	-	-	-	-	-	4,400	4,400	10,150	7,500	9,500
Electrical Infrastructure	50,400	-	-	-	-	-	(38,900)	(38,900)	11,500	51,900	58,900
Water Supply Infrastructure	149,000	-	-	-	-	-	(58,500)	(58,500)	90,500	145,000	103,000
Sanitation Infrastructure	30,000	-	-	-	-	-	(24,900)	(24,900)	5,100	38,000	26,500
Infrastructure	292,650	-	-	-	-	-	(119,300)	(119,300)	173,350	296,400	251,900
Community Facilities	5,800	-	-	-	-	-	(3,800)	(3,800)	2,000	11,300	6,300
Community Assets	5,800	-	-	-	-	-	(3,800)	(3,800)	2,000	11,300	6,300
Operational Buildings	2,700	-	-	-	-	-	(1,307)	(1,307)	1,393	2,780	2,700
Other Assets	2,700	-	-	-	-	-	(1,307)	(1,307)	1,393	2,780	2,700
Machinery and Equipment	-	-	-	-	-	-	-	-	-	700	-
Total Upgrading of Existing Assets to be adjusted	552,911	-	-	-	-	-	19,543	19,543	572,453	504,640	582,650
Roads Infrastructure	86,564	-	-	-	-	-	49,035	49,035	135,599	78,730	187,300
Storm water Infrastructure	27,250	-	-	-	-	-	1,337	1,337	28,587	22,500	15,500
Electrical Infrastructure	88,177	-	-	-	-	-	10,289	10,289	98,466	33,000	3,250
Water Supply Infrastructure	28,000	-	-	-	-	-	23,500	23,500	51,500	25,750	107,100
Sanitation Infrastructure	245,550	-	-	-	-	-	(95,800)	(95,800)	149,750	253,000	188,500
Solid Waste Infrastructure	4,500	-	-	-	-	-	10,700	10,700	15,200	4,500	4,500
Rail Infrastructure	-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	1,000	-	-	-	-	-	-	-	1,000	1,000	1,000

Description	Budget Year 2019/20									Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	2,000	2,000	2,000	-	-
Infrastructure	481,041	-	-	-	-	-	1,060	1,060	482,101	418,480	507,150
Community Facilities	39,850	-	-	-	-	-	19,442	19,442	59,292	48,000	41,200
Sport and Recreation Facilities	12,200	-	-	-	-	-	(1,325)	(1,325)	10,875	18,300	11,800
Community Assets	52,050	-	-	-	-	-	18,117	18,117	70,167	66,300	53,000
Heritage Assets	-	-	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-
Operational Buildings	16,940	-	-	-	-	-	745	745	17,685	15,360	18,500
Housing	-	-	-	-	-	-	-	-	-	-	-
Other Assets	16,940	-	-	-	-	-	745	745	17,685	15,360	18,500
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-	-	-
Licences and Rights	1,000	-	-	-	-	-	-	-	1,000	2,000	2,000
Intangible Assets	1,000	-	-	-	-	-	-	-	1,000	2,000	2,000
Computer Equipment	1,500	-	-	-	-	-	-	-	1,500	2,500	2,000
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-	-	-
Machinery and Equipment	380	-	-	-	-	-	(380)	(380)	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure to be adjusted	1,777,195	-	-	-	-	-	(178,239)	(178,239)	1,598,956	1,738,426	1,639,860
<i>Roads Infrastructure</i>	429,732	-	-	-	-	-	(8,702)	(8,702)	421,029	440,467	521,236
<i>Storm water Infrastructure</i>	65,835	-	-	-	-	-	(10,343)	(10,343)	55,492	73,707	92,900
<i>Electrical Infrastructure</i>	198,403	-	-	-	-	-	(58,327)	(58,327)	140,076	142,226	128,575
<i>Water Supply Infrastructure</i>	334,673	-	-	-	-	-	62,438	62,438	397,110	332,806	286,200
<i>Sanitation Infrastructure</i>	337,272	-	-	-	-	-	(166,306)	(166,306)	170,965	353,989	297,600
<i>Solid Waste Infrastructure</i>	9,500	-	-	-	-	-	5,700	5,700	15,200	9,500	9,500
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	1,000	-	-	-	-	-	-	-	1,000	1,000	1,000
<i>Information and Communication Infrastructure</i>	18,500	-	-	-	-	-	(1,500)	(1,500)	17,000	6,500	10,500
Infrastructure	1,394,914	-	-	-	-	-	(177,041)	(177,041)	1,217,873	1,360,195	1,347,511
Community Facilities	162,011	-	-	-	-	-	(73,243)	(73,243)	88,768	192,500	89,700
Sport and Recreation Facilities	12,200	-	-	-	-	-	(725)	(725)	11,475	18,300	11,800
Community Assets	174,211	-	-	-	-	-	(73,968)	(73,968)	100,243	210,800	101,500
Heritage Assets	-	-	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-
Operational Buildings	93,029	-	-	-	-	-	(29,485)	(29,485)	63,543	45,140	38,200
Housing	-	-	-	-	-	-	-	-	-	-	-
Other Assets	93,029	-	-	-	-	-	(29,485)	(29,485)	63,543	45,140	38,200
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-	-	-
Licences and Rights	10,614	-	-	-	-	-	(3,143)	(3,143)	7,471	7,500	42,199
Intangible Assets	10,614	-	-	-	-	-	(3,143)	(3,143)	7,471	7,500	42,199

Description	Budget Year 2019/20									Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Computer Equipment	6,779	-	-	-	-	-	4,534	4,534	11,313	29,018	9,550
Furniture and Office Equipment	2,600	-	-	-	-	-	4,191	4,191	6,791	2,300	3,750
Machinery and Equipment	63,467	-	-	-	-	-	(31,608)	(31,608)	31,859	51,343	63,150
Transport Assets	31,582	-	-	-	-	-	33,733	33,733	65,315	32,130	34,000
TOTAL CAPITAL EXPENDITURE to be adjusted	1,777,195	-	-	-	-	-	(178,239)	(178,239)	1,598,956	1,738,426	1,639,860
ASSET REGISTER SUMMARY - PPE (WDV)	19,769,191	18,152,363	-	-	-	-	860,270	860,270	19,012,633	19,930,163	21,093,671
<i>Roads Infrastructure</i>	4,511,477	4,428,409					218,171	218,171	4,646,580	4,986,744	5,276,276
<i>Storm water Infrastructure</i>	606,880	525,722					40,175	40,175	565,897	641,587	692,104
<i>Electrical Infrastructure</i>	2,366,679	2,253,261					59,479	59,479	2,312,741	2,338,941	2,456,748
<i>Water Supply Infrastructure</i>	3,474,544	3,057,985					323,958	323,958	3,381,942	3,585,948	3,847,468
<i>Sanitation Infrastructure</i>	2,289,201	1,942,784					113,066	113,066	2,055,849	2,288,393	2,567,765
<i>Solid Waste Infrastructure</i>	322,622	392,724					5,296	5,296	398,020	396,391	395,987
<i>Coastal Infrastructure</i>	4,000	55,919					1,000	1,000	56,919	57,919	58,919
<i>Information and Communication Infrastructure</i>	20,500	4,155					17,000	17,000	21,155	31,655	50,155
Infrastructure	13,595,902	12,660,958	-	-	-	-	778,144	778,144	13,439,102	14,327,577	15,345,421
Community Assets	2,788,043	2,568,340					(47,749)	(47,749)	2,520,590	2,525,318	2,613,402
Heritage Assets	229,450	216,706					-	-	216,706	216,706	216,706
Investment properties	308,167	216,826					(5,717)	(5,717)	211,109	205,220	199,978
Other Assets	728,658	670,650					32,480	32,480	703,130	706,912	768,877
Intangible Assets	417,801	368,593					(45,914)	(45,914)	322,680	338,964	296,194
Computer Equipment	82,688	56,223					(9,859)	(9,859)	46,364	32,125	17,731
Furniture and Office Equipment	20,718	40,746					(1,532)	(1,532)	39,213	33,125	27,402
Machinery and Equipment	221,649	20,483					27,171	27,171	47,654	105,537	164,316
Transport Assets	208,485	214,059					38,698	38,698	252,757	225,351	230,316
Land	1,167,629	1,118,781					94,547	94,547	1,213,328	1,213,328	1,213,328
Zoo's, Marine and Non-biological Animals									-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	19,769,191	18,152,363	-	-	-	-	860,270	860,270	19,012,633	19,930,163	21,093,671
EXPENDITURE OTHER ITEMS											
Depreciation & asset impairment	613,686	-	-	-	-	-	125,000	125,000	738,686	650,507	689,537
Repairs and Maintenance by asset class	481,279	-	-	-	-	-	2,029	2,029	483,308	511,694	547,934
<i>Roads Infrastructure</i>	39,846	-	-	-	-	-	(706)	(706)	39,141	41,413	43,031
<i>Storm water Infrastructure</i>	18,798	-	-	-	-	-	-	-	18,798	19,611	20,453
<i>Electrical Infrastructure</i>	39,599	-	-	-	-	-	2,763	2,763	42,362	42,774	45,635
<i>Water Supply Infrastructure</i>	147,379	-	-	-	-	-	(81,243)	(81,243)	66,135	157,255	167,658
<i>Sanitation Infrastructure</i>	71,041	-	-	-	-	-	(3,027)	(3,027)	68,014	76,544	82,073
<i>Rail Infrastructure</i>	3,433	-	-	-	-	-	(200)	(200)	3,233	3,442	3,451
<i>Information and Communication Infrastructure</i>	370	-	-	-	-	-	-	-	370	392	416
Infrastructure	320,466	-	-	-	-	-	(82,413)	(82,413)	238,052	341,430	362,716
Community Facilities	9,806	-	-	-	-	-	5,908	5,908	15,713	10,429	11,396
Sport and Recreation Facilities	7,327	-	-	-	-	-	476	476	7,803	8,079	8,762
Community Assets	17,133	-	-	-	-	-	6,384	6,384	23,517	18,508	20,158
Heritage Assets	1,291	-	-	-	-	-	(600)	(600)	691	1,363	1,440
Operational Buildings	31,635	-	-	-	-	-	(3,818)	(3,818)	27,816	33,092	39,261
Housing	2,014	-	-	-	-	-	5,920	5,920	7,934	2,155	2,306
Other Assets	33,648	-	-	-	-	-	2,102	2,102	35,750	35,247	41,567

Description	Budget Year 2019/20									Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	-	-
Licences and Rights	4,544	-	-	-	-	-	(15)	(15)	4,529	4,904	5,292
Intangible Assets	4,544	-	-	-	-	-	(15)	(15)	4,529	4,904	5,292
Computer Equipment	20,445	-	-	-	-	-	(13,079)	(13,079)	7,365	22,002	23,649
Furniture and Office Equipment	1,697	-	-	-	-	-	1,621	1,621	3,318	1,810	1,931
Machinery and Equipment	43,971	-	-	-	-	-	87,904	87,904	131,875	46,381	49,274
Transport Assets	38,085	-	-	-	-	-	126	126	38,210	40,049	41,906
TOTAL EXPENDITURE OTHER ITEMS to be adjusted	1,094,965	-	-	-	-	-	127,029	127,029	1,221,994	1,162,202	1,237,471
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	48.1%	0.0%							46.9%	46.9%	51.4%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	139.2%	0.0%							101.4%	125.4%	122.3%
<i>R&M as a % of PPE</i>	2.4%	0.0%							2.5%	2.6%	2.6%
<i>Renewal and upgrading and R&M as a % of PPE</i>	6.8%	0.0%							6.5%	6.7%	6.6%

Table B10 – Basic Service Delivery Measurement

Description R'000	Budget Year 2019/20									Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Household service targets											
Water:											
Piped water inside dwelling	366								366	369	405849
Piped water inside yard (but not in dwelling)									-	-	
Using public tap (at least min.service level)	40								40	45000	47000
Other water supply (at least min.service level)									-	-	-
<i>Minimum Service Level and Above sub-total</i>	406	-	-	-	-	-	-	-	406	414	453
Using public tap (< min.service level)									-	-	
Other water supply (< min.service level)									-	-	
No water supply									-	-	
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-	-	-
Total number of households	406	-	-	-	-	-	-	-	406	414	453
Sanitation/sewerage:											
Flush toilet (connected to sewerage)	362306								362,306	365306	401836
Flush toilet (with septic tank)	3802								3,802	3822	4013
Chemical toilet	1700								1,700	2700	3700
Pit toilet (ventilated)	167								167	167	167
Other toilet provisions (> min.service level)									-	-	
<i>Minimum Service Level and Above sub-total</i>	367,975	-	-	-	-	-	-	-	367,975	371,995	409,716
Bucket toilet	5000								5,000	4000	3000
Other toilet provisions (< min.service level)									-	-	
No toilet provisions									-	-	
<i>Below Minimum Service Level sub-total</i>	5,000	-	-	-	-	-	-	-	5,000	4,000	3,000
Total number of households	372,975	-	-	-	-	-	-	-	372,975	375,995	412,716
Energy:											
Electricity (at least min. service level)	22852								22,852	22395	21947
Electricity - prepaid (> min.service level)	293651								293,651	299524	305514
<i>Minimum Service Level and Above sub-total</i>	316,503	-	-	-	-	-	-	-	316,503	321,919	327,461
Electricity (< min.service level)									-	-	

Description R'000	Budget Year 2019/20									Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Electricity - prepaid (< min. service level)								-	-		
Other energy sources								-	-		
<i>Below Minimum Servic Level sub-total</i>	-	-	-	-	-	-	-	-	-	-	-
Total number of households	316,503	-	-	-	-	-	-	-	316,503	321,919	327,461
Refuse:											
Removed at least once a week (min.service)	245978							-	245,978	245978	245978
Minimum Service Level and Above sub-total	245,978	-	-	-	-	-	-	-	245,978	245,978	245,978
Removed less frequently than once a week								-	-		
Using communal refuse dump	12100							-	12,100	12100	12100
Using own refuse dump								-	-	0	0
Other rubbish disposal	6852							-	6,852	6852	6852
No rubbish disposal	5731							-	5,731	5731	5731
<i>Below Minimum Servic Level sub-total</i>	24,683	-	-	-	-	-	-	-	24,683	24,683	24,683
Total number of households	270,661	-	-	-	-	-	-	-	270,661	270,661	270,661
Households receiving Free Basic Service											
Water (6 kilolitres per household per month)	89	-	-	-	-	-	-	-	89	89	89
Sanitation (free minimum level service)	90	-	-	-	-	-	-	-	90	90	90
Electricity/other energy (50kwh per household per month)	73	-	-	-	-	-	-	-	73	73	73
Refuse (removed at least once a week)	80	-	-	-	-	-	-	-	80	80	80
Cost of Free Basic Services provided (R'000)											
Water (6 kilolitres per indigent household per month)	122,607	-	-	-	-	-	-	-	122,607	134,255	147,412
Sanitation (free sanitation service to indigent households)	197,000	-	-	-	-	-	-	-	197,000	215,715	236,855
Electricity/other energy (50kwh per indigent household per month)	41,954	-	-	-	-	-	-	-	41,954	44,778	47,795
Refuse (removed once a week for indigent households)	124,514	-	-	-	-	-	-	-	124,514	135,720	148,613
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)	-	-	-	-	-	-	-	-	-	-	-
Total cost of FBS provided	486,075	-	-	-	-	-	-	-	486,075	530,467	580,675
Highest level of free service provided											
Property rates (R'000 value threshold)	15000							-	15,000	15000	15000
Water (kilolitres per household per month)	8							-	8	8	8
Sanitation (kilolitres per household per month)	11							-	11	11	11
Sanitation (Rand per household per month)	116.1							-	116	127.1295	139.588191
Electricity (kw per household per month)	75							-	75	75	75
Refuse (average litres per week)	240							-	240	240	240
Revenue cost of free services provided (R'000)											
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)								-	-		
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	119,022	-	-	-	-	-	-	-	119,022	128,228	138,406
Water (in excess of 6 kilolitres per indigent household per month)	40,869	-	-	-	-	-	-	-	40,869	44,752	49,137
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates								-	-		
Housing - top structure subsidies								-	-		
Total revenue cost of subsidised services provided	180,555	-	-	-	-	-	-	-	180,555	195,034	211,084

PART 2 – SUPPORTING DOCUMENTATION

2.1 Adjustments to Budget Assumptions

All the budget assumptions including the Collection Rate of 94%, which informed the approved 2019/20 Budget, have been maintained.

2.2 Adjustments to Budget Funding

2.2.1 Funding the Adjustments Budget

2.2.1.1 Funding of Operating Expenditure

The Municipality's operating expenditure is mainly funded from sources such as property rates, service charges and government grants. The table below reflects the funding sources:

Description	Budget Year 2018/19		
	Original Budget	Adjusted Budget	Variance
<u>Revenue By Source</u>			
Property rates	2,353,508	2,353,758	250
Service charges - electricity revenue	4,379,448	4,167,364	(212,094)
Service charges - water revenue	815,772	996,442	180,669
Service charges - sanitation revenue	554,361	656,826	102,466
Service charges - refuse revenue	246,024	245,151	(873)
Rental of facilities and equipment	36,797	37,167	(370)
Interest earned - external investments	113,116	160,994	47,878
Interest earned - outstanding debtors	291,720	291,720	-
Fines, penalties and forfeits	253,517	216,290	(37,227)
Licences and permits	21,354	21,354	-
Agency services	3,095	3,095	-
Transfers and subsidies	2,030,336	2,087,685	57,349
Other revenue	166,175	175,884	9,708
Gains on disposal of PPE	500	500	0
Total Revenue (excluding capital transfers and contributions)	11,265,723	11,414,230	148,507

2.2.1.2 Reconciliation showing that operating and capital expenditure remain funded in accordance with section 18 of the MFMA

Description	Ref	MFMA section	Medium Term Revenue and Expenditure Framework	
			Original Budget	Adjusted Budget
R thousands				
<u>Funding measures</u>				
Cash/cash equivalents at the year end - R'000	1	18(1)b	2,516,993	3,075,727
Cash + investments at the yr end less applications - R'000	2	18(1)b	760,897	1,380,735
Cash year end/monthly employee/supplier payments	3	18(1)b	-	-
Surplus/(Deficit) excluding depreciation offsets: R'000	4	18(1)		

			1,482,407	1,623,265
Service charge rev % change - macro CPIX target exclusive	5	18(1)a,(2)	0.0%	0.0%
Cash receipts % of Ratepayer & Other revenue	6	18(1)a,(2)	89.0%	89.3%
Debt impairment expense as a % of total billable revenue	7	18(1)a,(2)	7.3%	6.8%
Capital payments % of capital expenditure	8	18(1)c;19	102.9%	104.6%
Borrowing receipts % of capital expenditure (excl. transfers)	9	18(1)c	38.5%	0.0%
Grants % of Govt. legislated/gazetted allocations	10	18(1)a	0.0%	0.0%
Current consumer debtors % change - incr(decr)	11	18(1)a	22.0%	18.2%
Long term receivables % change - incr(decr)	12	18(1)a	-9.7%	-4.6%
R&M % of Property Plant & Equipment	13	20(1)(vi)	2.4%	2.5%
Asset renewal % of capital budget	14	20(1)(vi)	17.1%	11.6%

The aforementioned table reflects the funding status of the Adjustments Budget.

2.2.1.3 Budget Performance Indicators

NMA Nelson Mandela Bay - Supporting Table SB4 Consolidated Adjustments to budgeted performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2016/17	2017/18	2018/19	Budget Year 2019/20		Budget Year 2020/21	Budget Year 2021/22
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
<u>Borrowing Management</u>								
Credit Rating	Short term/long term rating	A1.za	A1.za	Aaa.za	Aaa.za	Aaa.za		
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.8%	2.6%	2.2%	3.4%	2.1%	3.3%	3.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	3.1%	2.8%	2.6%	4.0%	2.5%	4.0%	3.7%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants	0.0%	0.0%	0.0%	38.5%	0.0%	53.2%	18.3%
<u>Safety of Capital</u>								
Gearing	Long Term Borrowing/ Funds & Reserves	9.2%	7.5%	6.3%	7.6%	5.7%	7.6%	6.6%
<u>Liquidity</u>								
Current Ratio	Current assets/current liabilities	1.70:1	1.73:1	1.99:1	1.67:1	1.85:1	1.88:1	1.91:1
Liquidity Ratio	Monetary Assets/Current Liabilities	0.73:1	0.92:1	1.13:1	0.78:1	0.98:1	0.96:1	0.93:1
<u>Revenue Management</u>								
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing	94.3%	93.1%	94.7%	88.7%	88.7%	94.5%	94.5%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	23.0%	23.3%	23.9%	24.8%	24.0%	25.1%	25.9%
<u>Creditors Management</u>								
Creditors to Cash and Investments		107.6%	91.9%	74.4%	76.5%	61.9%	63.0%	64.8%
<u>Other Indicators</u>								
Employee costs	Employee costs/(Total Revenue - capital revenue)	34.9%	29.5%	31.2%	32.5%	31.6%	32.9%	33.7%

Description of financial indicator	Basis of calculation	2016/17	2017/18	2018/19	Budget Year 2019/20		Budget Year 2020/21	Budget Year 2021/22
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	3.8%	3.6%	3.8%	4.3%	4.2%	4.2%	4.1%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	5.1%	4.4%	11.1%	7.0%	7.7%	7.0%	6.9%
IDP regulation financial viability indicators								
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	30.54	35.22	39.57	25.21	39.78	26.04	25.87
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	24.6%	24.7%	27.2%	20.4%	19.4%	20.7%	21.8%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.62	2.90	3.8	2.5	3.5	3.4	3.2

2.2.2 Adjustments to estimated collection levels

The 2019/20 Original Operating Budget was based on a debtors' collection rate of 94%. This debtors' collection rate has been maintained in the 2019/20 Adjustments Budget. The collection rate will be further assessed in the 2020/21 budget.

2.2.3 Adjustments to NMBM's monetary investments

Below is an analysis of the investments by type and maturity.

INVESTMENT PARTICULARS BY TYPE

INVESTMENT PARTICULARS BY TYPE	Original Budget 2019/20	Adjustments Budget 2019/20
	R'000	R'000
Investment Type		
DEPOSITS WITH BANKS	2,516,993	3,075,727
TOTAL INVESTMENTS	2,516,993	3,075,727

INVESTMENT PARTICULARS BY MATURITY

INVESTMENT PARTICULARS BY MATURITY	Period of	Type of	Expiry date	Monetary
Investment	Investment	Investment	of Investment	Value
2019/20 Original Budget				R'000
DEPOSITS WITH BANKS	1 - 3 Months	Fixed Term	Various	2,016,993
DEPOSITS WITH BANKS	12 Months	Fixed Term	Various	500,000
				2,516,993
2019/20 Adjustments Budget				
DEPOSITS WITH BANKS	1 - 3 Months	Fixed Term	Various	2,575,727
DEPOSITS WITH BANKS	12 months	Fixed Term	Various	500,000
				3,075,727

2.2.4 Adjustments related to allocations and grants to the Municipality

2.2.4.1 Adjustments related to capital allocations and grants to the Municipality

Below is a summarised version of the adjustments relating to grant funding, supporting the Municipality's Capital Budget:

Adjustments Capital Expenditure Budget by grant funding			
Description	Budget Year 2019/20		
	Original Budget	Total Adjusts.	Adjustments Budget
R thousands	R	R	R
Funded by:			
National Government	983,161	129,565	1,112,726
Other transfers and grants	105,669	21,554	127,223
Total Capital transfers recognised	1,088,830	151,119	1,239,949

The relevant details, reflecting the capital projects in question, are contained as separate Annexure to this Budget Report.

2.2.4.2 Adjustments related to allocations and grants to the Municipality

Below are the adjustments pertaining to operating and capital allocations and grants:

Supporting Table SB7 Adjustments Budget - transfers and grant receipts –

Description R thousands	Budget Year 2019/20							Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
RECEIPTS:									
Operating Transfers and Grants									
National Government:	1,952,729	-	-	-	45,634	45,634	1,998,363	2,048,961	2,233,048
Local Government Equitable Share	1,021,661					-	1,021,661	1,106,936	1,201,603
EPWP Incentive	8,950					-	8,950		
Finance Management	1,000					-	1,000	1,000	1,000
Infrastructure Skills Development	9,500					-	9,500	9,500	10,500
Urban Settlements Development	91,924				45,634	45,634	137,559	41,335	58,688
LGSETA	4,934					-	4,934	5,322	5,752
Integrated Public Transport System	120,916						120,916	143,706	151,164
Fuel Levy	690,344					-	690,344	737,662	800,842
Temporary or Emergency Structures	3,500					-	3,500	3,500	3,500
						-	-		
Provincial Government:	28,646	-	-	-	2,828	2,828	31,474	31,495	32,490
Sport and Recreation	15,750				120	120	15,870	16,538	17,364
Health subsidy					2,708	2,708	2,708		
Human Settlements Development						-	-		
DRPW (Maintenance of Roads)	12,000					-	12,000	14,000	14,100
Marine and Coastal Management	896					-	896	957	1,025
Other grant providers:	8,686	-	-	-	-	-	8,686	1,295	-
<i>KFW (MBDA)</i>	8,686					-	8,686	1,295	

Description R thousands	Budget Year 2019/20							Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Total Operating Transfers and Grants	1,990,061	-	-	-	48,462	48,462	2,038,523	2,081,750	2,265,538
Capital Transfers and Grants									
National Government:	1,104,051	-	-	-	(51,000)	(51,000)	1,053,051	1,147,991	1,216,154
Public Transport and Systems	177,227						177,227	170,818	186,949
Neighbourhood Development Partnership	30,000				(5,000)	(5,000)	25,000	30,000	35,000
Urban Settlements Development	884,126				(46,000)	(46,000)	838,126	737,355	692,747
Informal Settlement Upgrading Partnership							-	191,306	280,929
Integrated City Development	12,697						-	12,697	18,511
District Municipality:	-	-	-	-	-	-	-	-	-
<i>[insert description]</i>							-	-	
Other grant providers:	36,044	-	-	-	14,000	14,000	50,044	1,897	-
Private Contribution and Donations	15,000				14,000	14,000	29,000		
SARS & MBDA (KFW)	21,044						-	1,897	
CDC Walmer Intervention							-		
EU Funding							-		
Total Capital Transfers and Grants	1,140,095	-	-	-	(37,000)	(37,000)	1,103,095	1,149,887	1,216,154
TOTAL RECEIPTS OF TRANSFERS & GRANTS	3,130,156	-	-	-	11,462	11,462	3,141,618	3,231,638	3,481,693

Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programmes

Description R thousands	Budget Year 2019/20							Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:									
Operating expenditure of Transfers and Grants									
National Government:	1,952,729	-	-	-	45,634	45,634	1,998,363	2,048,961	2,233,048
Local Government Equitable Share	1,021,661						-	1,021,661	1,201,603
EPWP Incentive	8,950						-	8,950	
Finance Management	1,000						-	1,000	1,000
Infrastructure Skills Development	9,500						-	9,500	10,500
Urban Settlements Development	91,924				45,634	45,634	137,559	41,335	58,688
LGSETA	4,934						-	4,934	5,752
Integrated Public Transport System	120,916						-	120,916	143,706
Fuel Levy	690,344						-	690,344	737,662
Temporary or Emergency Structures	3,500						-	3,500	3,500
Provincial Government:	28,646	-	-	-	2,828	2,828	31,474	31,495	32,490
Library Subsidy	15,750					120	120	15,870	17,364
Health subsidy					2,708	2,708	2,708		
Human Settlements Development							-		
DRPW (Maintenance of Roads)	12,000						-	12,000	14,100
Marine and Coastal Management	896						-	896	1,025
Other grant providers:	9,686	-	-	-	-	-	9,686	2,195	-
KFW (MBDA)	8,686						-	8,686	1,295
IDC	1,000						-	1,000	900
Total operating expenditure of Transfers and Grants:	1,991,061	-	-	-	48,462	48,462	2,039,523	2,082,650	2,265,538

Description R thousands	Budget Year 2019/20							Budget Year 2020/21	Budget Year 2021/22
	Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Capital expenditure of Transfers and Grants									
National Government:	1,104,051	-	-	-	(51,000)	(51,000)	1,053,051	1,129,480	1,195,625
Public Transport and Systems	177,227						177,227	170,818	186,949
Neighbourhood Development Partnership	30,000				(5,000)	(5,000)	25,000	30,000	35,000
Urban Settlements Development	884,126				(46,000)	(46,000)	838,126	737,355	692,747
Informal Settlement Upgrading Partnership						-	-	191,306	280,929
Integrated City Development	12,697					-	12,697	18,511	20,529
Other grant providers:	36,044	-	-	-	15,865	15,865	51,910	1,897	-
Private Contribution and Donations	15,000				14,000	14,000	29,000		
SARS & MBDA (KFW)	21,044					-	21,044	1,897	
EU Funding					1,865	1,865	1,865		
Total capital expenditure of Transfers and Grants	1,140,095	-	-	-	(35,135)	(35,135)	1,104,961	1,131,376	1,195,625
Total capital expenditure of Transfers and Grants	3,131,156	-	-	-	13,328	13,328	3,144,484	3,214,027	3,461,164

2.3 Adjustments to expenditure on allocations and grant programmes

2.3.1 The adjustments made to planned capital expenditure of allocations and grants received

The adjustments made to planned capital expenditure, including the capital projects in question, are reflected as a separate Annexure to this report.

2.4 Consolidated Adjustments to Councillors and Employee benefits

Below is a summary of the adjustments made to Councillor's Remuneration and Employee Related Costs (Parent Municipality and Entity):

Description R'000	Budget Year 2019/20		
	Original Budget	Adjusted Budget	Variance
Employee related costs	3,660,092	3,610,831	(49,261)
Remuneration of councillors	80,439	81,557	1,118

The portion for the Remuneration of Councillors also include the emoluments payable to the MBDA Board members in the amount of R1,244,050.

2.5 Adjustments to Service Delivery and Budget Implementation Plan (SDBIP)

In accordance with the MFMA, adjustments to the SDBIP will be tabled in Council after the adoption of the 2019/20 Adjustments Budget.

2.6 Adjustments to Capital Expenditure and Ward Allocation

Attached as a separate Annexure to this report is the listing of all the adjusted capital programmes and projects of the Municipality, per Directorate (Vote).

2.7 Salient points to note in terms of the 2019/20 Adjustments Budget

The following are some of the salient points to be noted in terms of the 2019/20 Adjustment Budget:

- i. **Load-shedding and its implications:** - It must be noted that at the time of finalising this report Eskom was continuously implementing load-shedding. If the status quo continues until the end of the financial year, this will definitely have a negative impact on the Electricity revenue of the municipality. The electricity revenue is under significant strain as previously reported.
- ii. **M-SCOA / EMS implementation challenges:** - It is important for Council to note that the EMS project that was aimed at ensuring mSCOA compliance, has not yet been finally implemented. The institution is still making use of the legacy system, which is not able to cater for all the mSCOA requirements, without making further investments for system developments.
- iii. **Reduction of PTIG (Capital) to finance Operating Expenditure:** - It is to be noted that the operating budget for the bus system, for only one route that is in operation, will require a further amount in excess of R32.8 million for the period ending 30 June 2020, to be fully operational.
- iv. **Escalating Overtime expenditure:** - The status of spending against the Overtime Line Item has been reported on a regular basis. The Overtime trends are negatively impacting on the draft Adjustment Budget and if the issue of the Policy is not finalised, the situation will continue into future financial years.
- v. **Gelvandale Astro turf:** - The Council must note that included in this budget is a project relating to the Gelvandale Astro turf, in order to appoint consultants to undertake project design, business plans and other related requirements in preparation for appointing the service provider to implement the project during the 2020/21 financial year.

2.8 City Manager's Quality Certification

I, **Noxolo Nqwazi**, Acting City Manager of the Nelson Mandela Bay Metropolitan Municipality, hereby certify that the adjustments budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act (Act 56 of 2003) and the Municipal Budget and Reporting Regulations (32141 dated 17 April 2009) made under that Act.

Print Name : **Noxolo Nqwazi (Mrs)**

Acting City Manager of Nelson Mandela Bay Municipality (EC000)

Signature : _____

Date : _____