



2019/20 – 2021/22 BUDGET

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ABBREVIATIONS

i.	“AC”	–	Audit Committee
ii.	“ATTP”	–	Assistance to the Poor Policy (Indigent Policy);
iii.	“BEPP”	–	Built Environment Performance Plans
iv.	“CFO”	–	Chief Financial Officer;
v.	“CM”	–	City Manager;
vi.	“COGTA”	–	Co-operative Governance and Traditional Affairs;
vii.	“COIDA”	–	Compensation for Occupational Injuries and Diseases Act (1993);
viii.	“COO”	–	Chief Operating Officer;
ix.	“CPI”	–	Consumer Price Index;
x.	“CRR”	–	Capital Replacement Reserve
xi.	“DWA”	–	Department of Water Affairs;
xii.	“ED”	–	Executive Director;
xiii.	“EIA”	–	Environmental Impact Analysis;
xiv.	“EM”	–	Executive Mayor;
xv.	“EMS”	–	Enterprise Management Solution (the replacement of the current GL System)
xvi.	“ESKOM”	–	Electricity Supply Commission (i.t.o. the Electricity Act);
xvii.	“FMP”	–	Financial Management Policies (of Council);
xviii.	“GFS”	–	Government Finance Statistics;
xix.	“GLS”	–	General Ledger System (Our current system being replaced with the new EMS);
xx.	“GRAP”	–	Generally Recognised Accounting Practice;
xxi.	“GV”	–	General Valuation Roll;
xxii.	“IDP”	–	Integrated Development Plan;
xxiii.	“IEEC”	–	Infrastructure, Electricity and Energy Committee;
xxiv.	“IMATU”	–	Independent Municipal and Allied Trade Union;
xxv.	“IPTS”	–	Integrated Public Transport System;
xxvi.	“KPA”	–	Key Performance Areas;
xxvii.	“KPI”	–	Key Performance Indicator;
xxviii.	“MBDA”	–	Mandela Bay Development Agency (an Entity of the Municipality);
xxix.	“MBRR”	–	Municipal Budget and Reporting Regulations (32141 – 2009)
xxx.	“MFMA”	–	Municipal Finance Management Act (56 of 2003);
xxxi.	“MMC”	–	Member of Mayoral Committee;
xxxii.	“MPRA”	–	Municipal Property Rates Act (29 of 2014);
xxxiii.	“MSA”	–	Municipal Systems Act (32 of 2000);
xxxiv.	“mSCOA”	–	Municipal Standard Chart of Account;
xxxv.	“MTREF”	–	Medium Term, Revenue and Expenditure Framework;
xxxvi.	“NGO”	–	Non Governmental Organisations;
xxxvii.	“NERSA”	–	National Electricity Regulator of South Africa;
xxxviii.	“NT”	–	National Treasury;
xxxix.	“OEWPP”	–	Operational Efficiency Work Plan;
xl.	“PPE”	–	Property Plant and Equipment;
xli.	“SALGA”	–	South African Local Government Association;
xlii.	“SAMWU”	–	South African Municipal Workers Union;
xliiii.	“SANS”	–	South African National Standard; (<i>i.e. Drinking Water Specifications</i>);
xliv.	“SDBIP”	–	Service Delivery Budget and Implementation Plan;
xlv.	“SCM”	–	Supply Chain Management;
xlvi.	“SIF”	–	Self Insurance Fund;
xlvii.	“SRAC”	–	Sports, Recreation, Arts and Culture Directorate;
xlviii.	“TLC”	–	Transitional Local Council;
xlix.	“USDG”	–	Urban Settlements Development Grant;

- I. **“WSA”** – Water Services Authority; and
- ii. **“WSP”** – Water Services Authority.

PART 1 – ANNUAL BUDGET

1.1 EXECUTIVE MAYOR'S FOREWORD – TABLING OF THE 2019/20 TO 2021/22 DRAFT BUDGET AND IDP FOR APPROVAL BY COUNCIL

Section 16(2) of the Municipal Finance Management Act (MFMA) (56 of 2003) requires of me to table the budget to the municipal Council for noting at least 90 days before the start of the budget year (i.e. on or before end March). Section 24 of the same Act requires that the budget be approved by Council 30 days before the start of the budget year. I must emphasise that the draft budget (2019/20 to 2021/22) was planned to be tabled to Council for noting, on the 28th March 2019, however, due to reasons out of our control the meeting had to be postponed. The matter was reported to the relevant MEC as required in terms of the Municipal Budget and Reporting Regulations (MBRR) (32141 dated 17 April 2009).

In line with Section 21(1)(b) of the Municipal Finance Management Act (MFMA) (56 of 2003) a time schedule outlining key deadlines for the preparation, tabling and approval of the annual budget, as well as the annual review of the BEPP and IDP and budget related policies was approved by Council before end August 2018 (or 10 months before the start of the budget year – 2019/20 to 2021/22).

I must further state that the budget tabled today before Council is for it to be NOTED in line with the requirements of Chapter 4 of the MFMA for further consultations with all the relevant or critical key stakeholders including but not limited to the (i) communities, (ii) business sector and other formations and (iii) National / Provincial Treasuries. This draft budget is to be presented to National Treasury on the 29 April 2019 in order to ensure, amongst others it is fully funded as required in terms of the MFMA and its Regulations.

As we are all aware the tabling of this budget is undertaken during the eve of National Elections that are to take place on the 8 May 2019. This, unfortunately may result to our planned public participation sessions that are required in line with Chapter 4 of the Municipal Systems Act (32 of 2000) to be compromised a bit, and in order to circumvent that situation other innovative processes will have to be undertaken or embarked upon.

We are aware that we are soon to go on recess in order to undertake the political work for our political parties, in preparation for the National Elections. Even though this will be the case there are certain Council Committees (e.g. Budget Steering Committee, Budget and Treasury Standing Committee, MPAC Sub Committee, MPAC etc.) that may be required to hold certain meetings in order to deal with critical issues that are compliance related and have tight deadlines. I beg that members of those Committees must ensure that they cooperate with requests that are made by respective Chairpersons within short notices. I must make example with the current situation that we all know where NMBM is leading the pack across the country in incurring irregular expenditure due to historic reasons. This matter must be dealt with as detailed in the Audit Action plan on or before **30 June 2019**. Special sittings of relevant structures of Council may be required even during the period of recess in order to deal with these matters.

Also to note is the fact that the budget tabled today will still require immense work being undertaken in order to get a proper picture of the Ward Allocation. The process this year will be handled a bit different in that various sessions will be held with the respective Ward Councillors i.t.o. their respective Clusters led by MMC – Mtsila and the Budget Steering Committee members. The time-schedules for these meetings / sessions will be made known as soon as the budget is tabled to Council through the office of the MMC: Budget and Treasury.

Towards the end of this report are some salient points that are found in this draft budget document. These salient points assist the reader in understanding some areas of importance or concern that are contained elsewhere in this report for further information.

Over and above the critical stakeholders that will be consulted in order to present this draft budget, the budget report will also be availed to the Audit Committee members so that they can also provide professional comments to same on or before end April 2019 in order to meet the tight deadlines of tabling the budget to Council on or before end May 2019, as required by the MFMA for approval. It will be appreciated if the Audit Committee can provide Council with the written comments on the draft budget so that their comments can find expression in the finalisation of this critical process.

I am tabling this budget to Council faced with other challenges that may have negative impact to budget such as collection rate which was capped / budgeted at 95% in the 2018/19 financial year. The latest results are indicating that we are collecting less than 95% and that will impact our projected revenue, meaning that the budgeted expenditure may have to be re-considered if the situation continues unabated. The position of our employee related costs as the percentage of total expenditure requires to be assessed and any strategies be implemented in consultation with critical stakeholders in curbing this situation. The issues of allowances that are paid such as Overtime, Scarce Skills etc must be assessed and also it may help to conduct benchmark exercises with other sister metropolitan municipalities.

I am tabling this budget to Council being aware of exactly what the NMBM will be receiving for all grants (i.e. Conditional / Unconditional), and as such those grants have been incorporated into the draft budget. This was made possible on the same day that the Hon Minister of Finance (Mr TT Mboweni) tabled the budget in parliament. We are also aware that NMBM has recently received additional allocations for the Drought Relief (R233 million), USDG (R200 million), and Emergency Human Settlements Grant (R7.1 million). Efforts will be made by administration to ensure that all these grants are spent “regularly” within the financial year in order to ensure that there are “zero” chances of applying for a Rollover from National Treasury which may not be approved. The additional allocation of the USDG of R200 million for the second time as same was availed to NMBM in 2017/18 financial year to the value of R178 million is an indicator that we are doing well in spending the USDG as compared to other metropolitan municipalities across South Africa. These additional allocations are also good indicators that the excellent working relationship between ourselves as the city and National Treasury is working very well. I continue to thank National Treasury and all other key roleplayers / stakeholders in this regard.

In the recent past there has also been negative reports about the NMBM’s non-receipt of the Equitable Share allocation from National Treasury. It is critically important to note that the NMBM has since received the Equitable Share from National Treasury in full, with the final tranche payment received in March 2019. Obviously, as previously reported the Equitable Share transfers are affected by instances where Rollover applications of unspent conditional grants are not approved, as such an amount of R59.5 million representing unapproved Rollovers for the 2017/18 financial year was deducted from the December 2018 Equitable Share tranche payment.

Also important to note is the fact that tariff increases for Electricity and also Bulk Purchases increases are not yet concluded and as such the budgeted figures in this regard are based on estimates. The estimates for salary increases of municipal employees are based on the three-year agreement between employer component represented by SALGA and the Unions (i.e. IMATU and SAMWU).

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

I therefore table this budget before Council, for noting by the clear majority of this Council.

**COUNCILLOR MONGAMELI BOBANI
EXECUTIVE MAYOR**



1.2 COUNCIL RESOLUTIONS

THE EXECUTIVE MAYOR / BUDGET AND TREASURY COMMITTEE RECOMMENDS TO COUNCIL THAT:

1. The consolidated “draft” annual budget of the Nelson Mandela Bay Municipality for the financial year 2019/20 and the indicative allocations for the projected outer years 2020/21 and 2021/22, and the multi-year and single year capital appropriations, as circulated under cover of the Agenda for the joint meeting of the Executive Mayor / Budget and Treasury Committee dated 3 April 2019, “adopted / noted” for the purpose of complying with Chapter 4 of the Local Government : Municipal Finance Management Act, Act 56 of 2003 (MFMA), read in conjunction with Municipal Budget and Reporting Regulations No.32141 (dated 17 April 2009), as set out in the following tables:

- 1.1 Budgeted Financial Performance (revenue and expenditure by standard classification); [Page 31 to 32];
- 1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote); [Page 32 to 33];
- 1.3 Budgeted Financial Performance (revenue by source and expenditure by type); [Page 33 to 34];
- 1.4 and Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source. [Page 34 to 35];
- 1.5 That the budgeted financial position, budgeted cash flows, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets be noted as set-out in the following tables:
 - 1.6 Budgeted Financial Position; [Page 35 to 36];
 - 1.7 Budgeted Cash Flows; [Page 37];
 - 1.8 Cash backed reserves and accumulated surplus reconciliation; [Page 38];
 - 1.9 Asset Management; [Page 39 to 42] and
 - 1.10 Basic service delivery measurement. [Page 43 to 44].
2. That the consolidated budget that include the financial impact of the municipal entity (i.e. Mandela Bay Development Agency) as well as Capital and Operating Contributions of R100 million (2019/20), R105 million (2020/21) and R110.2 million (2021/22) respectively, to be made to the MBDA be noted.
3. That Council notes that transfer of funds to the entity (i.e. MBDA) will be undertaken as per the signed agreement and that any unspent portions of the grant allocated to the entity will be subjected to a Rollover Application process w.e.f. 2019/20 financial year.
4. That the tariffs be increased as follows with effect from 1 July 2019:

Property rates	-	5%
Water	-	7.5% (pending final approval from DWA)
Sanitation	-	7.5%
Refuse	-	7.5%
Electricity	-	6.84% (pending final NERSA guidelines)
5. That the Council notes that as tariff increases for services such Electricity and Water are depending on external factors, the tariffs to be proposed to Council on or before end May 2019, for approval may have to be amended or be different to the above.
6. That Council notes that the recommended tariffs increase for Property Rates of 5%, 7% and 7% for years 2019/20, 2020/21 and 2021/22 exclude the impact of insourcing of 212 Security Guards as separately reported during the Council meeting dated 28 February 2019, dealing

with the Adjustments Budget, as such the final report to Council on or before end May 2019 will take same into consideration.

7. That the indicative tariffs for 2020/21 and 2021/22 be increased as follows (taking into account the external impact for Electricity and Water Services):

	2020/21	2021/22
Property Rates	7%	7%
Water	9.5%	9.8%
Sanitation	9.5%	9.8%
Refuse	9.5%	9.8%
Electricity	7.84%	8.84%

8. That the Council mandates the Acting City Manager together with the Acting Chief Financial Officer to process any administrative corrections that may require such actions after the tabling of a budget, prior submission of Budget Report / Document to other stakeholders (e.g. National Treasury).
9. That Council notes that attached elsewhere in this Draft Budget Report are some of the various Budget Related Policies (i.e. Assistance to the Poor Policy / Indigent Policy, Financial Management Policies of Council, and Credit Control and Debt Management Policy) for noting as there are no fundamental changes recommended to the Policies at this stage.
9. That Council notes that attached as a separate item elsewhere in this agenda is the Property Rates Policy, without any recommended changes / amendments as required i.t.o. the Municipal Property Rates Act.
10. That Council notes that the final budget report to be tabled to Council on or before end May 2019 will incorporate the Procurement Plan based on submission from various Directorates in line with the draft budget to be approved by Council at that time.
11. That Council notes that incorporated in the draft budget are budgeted vacancies amounting to R261 million (2019/20), R291 million (2020/21) and R314 million (2021/22).
12. That Council notes that incorporated in the draft budget are the full operating costs of insourcing 212 Security Watchmen, as per the Council resolution dated 4 December 2018 amounting to R46 million (2019/20), R47 million (2020/21) and R52 million (2021/22), which equates to 2% of the budgeted property rates in each financial year.
13. That Council notes that upon the tabling of the draft 2019/20 to 2021/22 budget for noting a process of engaging Ward Councillors i.t.o. the Ward Budget be embarked upon led by the Budget Steering Committee in terms of the six Clusters **(i.e. (a) Govan Mbeki, (b) Alex Matikinca, (c) Champion Galela, (d) Zola Nqini, (e) Molly Blackburn, and (f) Lillian Diedericks)**.
14. That Council notes that upon conclusion of the process as stated per previous recommendation relating to the Ward Allocation, the outcomes be incorporated in the final Ward Budget, on or before **8th May 2019**, in order to be submitted to Council for approval on or before end May 2019.

1.3 EXECUTIVE SUMMARY

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

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

All National Treasury's MFMA Circulars were used to guide the compilation of the 2019/20 MTREF, including the latest MFMA Budget Circulars.

The Municipality faced the following significant challenges during the compilation of the 2019/20 MTREF:

- Budgeting for a surplus (i.e. Total Revenue exceeding Total Expenditure) on the Operating Budget;
- Escalating levels of the Employee Related Costs which are now greater than 30% as compared to the total budget of the municipality;
- Fully implementing cost containment measures and removing non-core expenditure items;
- Maintaining revenue collection rates at acceptable levels and even more;
- Ensuring that electricity and water losses are maintained;
- Allocation of the required operating budget provision for newly created infrastructure and facilities, with a consequential impact on the level of rates and tariff increases;
- Allocation of the required budget provision for the rehabilitation and maintenance of infrastructure;
- Allocation of the required operating budget provision for staffing requirements, including the envisaged implementation of the Task Job Evaluation System and the associated maintenance phase, even though it has not been costed;
- Depleted Capital Replacement Reserve, impacting on the Municipality's ability to fund capital expenditure from internal sources;
- Maintaining an acceptable cost coverage ratio and other key ratios;
- The implementation of an mSCOA budget as required in terms of the mSCOA Regulations and preparing the budget in the new EMS;
- The unfunded / underfunded mandates that negatively impact the budget;
- Reprioritisation of capital projects and operating expenditure within the financial affordability limits of the Budget, taking the municipality's declining cash position into account;
- Ensuring that the budget responds to Built Environmental Performance Plan requirements or prioritisation, and
- Operationalisation of the decision to absorb about 672 (i.e. 460 + 212) private security guards, as per the Council resolution of November 2017 and December 2018,
- The negative impact of load-shedding that is imposed by ESKOM to electricity service which may threaten our Electricity Revenue etc.

The following budget principles and guidelines directly informed the compilation of the 2019/20 MTREF:

- The priorities and targets, relating to the key strategic focus areas, as determined in the IDP.
- The need to enhance the municipality's revenue base.
- The level of property rates and tariff increases to ensure the delivery of services on a financially sustainable basis.

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

In view of the aforementioned, the following table represents a **consolidated overview** (which includes the MBDA or entity budget) of the proposed 2019/20 Medium-term Revenue and Expenditure Framework:

TABLE 1 (CONSOLIDATED OVERVIEW OF THE 2019/20 MTREF)

R thousands	Original Budget 2018/19	Adjustments Budget 2018/19	Budget Year 2019/20	Budget Year 2020/21	Budget Year 2021/22
Total Operating Revenue	10,363,386	10,361,367	11,129,721	11,925,904	12,950,284
Fuel Levy allocated for capital expenditure	0	0	380,000	391,400	391,400
Actual Total Operating Revenue	10,363,386	10,361,367	10,749,721	11,534,504	12,558,884
Total Operating Expenditure	10,375,088	10,435,733	10,771,797	11,477,184	12,431,968
Actual Surplus/(Deficit)	(11,702)	(74,366)	(22,076)	57,320	126,916
Total Capital Expenditure	1,740,079	2,063,593	1,822,714	1,765,100	1,673,197

Total operating revenue after excluding the Fuel Levy included in the operating revenue that is earmarked to fund the capital budget has increased by 3.75% or R388,354 million for the 2019/20 financial year, compared to the 2018/19 Adjustments Budget. For the two outer years, operational revenue increases by 7.30% and 8.88% respectively, resulting in a total revenue growth of R2.198 billion over the MTREF, when compared to the 2018/19 financial year.

Total operating expenditure for the 2019/20 financial year amounts to R10.77 billion, resulting in a budgeted deficit of R22.08 million. Compared to the 2018/19 Adjustments Budget, operational expenditure increased by 3.22% in the 2019/20 Budget; and increased by 6.55% and 8.32% for each of the respective outer years of the MTREF. The 2020/21 and 2021/22 budgets reflect an operating surplus of R57.32 million and an operating surplus R126.92 million respectively.

The major operating expenditure items for 2019/20 are employee related costs (33.74%), bulk electricity and water purchases (31.28%), Contracted Services (10.29%), depreciation and asset impairment (7.27%) and Debt Impairment (5.56%). The harmonisation of the Long Service Bonus as approved by Council on the 7 June 2016, when the 2016/17 budget was approved, is one of the main causes for the employee related costs to escalate to greater than 30%. The conversion of contracted security into permanent employees are also a contributing factor Lastly no budget has been provided for top structures revenue nor expenditure.

Funding for the 2019/20 Operating Budget is obtained from various sources, the major sources being service charges such as electricity, water, sanitation and refuse collection and disposal (54.88%), property rates (26.99%), grants and subsidies received from National and Provincial Governments (18.82%). The Fuel Levy portion provided for capital asset funding has not been included in the calculation.

In order to support the 2019/20 Operating Budget, the following increase in rates and service charges are being proposed, with effect from 1 July 2019:

Property rates	-	5.00%	
Water	-	7.50%	
Sanitation	-	7.50%	
Refuse	-	7.50%	
Electricity (Average)	-	6.84%	(On average depending on various categories of properties being levied, as presented in a separate item elsewhere in the Agenda)

The capital budget of R1.77 billion for 2019/20 is 4.74% more than the 2018/19 Original Budget. The Capital Budget decreases to R1.72 billion in the 2020/21 financial year and then reduce to R1.63 billion in the 2021/22 financial year. The Capital Budget over the MTREF period will be mainly funded from government grants and subsidies. It must be noted that external borrowing in the amount of R750 million is being finalised in the 2018/19 MTREF after following the requirements of Chapter 6 of the Municipal Finance Management Act (56 of 2003) After following the required procurement processes what is now remaining is for the Executive Mayor to sign off the required documents for submission to both National / Provincial Treasuries.

1.4 HISTORIC TARIFFS INCREASES

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

TABLE 2 (HISTORIC PERCENTAGE INCREASES FOR SERVICES)

SERVICES	HISTORIC PERCENTAGE INCREASES FOR SERVICES							
	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
	%	%	%	%	%	%	%	%
Electricity	6.84	5.43 (average)	1.88	7.64	12.2	7.39	7	8 (small businesses) & 11.03 (medium to large businesses)
Water	7.5	8.5	9	9	13	12	13	13
Sanitation	7.5	8.5	9	9	12	12	13	13
Property Rates	5	5	4.4	9.5	9.5	9.5	9.14	13
Refuse	7.5	7.5	9	9	11	12	13	13

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

1.5 OPERATING REVENUE FRAMEWORK

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

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

- National Treasury's guidelines in this regard in terms of the relevant Circulars;
- Tariff Policies;
- The Property Rates Policy;
- The ATTP Policy and provision of free basic services;
- The level of property rates and tariff increases must ensure financially sustainable service delivery;

- The level of property rates and tariff increases to provide for the maintenance and replacement of infrastructure, including the expansion of services;
- Building the Capital Replacement Reserve (CRR) in order to re-finance Capital related projects;
- Implementing Operational Efficiency Work Plan / Cost Containment Measures;
- Ensuring fully cost reflective tariffs for trading services;
- Electricity bulk tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Water bulk tariff increases as approved by the Department of Water Affairs (DWA);
- Efficient revenue management, targeting the following annual collection rates for property rates and service charges:
 - 2019/20 – 94%
 - 2020/21 – 94.5%
 - 2021/22 – 94.5%
- No growth in the revenue base.

The following table is a summary of the 2019/20 MTREF (classified by main revenue source):

TABLE 3 (SUMMARY OF MAIN REVENUE SOURCES)

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source										
Property rates	1,502,463	1,639,538	2,007,605	2,177,931	2,177,931	2,177,931	2,177,931	2,287,167	2,423,674	2,617,619
Service charges - electricity revenue	3,466,988	3,576,229	3,482,486	3,964,692	3,964,692	3,964,692	3,964,692	4,244,271	4,599,318	5,019,273
Service charges - water revenue	660,223	767,493	1,074,385	749,547	749,547	749,547	749,547	815,772	893,270	980,811
Service charges - sanitation revenue	377,421	427,358	456,870	459,930	459,930	459,930	459,930	519,437	568,784	624,525
Service charges - refuse revenue	144,592	138,802	168,323	294,867	295,609	295,609	295,609	314,464	342,747	375,289
Rental of facilities and equipment	21,042	23,229	22,472	37,118	37,208	37,208	37,208	36,797	39,231	41,695
Interest earned - external investments	113,354	121,035	155,484	106,592	105,901	105,901	105,901	112,292	118,942	128,335
Interest earned - outstanding debtors	160,682	178,749	224,634	221,488	221,488	221,488	221,488	291,720	317,087	345,902
Dividends received	77	341	123							
Fines, penalties and forfeits	224,461	289,704	213,072	303,735	288,772	288,772	288,772	253,517	252,629	252,489
Licences and permits	9,332	20,378	19,456	28,034	28,034	28,034	28,034	21,354	22,955	24,745
Agency services	2,345	2,501	2,774	2,892	2,892	2,892	2,892	3,095	3,327	3,586
Transfers and subsidies	1,148,940	1,450,617	1,578,577	1,814,474	1,819,368	1,819,368	1,819,368	2,029,337	2,130,306	2,307,424
Other revenue	897,028	160,103	135,853	202,086	209,522	209,522	209,522	199,999	213,125	228,072
Gains on disposal of PPE	28	606			473	473	473	500	510	520
Total Revenue (excluding capital transfers and contributions)	8,728,976	8,796,682	9,542,116	10,363,386	10,361,367	10,361,367	10,361,367	11,129,721	11,925,904	12,950,284

TABLE 4 (MIX OF MAIN REVENUE SOURCES)

Description	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework					
	Original Budget		Adjusted Budget		Budget Year 2018/19		Budget Year 2019/20		Budget Year 2020/21	
R thousand		%		%		%		%		%
Revenue By Source										
Property rates	2,177,931	20.95	2,177,931	21.02	2,287,167	20.55	2,423,674	20.32	2,617,619	20.21
Service charges - electricity revenue	3,964,692	38.26	3,964,692	38.26	4,244,271	38.13	4,599,318	38.57	5,019,273	38.76
Service charges - water revenue	749,547	7.23	749,547	7.23	815,772	7.33	893,270	7.49	980,811	7.57
Service charges - sanitation revenue	459,930	4.44	459,930	4.44	519,437	4.67	568,784	4.774	624,525	4.82
Service charges - refuse revenue	294,867	2.85	295,609	2.85	314,464	2.83	342,747	2.87	375,289	2.90
Rental of facilities and equipment	37,118	0.36	37,208	0.36		0.33	39,231	0.33	41,695	0.32

					36,797					
Interest earned - external investments	106,592	1,03	105,901	1,02	112,292	1,01	118,942	1,00	128,335	0,99
Interest earned - outstanding debtors	221,488	1,90	221,488	2,14	291,720	2,62	317,087	2,66	345,902	2,67
Fines, penalties and forfeits	303,735	2,14	288,772	2,79	253,517	2,28	252,629	2,12	252,489	1,95
Licences and permits	28,034	0,27	28,034	0,27	21,354	0,19	22,955	0,19	24,745	0,19
Agency services	2,892	0,03	2,892	0,03	3,095	0,03	3,327	0,03	3,586	0,03
Transfers and subsidies	1,814,474	17,51	1,819,368	17,56	2,029,337	18,23	2,130,306	17,86	2,307,424	17,82
Other revenue	202,086	1,95	209,522	2,02	199,999	1,80	213,125	1,79	228,072	1,76
Gains on disposal of PPE	0	0,00	473	0,00	500	0,00	510	0,00	520	0,00
Total Revenue (excluding capital transfers and contributions)	10,363,386	100,00	10,361,367	100,00	11,129,721	100,00	11,925,904	100,00	12,950,284	100,00
Total Revenue from Rates and Service Charges	7,646,967	73,79	7 647,709	73,81	8,181,111	73,51	8 827,793	74,02	9,617,517	74,26

In the 2018/19 financial year, rates and service charges amounted to R7.65 billion or 73.79%. This increases to R8.18 billion, R8.83 billion and R9.62 billion in the 2019/20, 2020/21 and 2021/22 financial years, respectively.

Property rates represent the second largest revenue source, amounting to 20.55% or R2.29 billion in 2019/20 and reducing to 20.21% or R2.62 billion in 2021/22. Property Rates revenue takes into account the average Rates tariff increase as well as the average increase in the General Valuation Roll that was implemented w.e.f. 1 July 2017, in terms of the Municipal Property Rates Act (29 of 2014). It must also be kept in mind that the GV process also identifies properties that may not have been levied property rates and other services. Also to bear in mind is that property such as Bay West, which was given a three year rates relief, as an encouragement to the investment, is towards its last financial year.

Operating grants and transfers amounted to R2.03 billion in the 2019/20 financial year and increases to R2.31 billion in 2021/22.

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

TABLE 5 (OPERATING TRANSFERS AND GRANT RECEIPTS)

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:									
Operating Transfers and Grants									
National Government:	984,017	1,342,826	1,546,748	1,361,748	1,393,026	1,393,026	1,948,863	2,046,622	2,222,983
Local Government Equitable Share	774,617	798,043	844,287	939,530	939,530	939,530	1,021,661	1,106,936	1,201,603
EPWP Incentive	8,664	8,496	4,807	6,711	6,711	6,711	8,950		
Finance Management	1,050	1,050	1,050	1,000	1,000	1,000	1,000	1,000	1,000
Public Transport Network Operations	150,000		68,324						
Infrastructure Skills Development	9,000	14,500	15,394	11,834	11,834	11,834	9,500	9,500	10,500
Integrated Cities Development					3,003	3,003			
Urban Settlements Development	22,925	17,000	63,499	27,170	58,581	58,581	91,559	40,997	58,070
Municipal Human Settlements Capacity'	9,847			4,709					
LGSETA	7,914	6,938	3,436		4,709	4,709	4,934	5,322	5,752
Integrated Public Transport System				97,228	78,082	78,082	120,916	145,206	145,216
Fuel Levy		496,799	545,218	273,566	289,576	289,576	690,344	737,662	800,842
Dept. of Public Administration			733						
Provincial Government:	236,587	91,623	34,105	382,236	382,236	382,236	28,646	31,495	32,490

Sport and Recreation	9,752	15,000	15,000	15,000	15,000	15,000	15,750	16,538	17,364
Health subsidy				181	181	181			
Human Settlements Development	220,761	68,623	9,683	366,262	366,262	366,262			
DRPW (Maintenance of Roads)		8,000	9,423				12,000	14,000	14,100
Marine and Coastal Management				793	793	793	896	957	1,025
Prov: Agency Communication	6,074	-	-						
Other grant providers:	765	138,030	175,464	11,836	4,810	4,810	8,686	1,295	-
<i>Groen Sebenza (SANBI)</i>	216								
<i>Other Grant Providers</i>	549	-							
<i>KFW (MBDA)</i>				11,836	4,810	4,810	8,686	1,295	
<i>Other Grant Providers</i>		488	3,963						
<i>Other Grants</i>		137,542	171,501						
Total Operating Transfers and Grants	1,221,369	1,572,479	1,756,317	1,755,820	1,780,072	1,780,072	1,986,195	2,079,412	2,255,472

1.5.1 Property Rates

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

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

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

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

A property rates increase of an average 5.0% is proposed as from 1 July 2019.

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

- Employee related costs increased by an average of approximately 9.00% year-to-year based on the signed Collective Agreement;
- Creating a Provision for Long Service Awards and Long Service Bonuses based on an Actuarial assessment.
- Costs of servicing existing external borrowing to fund roads and storm water infrastructure;
- Providing for debt impairment;
- Operationalisation of the IPTS and Metro Police Services;
- Absorption of about 672 private security guards (Watchmen); and
- TASK implementation, amongst others.

1.5.2 Sale of Water and Impact of Tariff Increases

In accordance with various National Treasury's MFMA Circulars, (e.g. 51, 55, 58, 66, 70, 74, 78, 79, 85, 86, 89, 91, 93 and 94.); Municipalities are encouraged to review the level and structure of their water tariffs to ensure the following:

- Fully cost reflective water tariffs – tariffs should include the costs associated with bulk water purchases, the maintenance and renewal of purification plants, water networks and water reticulation expansion;

- Water tariffs are structured to protect basic levels of service; and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In terms of paragraph 5.2 of National Treasury Circular 78 municipalities are urged to ensure that water tariffs are fully cost reflective. In this regard in instances where tariffs are not cost recovery based, a phased-in approach must be undertaken to ensure that tariffs are fully cost reflective over the medium term. As the charging of fully cost reflective tariffs would place an undue financial burden on customers, it will not be possible to immediately implement it in the 2019/20 MTREF.

A tariff increase of 7.5% is proposed as from 1 July 2019 (subject to DWA indicating otherwise). The proposed tariff increase is mainly influenced by the following:

- Employee related costs increased by an average of 9.00%;
- Year-to-year increases to the cost of bulk water purchases;
- Costs of servicing existing external borrowing to fund water infrastructure; and
- Providing for debt impairment.

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

1.5.3 Sale of Electricity and Impact of Tariff Increases

NERSA has determined that the Eskom bulk electricity tariff to municipalities would increase by 6.84% (on average) as from 1 July 2019. Considering the Eskom tariff increase, the Municipality's consumer tariffs has been set at 6.84% on average whilst awaiting the final outcomes on this matter.

The proposed tariff increases are mainly influenced by the following:

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

1.5.4 Sanitation and Impact of Tariff Increases

In accordance with various National Treasury's MFMA Circulars, (e.g. 51, 55, 58, 66, 70, 74, 78, 79, 85, 86, 89, 91, 93 and 94), Municipalities are encouraged to review the level and structure of their sanitation tariffs to ensure:

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

National Treasury has urged municipalities to ensure that sanitation tariffs are fully cost reflective. In this regard a phased-in approach must be undertaken to ensure that tariffs are fully cost reflective over the medium term, in case of any discrepancies. As the charging of fully cost reflective tariffs would place an undue financial burden on customers, it will not be possible to implement it in the 2019/20 MTREF.

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

A tariff increase of 7.5% is proposed as from 1 July 2019. The proposed tariff increase is mainly influenced by the following:

- Employee related costs increased by an average of 9.00%;
- Costs of servicing existing external and new borrowing to fund sanitation infrastructure;
- Providing for debt impairment.

1.5.5 Refuse Collection and Disposal and Impact of Tariff Increases

National Treasury has urged municipalities to ensure that refuse tariffs are fully cost reflective. The tariffs should take into account the need to maintain a cash-backed reserve to cover the future costs of the rehabilitation of landfill sites. In this regard a phased-in approach will be undertaken to ensure that tariffs are fully cost reflective over the medium term. As the charging of fully cost reflective tariffs would place an undue financial burden on customers, it will not be possible to implement it in the 2019/20 MTREF and a phasing-in approach is recommended.

The refuse collection and disposal service is currently operating on a break even basis. A tariff increase of 7.5% is proposed for the refuse collection and disposal service, as from 1 July 2019.

The proposed tariff increase is mainly influenced by the following:

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

1.5.6 Overall impact of tariff increases on households

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

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

It is to be noted that the overall impact of the proposed tariff increases on household bills has been maintained at 6.69% with indigent households increasing by 7.16%.

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

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

TABLE 6 (TABLE SA14 – HOUSEHOLD BILLS – MIDDLE INCOME RANGE)

Monthly Account for Household - 'Middle Income Range'	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year 2019/20	Budget Year 2020/21	Budget Year 2021/22
							% incr.			
Rates and services charges:										
Property rates R700 000	555.82	608.62	635.28	667.04	667.04	667.04	5.00%	700.39	749.42	801.88
Electricity: Consumption(1000 Kwh)	1,395.95	1,516.67	1,551.77	1,642.39	1,642.39	1,642.39	6.84%	1,754.73	1,892.30	2,059.58
0 - 350	412.02	447.62	456.05	482.68	482.68	482.68	6.84%	515.70	556.13	605.29
351 – 600	351.33	381.68	393.13	416.09	416.09	416.09	6.84%	444.55	479.40	521.78
601 - 900	466.29	506.70	521.91	552.39	552.39	552.39	6.84%	590.17	636.44	692.70
901 - 1000	166.31	180.68	180.68	191.23	191.23	191.23	6.84%	204.31	220.33	239.81
Water: Basic levy	34.92	38.06	41.49	45.02	45.02	45.02	7.50%	48.40	52.99	58.19
Water: Consumption (30 Kl)	336.24	366.54	399.36	433.31	433.31	433.31	7.50%	465.81	510.06	560.05
0 – 24	256.08	279.12	304.08	329.93	329.93	329.93	7.50%	354.67	388.37	426.43
>24	80.16	87.42	95.28	103.38	103.38	103.38	7.50%	111.13	121.69	133.62
Sanitation	226.26	246.60	268.74	291.58	291.58	291.58	7.50%	313.45	343.23	376.86
Sanitation Availability Levy		29.38	41.49	45.02	45.02	45.02	7.50%	48.40	52.99	58.19
Refuse removal	85.76	93.47	102.00	109.65	109.65	109.65	7.50%	117.87	129.07	141.33
Other										
Sub-total	2,634.95	2,899.34	3,040.13	3,234.01	3,234.01	3,234.01	6.60%	3,449.04	3,730.07	4,056.08
VAT on Services	291.08	320.70	360.73	385.05	385.05	385.05		412.30	447.10	488.13
Total large household bill:	2,926.03	3,220.04	3,400.86	3,619.06	3,619.06	3,619.06	6.70%	3,861.34	4,177.16	4,544.20
% increase/-decrease	11.75%	10.05%	5.62%	6.42%	6.42%	6.42%		6.69%	8.18%	8.79%

TABLE 7 (TABLE SA14 – HOUSEHOLD BILLS – AFFORDABLE RANGE)

Monthly Account for Household - 'Affordable Range'	2015/16	2016/17	2016/17	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year 2019/20	Budget Year 2020/21	Budget Year 2021/22
							% incr.			
Rates and services charges:										
Property rates R500 000	393.54	430.92	449.80	472.28	472.28	472.28	5.00%	495.89	530.61	567.75
Electricity: Consumption (500 Kwh)	622.82	676.62	691.93	732.34	732.34	732.34	6.84%	782.43	843.77	918.36
0 - 350	412.02	447.62	456.05	482.68	482.68	482.68	6.84%	515.70	556.13	605.29

351 -500	210.80	229.01	235.88	249.66	249.66	249.66	6.84%	266.74	287.65	313.08
Water: Basic levy	34.92	38.06	41.49	45.02	45.02	45.02	7.50%	48.40	52.99	58.19
Water: Consumption (25 Kl)	269.44	293.69	319.96	347.15	347.15	347.15	7.50%	373.19	408.64	448.69
0 – 24	256.08	279.12	304.08	329.93	329.93	329.93	7.50%	354.67	388.37	426.43
>24	13.36	14.57	15.88	17.22	17.22	17.22	7.50%	18.51	20.27	22.26
Sanitation	188.55	205.50	223.95	242.99	242.99	242.99	7.50%	261.21	286.03	314.06
Sanitation Availability Levy		29.38	41.49	45.02	45.02	45.02	7.50%	48.40	52.99	58.19
Refuse removal	85.76	93.47	102.00	109.65	109.65	109.65	7.50%	117.87	129.07	141.33
Other										
Sub-total	1,595.03	1,767.64	1,870.62	1,994.45	1,994.45	1,994.45	6.70%	2,127.39	2,304.11	2,506.57
VAT on Services	168.21	187.14	213.12	228.33	228.33	228.33		244.72	266.03	290.82
Total small household bill:	1,763.24	1,954.78	2,083.74	2,222.78	2,222.78	2,222.78	6.70%	2,372.12	2,570.14	2,797.39
% increase/-decrease	11.67%	10.86%	6.60%	6.67%	6.67%	6.67%		6.72%	8.35%	8.84%

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

Table 7 illustrates what would be payable by a non-ATTP qualifying consumer residing at a property with a land value of R300 000, using 350kwh of electricity and 20kl of water per month respectively.

TABLE 8 (TABLE SA14 – HOUSEHOLD BILLS – NON-ATTP SMALL RANGE)

Monthly Account for Household - 'Non-Indigent' Household receiving free basic services	2015/16	2016/17	2016/17	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year 2019/20	Budget Year 2020/21	Budget Year 2021/22
							% incr.			
Rates and services charges:										
Property rates R300 000	231.25	253.22	264.31	277.53	277.53	277.53	5.00%	291.41	311.80	333.63
Electricity: Consumption (350Kwh)	412.02	447.62	456.05	482.68	482.68	482.68	6.84%	515.70	556.13	605.29
0 -350	412.02	447.62	456.05	482.68	482.68	482.68	6.84%	515.70	556.13	605.29
Water: Basic levy	34.92	38.06	41.49	45.02	45.02	45.02	7.50%	48.40	52.99	58.19
Water: Consumption (20 Kl)	213.40	232.60	253.40	274.94	274.94	274.94	7.50%	295.56	323.64	355.36
Sanitation	150.84	164.40	179.16	194.39	194.39	194.39	7.50%	208.97	228.82	251.25
Sanitation Availability Levy		29.38	41.49	45.02	45.02	45.02	7.50%	48.40	52.99	58.19
Refuse removal	85.76	93.47	102.00	109.65	109.65	109.65	7.50%	117.87	129.07	141.33
Sub-total	1,128.19	1,258.75	1,337.90	1,429.23	1,429.23	1,429.23	6.69%	1,526.30	1,655.45	1,803.23
VAT on Services	125.57	140.77	161.04	172.76	172.76	172.76		185.23	201.55	220.44
Total small household bill:	1,253.76	1,399.52	1,498.94	1,601.99	1,601.99	1,601.99	6.87%	1,711.53	1,857.00	2,023.67
% increase/-decrease	11.77%	11.63%	7.10%	6.87%	6.87%	6.87%		6.84%	8.50%	8.98%

Table 8 illustrates what would have been payable by an ATTP qualifying consumer residing at a property with a land value of R300 000, using 350kwh of electricity (using the ATTP electricity tariff structure) and 20kl of water per month respectively.

TABLE 9 (TABLE SA14 – HOUSEHOLD BILLS – ATTP - SMALL RANGE)

Monthly Account for Household - 'Indigent' Household receiving free basic services prior to free services	2015/16	2016/17	2016/17	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year 2019/20	Budget Year 2020/21	Budget Year 2021/22
							% incr.			
Rates and services charges:										
Property rates R300 000	231.25	253.22	264.31	277.53	277.53	277.53	5.00%	291.41	311.80	333.63
Electricity: Consumption (350Kwh)	290.67	312.90	318.77	337.38	337.38	337.38	6.84%	360.46	388.72	423.08
0 - 75	57.83	62.26	63.43	67.13	67.13	67.13	6.84%	71.72	77.34	84.18
75-350	232.84	250.64	255.34	270.25	270.25	270.25	6.84%	288.74	311.37	338.90
Water: Basic levy	34.92	38.06	41.49	45.02	45.02	45.02	7.50%	48.40	52.99	58.19
Water: Consumption (20 KL)	213.40	232.60	253.40	274.94	274.94	274.94	7.50%	295.56	323.64	355.36
Sanitation	150.84	164.40	179.16	194.39	194.39	194.39	7.50%	208.97	228.82	251.25
Sanitation Availability Levy		29.38	41.49	45.02	45.02	45.02	7.50%	48.40	52.99	58.19
Refuse removal	85.76	93.47	102.00	109.65	109.65	109.65	7.50%	117.87	129.07	141.33
Sub-total	1,006.84	1,124.03	1,200.62	1,283.93	1,283.93	1,283.93	6.70%	1,371.06	1,488.04	1,621.02
VAT on Services	108.58	121.91	140.45	150.96	150.96	150.96		161.95	176.44	193.11
Total small household bill:	1,115.42	1,245.94	1,341.07	1,434.89	1,434.89	1,434.89	6.70%	1,533.01	1,664.48	1,814.13
% increase/-decrease	11.69%	11.70%	7.64%	7.00%	7.00%	7.00%		6.84%	8.58%	8.99%

Table 9 illustrates what would be actually payable by an ATTP qualifying consumer residing at a property with a land value of R300 000, using 350kwh of electricity and 20kl of water per month respectively after applying the NMBM ATTP policy.

TABLE 10 (TABLE SA14 – HOUSEHOLD BILLS – ATTP - SMALL RANGE)

Monthly Account for Household - 'Indigent' Household receiving free basic services – after reduction of funding from E-Share	2015/16	2016/17	2016/17	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year 2019/20	Budget Year 2020/21	Budget Year 2021/22
							% incr.			
Rates and services charges:										
Property rates R300 000	-	-	-	-	-	-	-	-	-	-
Electricity: Consumption (350Kwh)	232.84	250.64	255.34	270.25	270.25	270.25	6.84%	288.74	311.37	338.90
0 - 75	-	-	-	-	-	-		-	-	-
75-350	232.84	250.64	255.34	270.25	270.25	270.25	6.84%	288.74	311.37	338.90
Water: Basic levy	-	-	-	-	-	-		-	-	-
Water: Consumption (20 KL) less 8 kl free	128.04	139.56	152.04	164.96	164.96	164.96	7.50%	177.33	194.18	213.21
Sanitation less 11kl free	69.68	73.98	80.62	87.47	87.47	87.47	7.50%	94.03	102.96	113.05
Refuse removal	-	-	-	-	-	-		-	-	-
Other										

Sub-total	430.56	464.18	488.00	522.68	522.68	522.68	7.20%	560.10	608.51	665.16
VAT on Services	60.28	64.99	73.20	78.40	78.40	78.40		84.01	91.28	99.77
Total small household bill:	490.84	529.17	561.20	601.08	601.08	601.08	7.20%	644.11	699.79	764.93
% increase/-decrease	12.86%	7.81%	6.05%	7.11%	7.11%	7.11%		7.16%	8.64%	9.31%

It is important to note that an ATTP qualifying consumer using the above level of services will only pay R644.11 compared to the R1711.53 to be paid by a consumer using the same level of service, but not qualifying for ATTP assistance. To note that free Property Rates does not form part of the National Policy and may therefore not be funded from the Equitable Share and must be regarded as revenue foregone.

TABLE 11 (TABLE SA14 – HOUSEHOLD BILLS – ATTP - SMALL RANGE BASED ON THE NATIONAL TREASURY INDIGENT POLICY)

Monthly Account for Household - 'Indigent' Household receiving NT free basic services – after reduction of funding from E-Share	2015/16	2016/17	2016/17	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year 2019/20	Budget Year 2020/21	Budget Year 2021/22
							% incr.			
Rates and services charges:										
Property rates R300 000	231.25	253.22	264.31	277.53	277.53	277.53	5.00%	291.41	311.80	333.63
Electricity: Consumption (350Kwh)	254.01	273.43	278.55	294.82	294.82	294.82	6.84%	314.98	339.68	369.71
0 - 50	-	-	-	-	-	-	-	-	-	-
50 -350	254.01	273.43	278.55	294.82	294.82	294.82	6.84%	314.98	339.68	369.71
Water: Basic levy	34.92	38.06	41.49	45.02	45.02	45.02	7.50%	48.40	52.99	58.19
Water: Consumption (20 KL) less 6 kl free	149.38	162.82	177.38	192.45	192.45	192.45	7.50%	206.89	226.54	248.74
Sanitation	-	-	-	-	-	-	-	-	-	-
Sanitation Availability	-	-	-	-	-	-	-	-	-	-
Refuse removal	-	-	-	-	-	-	-	-	-	-
Other										
Sub-total	669.56	727.53	761.73	809.82	809.82	809.82	6.40%	861.67	931.02	1,010.27
VAT on Services	65.75	71.15	74.61	79.84	79.84	79.84		85.54	92.88	101.50
Total small household bill:	735.30	798.67	836.35	889.67	889.67	889.67	6.47%	947.21	1,023.90	1,111.76
% increase/-decrease		8.62%	4.72%	6.38%	0.00%	0.00%		6.47%	8.10%	8.58%

Table 11 illustrates what an indigent consumer will pay for services delivered should the tariff structure of Nelson Mandela Bay Municipality be applied to the National Indigent Policy of 6Kl free water, 50Kwh free electricity, free sanitation and free refuse collection. For the 2019/20 financial year a resident will be billed in the amount of R644.11 compared to the R947.21 if the National Indigent Policy was enforced. Indigent residents of the municipal area receive an additional R303.10 free services than the municipality is required to provide.

1.6 OPERATING EXPENDITURE FRAMEWORK

The Municipality's expenditure framework for the 2019/20 budget and MTREF is informed by the following:

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

The following table is a high level summary of the 2019/20 budget and MTREF (classified per main type of operating expenditure):

TABLE 12 (SUMMARY OF OPERATING EXPENDITURE BY STANDARD CLASSIFICATION ITEM)

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Expenditure By Type										
Employee related costs	2,343,747	3,068,997	2,802,868	3,272,708	3,289,820	3,289,820	3,289,820	3,634,880	3,984,889	4,406,677
Remuneration of councillors	62,196	64,284	71,265	73,451	75,486	75,486	75,486	80,439	86,401	92,579
Debt impairment	625,575	603,564	872,737	541,605	541,750	541,750	541,750	598,924	587,229	624,867
Depreciation & asset impairment	1,095,302	294,326	280,095	817,712	738,535	738,535	738,535	782,804	829,773	879,559
Finance charges	166,492	155,218	144,138	142,392	142,392	142,392	142,392	154,361	181,796	203,901
Bulk purchases	2,815,732	3,010,600	3,014,543	3,181,932	3,204,776	3,204,776	3,204,776	3,369,882	3,566,310	3,842,782
Other materials	409,289	144,236	131,725	191,819	205,737	205,737	205,737	225,636	239,111	252,464
Contracted services	481,775	1,147,619	1,041,442	1,369,473	1,413,980	1,413,980	1,413,980	1,109,023	1,152,149	1,245,958
Transfers and subsidies	22,835	24,873	31,589	89,038	83,451	83,451	83,451	76,082	73,214	69,430
Other expenditure	743,706	331,145	439,540	694,958	739,805	739,805	739,805	739,765	776,312	813,752
Loss on disposal of PPE	34	1,299	63							
Total Expenditure	8,766,683	8,846,161	8,830,004	10,375,088	10,435,733	10,435,733	10,435,733	10,771,797	11,477,184	12,431,968

The total operating expenditure increased from R10.77 billion in 2019/20 to R12.43 billion in 2021/22.

TABLE 13 (MIX OF MAIN EXPENDITURE TYPES)

Description	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework					
	Original Budget		Adjusted Budget		Budget Year 2018/19		Budget Year +1 2019/20		Budget Year 2020/21	
R thousand		%		%		%		%		%
Expenditure By Type										
Employee related costs	3,272,708	30.19	3,289,820	31.52	3,634,880	33.74	3,984,889	34.72	4,406,677	35.45
Remuneration of councillors	73,451	0.71	75,486	0.72	80,439	0.75	86,401	0.75	92,579	0.74
Debt impairment	541,605	5.22	541,750	6.19	598,924	5.56	587,229	5.12	624,867	5.03
Depreciation & asset impairment	817,712	7.88	738,535	7.08	782,804	7.27	829,773	7.23	879,559	7.07
Finance charges	142,392	1.37	142,392	1.36	154,361	1.43	181,796	1.58	203,901	1.64
Bulk purchases	3,181,932	30.67	3,204,776	30.71	3,369,882	31.28	3,566,310	31.07	3,842,782	30.91
Other materials	191,819	1.85	205,737	1.97	225,636	2.09	239,111	2.08	252,464	2.03
Contracted services	1,369,473	13.20	1,413,980	13.55	1,109,023	10.30	1,152,149	10.04	1,245,958	10.02
Transfers and subsidies	89,038	0.86	83,451	0.80	76,082	0.71	73,214	0.64	69,430	0.56
Other expenditure	694,958	6.70	739,805	7.09	739,765	6.87	776,312	6.76	813,752	6.55
Total Expenditure	10,375,088	100	10,435,733	100	10,771,797	100	11,477,184	100	12,431,968	100

Below is a discussion of the main expenditure components.

Employee related costs

The 2019/20 draft budget provides for annual increments, where applicable, and a general increase of around 10.49% compared to the 2018/19 Adjustments Budget.

Council's target is to restrict personnel costs to below 30% of total expenditure. Personnel costs in the 2019/20 draft Budget represent 33.74% of total operating expenditure. Secondly it must also be noted that Council approved the "harmonisation" of the condition of service for employees as it relates to the "Long Service Bonus". The calculation of this bonus is the same w.e.f. 1 July 2016 to the employees' / staff members of the former Uitenhage TLC. This approach has an increasing expenditure in the Employee Related Costs category hence the high increase thereof. The agreement signed by parties is to equate the allowance for all over a three financial year period (i.e. phasing in approach). The 33.74% employee related costs was influenced by the conversion of contracted security to permanent employees and also other absorption such as Call Centre Staff as approved by Council. Further no provision was made for housing top structures under contracted services.

Remuneration of Councillors

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

Debt Impairment

The provision for debt impairment was determined based on a targeted annual collection rate of 94% for 2019/20, 94.5% for 2020/21 and 94.5% for 2021/22, including ATTP subsidies. The collection rate is based on billed revenue. It must be noted that resulting from the mSCOA implementation this category now incorporates Impairment of Traffic Fines.

Depreciation and Asset Impairment

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

Finance Charges

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

Bulk Electricity Purchases

NERSA has approved a 6.84% increase in the Eskom bulk tariff for the 2019/20 financial year. Energy consumption levels are influenced by the following:

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

Bulk Water Purchases

The increases for this category have been set at 7.5% whilst awaiting the final determination by DWA.

1.6.1 Priority relating to repairs and maintenance

In line with the Municipality's stated intention to preserve and maintain its existing infrastructure, the 2019/20 Budget and MTREF provide for reasonable growth in the asset maintenance budget, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality.

During the compilation of the 2019/20 MTREF operational repairs and maintenance was identified as a strategic priority in view of the aging infrastructure especially in the service delivery Directorates and certain deferred maintenance.

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

TABLE 14 (REPAIRS AND MAINTENANCE PER ASSET CLASS)

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	313,422	212,963	249,399	315,104	309,424	309,424	327,781	348,073	369,098
Roads Infrastructure	42,851	28,604	20,311	43,587	43,925	43,925	44,899	46,350	47,449
<i>Roads</i>	42,851	15,642	9,401	20,147	20,367	20,367	21,434	21,125	20,470
<i>Road Structures</i>		11,473	9,213	18,881	18,881	18,881	18,750	20,372	21,981
<i>Road Furniture</i>		1,489	1,697	4,559	4,677	4,677	4,715	4,854	4,998
Storm water Infrastructure	31,640	17,192	15,578	15,748	37,698	37,698	19,024	19,851	20,707
<i>Drainage Collection</i>		65			21,900	21,900	1,294	1,412	1,530
<i>Storm water Conveyance</i>	31,640	17,127	15,578	15,748	15,798	15,798	17,730	18,439	19,177
Electrical Infrastructure	45,131	34,900	25,333	33,391	29,282	29,282	40,139	43,346	46,242
<i>Power Plants</i>		2,793	1,871	45	2,400	2,400	2,479	2,625	2,779
<i>HV Substations</i>				17	17	17	17	17	17
<i>HV Transmission Conductors</i>				160	160	160	170	180	191
<i>MV Substations</i>		5,054	3,592	4,111	4,111	4,111	4,789	5,106	5,472
<i>MV Switching Stations</i>				686	686	686	370	392	416
<i>MV Networks</i>	45,131	20,783	15,417	21,747	21,747	21,747	25,419	27,807	29,843
<i>LV Networks</i>		6,269	4,453	6,624	160	160	6,894	7,219	7,524
Water Supply Infrastructure	79,119	96,437	138,334	147,795	133,471	133,471	142,390	151,910	162,811
<i>Dams and Weirs</i>	10,556	17	44	357	357	357	357	381	414
<i>Reservoirs</i>		126	170	615	615	615	2,738	2,904	3,081
<i>Pump Stations</i>		14,274	99	1,818	10,910	10,910	16,653	17,813	19,013
<i>Water Treatment Works</i>		7,655	84,839	90,637	65,485	65,485	56,298	60,336	65,416
<i>Bulk Mains</i>		646	4,304	2,650	6,850	6,850	9,128	9,510	10,004
<i>Distribution</i>	68,563	73,720	48,805	49,853	47,389	47,389	56,993	60,728	64,631
<i>Distribution Points</i>			72	196	196	196	24	25	27
<i>PRV Stations</i>				1,669	1,669	1,669	200	212	225
Sanitation Infrastructure	108,147	34,706	48,657	70,600	61,434	61,434	77,895	83,175	88,439
<i>Pump Station</i>		7,135	6,345	6,991	6,991	6,991	15,940	16,799	17,679
<i>Reticulation</i>	108,147	133	496	1,109	691	691	889	959	1,040
<i>Waste Water Treatment Works</i>		27,437	41,816	62,461	53,713	53,713	61,036	65,381	69,678

Outfall Sewers				39	39	39	30	35	41
Solid Waste Infrastructure	6,535	-	-	-	-	-	-	-	-
Waste Transfer Stations	952								
Waste Processing Facilities	5,583								
Rail Infrastructure	-	558	1,186	3,983	3,613	3,613	3,433	3,442	3,451
Rail Lines		558	1,186	3,983	3,613	3,613	3,383	3,390	3,397
Rail Furniture							50	52	54
Information and Communication Infrastructure	-	568	-	-	-	-	-	-	-
Core Layers		568							
Community Assets	36,799	33,682	19,683	19,226	23,276	23,276	17,192	19,044	20,721
Community Facilities	23,740	22,764	12,369	11,760	13,077	13,077	9,865	10,966	11,959
Halls	2,798	10,171	3,443	3,632	3,627	3,627	3,751	4,451	4,714
Centres	3,375		63	693	693	693	735	779	826
Clinics/Care Centres	577								
Fire/Ambulance Stations	6,133	392	35	72	72	72	100	106	111
Museums	991	1,974	554	695	745	745	736	780	827
Galleries			315	213	213	213	226	240	254
Libraries	2,929	3,984	554	3,460	3,156	3,156	1,021	1,082	1,147
Cemeteries/Crematoria	415	1,067							
Police	6,522	40			95	95	103	111	120
Parks		173		195	195	195	197	209	220
Public Open Space		3,432	1,995	2,038	2,003	2,003	1,645	1,739	2,131
Nature Reserves		2	3	12	25	25	51	53	56
Public Ablution Facilities		382	2,159		803	803	479	518	570
Markets		1,147	3,248	750	1,450	1,450	821	898	984
Sport and Recreation Facilities	13,059	10,917	7,314	7,466	10,199	10,199	7,326	8,079	8,762
Indoor Facilities		10,120	6,623	6,485	8,774	8,774	6,374	7,069	7,692
Outdoor Facilities	13,059	798	691	981	1,425	1,425	952	1,009	1,070
	1	1	1	1	1	1	1	1	1
Heritage assets	-	593	685	638	1,302	1,302	1,291	1,363	1,440
Monuments		593	161	318	318	318	337	358	379
Conservation Areas			525	320	984	984	953	1,006	1,061
Other assets	49,484	20,832	14,533	34,326	30,797	30,797	27,305	29,053	34,995
Operational Buildings	48,746	19,150	13,936	25,268	22,585	22,585	25,285	26,892	32,682
Municipal Offices	44,042	14,222	9,756	17,044	15,615	15,615	17,861	19,005	20,218
Building Plan Offices	4,704								
Workshops		497	301	1,803	499	499	500	517	535
Laboratories		138	18				200	212	225
Training Centres		3		26	31	31	13	14	15
Depots		4,290	3,861	6,395	6,440	6,440	6,711	7,143	11,689
Housing	738	1,682	597	9,058	8,212	8,212	2,020	2,161	2,313
Staff Housing		205	244	726	726	726	1,010	1,070	1,135
Social Housing	738	1,477	353	8,332	7,486	7,486	1,010	1,091	1,178
Capital Spares									
Intangible Assets	-	4,054	2,885	5,070	4,238	4,238	6,286	6,900	7,584
Licences and Rights	-	4,054	2,885	5,070	4,238	4,238	6,286	6,900	7,584
Computer Software and Applications		4,054	2,885	5,070	4,238	4,238	6,286	6,900	7,584
Computer Equipment	9,005	8,783	2,698	13,974	13,086	13,086	13,400	14,287	15,209
Computer Equipment	9,005	8,783	2,698	13,974	13,086	13,086	13,400	14,287	15,209

Furniture and Office Equipment	-	552	725	1,474	1,308	1,308	1,682	1,795	1,915
Furniture and Office Equipment		552	725	1,474	1,308	1,308	1,682	1,795	1,915
Machinery and Equipment	-	29,009	15,421	38,790	42,206	42,206	44,878	47,380	50,375
Machinery and Equipment		29,009	15,421	38,790	42,206	42,206	44,878	47,380	50,375
Transport Assets	-	34,159	28,894	34,576	34,581	34,581	39,615	41,599	43,476
Transport Assets		34,159	28,894	34,576	34,581	34,581	39,615	41,599	43,476
Total Repairs and Maintenance Expenditure	408,710	344,628	334,924	463,178	460,219	460,219	479,429	509,494	544,812
R&M as a % of PPE	2.8%	2.2%	2.0%	2.8%	2.7%	2.7%	2.8%	2.7%	2.7%
R&M as % Operating Expenditure	4.7%	3.9%	3.8%	4.5%	4.4%	4.4%	4.6%	4.7%	4.7%

1.6.2 Free Basic Services: Basic Social Services Package

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

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

1.7 CAPITAL EXPENDITURE

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

TABLE 15 (2019/20 MEDIUM-TERM CAPITAL BUDGET PER VOTE)

Vote Description	2015/16	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Vote								
Multi-year expenditure, to be appropriated								
Vote 1 - Budget & Treasury	38,082	29,783	5,208	11,943	24,943	27,589	3,250	4,900
Vote 2 - Public Health	74,867	67,003	87,738	51,287	54,308	59,201	61,400	60,500
Vote 3 - Human Settlements	180,459	205,227	220,989	228,457	224,722	200,629	226,155	247,900
Vote 4 - Economic Development, Tourism & Agriculture	13,722	47,589	2,325	53,722	76,873	83,882	63,760	68,772
Vote 5 - Corporate Services	47,180	23,006	41,446	42,150	52,215	34,585	30,700	40,300
Vote 6 - Infrastructure & Engineering Unit - Rate & General	237,347	254,428	456,532	465,054	518,193	482,068	486,348	476,599
Vote 7 - Metro Water Service	186,776	202,103	256,305	265,100	524,535	317,500	313,550	279,100
Vote 8 - Sanitation - Metro	238,905	243,901	209,647	280,854	252,559	306,550	321,000	250,000
Vote 9 - Electricity & Energy	242,330	301,576	313,748	244,173	238,830	223,396	164,169	139,075
Vote 10 - Executive & Council	3,422	9,648	6,419	10,743	4,632	11,041	16,097	17,851
Vote 11 - Safety & Security	9,750	16,495	15,636	25,096	25,021	29,124	29,970	39,000
Vote 12 - Mandela Bay Stadium	11,725	-	-	13,000	13,000	5,000	5,000	5,000
Vote 13 - Special Projects and Programmes	1,016	-	6,662	-	-	-	-	-
Vote 14 - Recreational & Cultural Services	66,717	30,154	20,802	48,500	53,762	42,150	43,700	44,200
Capital Expenditure - Vote	1,352,298	1,430,912	1,643,457	1,740,079	2,063,593	1,822,714	1,765,100	1,673,197

TABLE 16 (2019/20 MEDIUM-TERM CAPITAL BUDGET PER VOTE PERCENTAGE ALLOCATION)

Vote Description	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework					
	Original Budget		Adjusted Budget		Budget Year 2019/20		Budget Year 2020/21		Budget Year 2021/22	
R thousand										
Capital expenditure - Vote										
Vote 1 - Budget & Treasury	11,943	0.69%	24,943	1.21%	27,589	1.51%	3,250	0.18%	4,900	0.29%
Vote 2 - Public Health	51,287	2.95%	54,308	2.63%	59,201	3.25%	61,400	3.48%	60,500	3.62%
Vote 3 - Human Settlements	228,457	13.13%	224,722	10.89%	200,629	11.01%	226,155	12.81%	247,900	14.82%
Vote 4 - Economic Development, Tourism & Agriculture	53,722	3.09%	76,873	3.75%	83,882	4.60%	63,761	3.61%	68,772	4.11%
Vote 5 - Corporate Services	42,150	2.42%	52,215	2.53%	34,585	1.90%	30,700	1.74%	40,300	2.41%
Vote 6 - Infrastructure & Engineering Unit - Rate & General	465,054	26.73%	518,193	25.11%	482,068	26.45%	486,348	27.55%	476,599	28.48%
Vote 7 - Metro Water Service	265,100	12.24%	524,535	25.42%	317,500	17.42%	313,550	17.76%	279,100	16.68%
Vote 8 - Sanitation - Metro	280,854	15.23%	252,559	12.24%	306,550	16.82%	321,000	18.19%	250,000	14.94%
Vote 9 - Electricity & Energy	244,173	14.03%	238,830	11.57%	223,396	12.26%	164,169	9.30%	139,075	8.31%
Vote 10 - Executive & Council	10,743	0.62%	4,632	0.22%	11,041	0.61%	16,097	0.91%	17,851	1.07%
Vote 11 - Safety & Security	25,096	1.44%	25,021	1.21%	29,124	1.60%	29,970	1.70%	39,000	2.33%
Vote 12 - Mandela Bay Stadium	13,000	0.75%	13,000	0.63%	5,000	0.27%	5,000	0.28%	5,000	0.30%
Vote 13 - Special Projects and Programmes	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Vote 14 - Recreational & Cultural Services	48,500	2.78%	53,762	2.61%	42,150	2.31%	43,700	2.48%	44,200	2.64%
Capital expenditure	1,740,079	100.00%	2,063,593	100.00%	1 822,714	100.00%	1 765,100	100.00%	1 673,197	100.00%

1.8 ANNUAL CONSOLIDATED BUDGET TABLES

The ten main budget tables, as required in terms of the Municipal Budget and Reporting Regulations (32141 dated 17 April 2009), are included in this section. These tables set out the Municipality's 2019/20 Budget and MTREF to be considered for approval by Council. Each table is accompanied by *explanatory notes*.

TABLE 17 (TABLE A1 – CONSOLIDATED BUDGET SUMMARY)

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome
R thousands										
Financial Performance										
Property rates	1,502,463	1,639,538	2,007,605	2,177,931	2,177,931	2,177,931	2,177,931	2,287,167	2,423,674	2,617,619
Service charges	4,649,224	4,909,882	5,182,065	5,469,035	5,469,778	5,469,778	5,469,778	5,893,944	6,404,119	6,999,898
Investment revenue	113,354	121,035	155,484	106,592	105,901	105,901	105,901	112,292	118,942	128,335
Transfers recognised - operational	1,148,940	1,450,617	1,578,577	1,814,474	1,819,368	1,819,368	1,819,368	2,029,337	2,130,306	2,307,424
Other own revenue	1,314,995	675,611	618,384	795,353	788,389	788,389	788,389	806,981	848,863	897,009
Total Revenue (excluding capital transfers and contributions)	8,728,976	8,796,682	9,542,116	10,363,386	10,361,367	10,361,367	10,361,367	11,129,721	11,925,904	12,950,284
Employee costs	2,343,747	3,068,997	2,802,868	3,272,708	3,289,820	3,289,820	3,289,820	3,634,880	3,984,889	4,406,677
Remuneration of councillors	62,196	64,284	71,265	73,451	75,486	75,486	75,486	80,439	86,401	92,579
Depreciation & asset impairment	1,095,302	294,326	280,095	817,712	738,535	738,535	738,535	782,804	829,773	879,559
Finance charges	166,492	155,218	144,138	142,392	142,392	142,392	142,392	154,361	181,796	203,901
Materials and bulk purchases	3,225,021	3,154,837	3,146,268	3,373,751	3,410,514	3,410,514	3,410,514	3,595,518	3,805,420	4,095,246
Transfers and grants	22,835	24,873	31,589	89,038	83,451	83,451	83,451	76,082	73,214	69,430
Other expenditure	1,851,089	2,083,627	2,353,781	2,606,037	2,695,535	2,695,535	2,695,535	2,447,712	2,515,690	2,684,576
Total Expenditure	8,766,683	8,846,161	8,830,004	10,375,088	10,435,733	10,435,733	10,435,733	10,771,797	11,477,184	12,431,968
Surplus/(Deficit)	(37,706)	(49,479)	712,112	(11,702)	(74,366)	(74,366)	(74,366)	357,924	448,720	518,316
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	777,512	1,113,327	1,357,812	997,534	1,272,939	1,272,939	1,272,939	983,161	1,020,533	1,081,910
Contributions recognised - capital & contributed assets	52,011	-	-	139,982	148,754	148,754	148,754	105,669	76,907	78,756
Surplus/(Deficit) after capital transfers & contributions	791,817	1,063,848	2,069,924	1,125,813	1,347,326	1,347,326	1,347,326	1,446,754	1,546,161	1,678,981
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	791,817	1,063,848	2,069,924	1,125,813	1,347,326	1,347,326	1,347,326	1,446,754	1,546,161	1,678,981

Capital expenditure & funds sources											
Capital expenditure	1,352,298	1,430,912	1,643,457	1,740,079	2,063,593	2,063,593	2,063,593	1,822,714	1,765,100	1,673,197	
Transfers recognised - capital	825,259	1,113,327	1,357,812	1,137,515	1,421,692	1,421,692	1,421,692	1,088,829	1,097,441	1,160,666	
Borrowing	-	-	-	148,290	148,290	148,290	148,290	286,370	235,943	80,000	
Internally generated funds	527,039	317,586	285,645	454,274	493,611	493,611	493,611	447,515	431,716	432,531	
Total sources of capital funds	1,352,298	1,430,912	1,643,457	1,740,079	2,063,593	2,063,593	2,063,593	1,822,714	1,765,100	1,673,197	
Financial position											
Total current assets	3,480,108	3,789,549	4,946,791	4,528,235	4,806,245	4,806,245	4,806,245	5,562,375	6,054,938	6,515,968	
Total non current assets	14,816,561	15,962,030	17,436,365	17,154,030	17,566,034	17,566,034	17,566,034	19,807,485	20,746,885	21,544,856	
Total current liabilities	2,259,708	2,230,842	2,752,662	2,646,570	2,821,423	2,821,423	2,821,423	3,178,208	3,356,539	3,548,738	
Total non current liabilities	3,312,032	3,648,214	3,688,047	3,721,780	3,830,269	3,830,269	3,830,269	4,292,279	4,585,252	4,730,075	
Community wealth/Equity	12,724,930	13,872,523	15,942,447	15,313,915	15,720,587	15,720,587	15,720,587	17,899,372	18,860,033	19,782,010	
Cash flows											
Net cash from (used) operating	1,892,677	1,495,048	2,820,760	2,023,586	1,914,455	1,914,455	1,914,455	1,830,490	1,992,361	2,162,106	
Net cash from (used) investing	(1,621,917)	(1,383,260)	(1,742,981)	(1,731,287)	(2,046,342)	(2,046,342)	(2,046,342)	(1,862,541)	(1,699,749)	(1,759,218)	
Net cash from (used) financing	(104,093)	(93,920)	(86,407)	72,864	74,966	74,966	74,966	110,304	55,752	(96,629)	
Cash/cash equivalents at the year end	1,612,505	1,630,374	2,621,746	2,366,608	2,564,825	2,564,825	2,564,825	2,683,317	3,031,680	3,337,940	
Cash backing/surplus reconciliation											
Cash and investments available	1,614,975	1,633,025	2,624,613	2,366,608	2,564,825	2,564,825	2,564,825	2,683,317	3,031,680	3,337,940	
Application of cash and investments	1,041,167	739,001	1,438,819	1,615,340	1,717,251	1,717,251	1,717,251	1,727,538	2,000,857	2,282,815	
Balance - surplus (shortfall)	573,809	894,024	1,185,794	751,269	847,574	847,574	847,574	955,779	1,030,823	1,055,124	
Asset management											
Asset register summary (WDV)	14,792,254	-	17,351,540	17,043,545	17,425,553	17,425,553	17,425,553	19,726,003	20,661,330	21,455,022	
Depreciation	1,095,302	294,326	280,095	817,712	738,535	738,535	738,535	782,804	829,773	879,559	
Renewal and Upgrading of Existing Assets	661,142	864,553	976,254	997,937	972,222	972,222	972,222	888,060	839,794	854,300	
Repairs and Maintenance	409,289	344,628	334,924	463,178	460,219	460,219	460,219	479,429	509,494	544,812	
Free services											
Cost of Free Basic Services provided	258,450	460,691	410,940	479,388	479,388	479,388	486,075	486,075	530,467	580,675	
Revenue cost of free services provided	114,886	172,799	169,116	181,198	181,198	181,198	180,555	180,555	195,034	211,084	
Households below minimum service level											
Water:	-	-	-	-	-	-	-	-	-	-	
Sanitation/sewerage:	30	22	24	9	9	9	5	5	4	3	
Energy:	-	-	-	-	-	-	-	-	-	-	
Refuse:	156	62	367	20	25	25	25	25	25	25	

Explanatory notes to Table A1 - Budget Summary

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

TABLE 18 (TABLE A2 – CONSOLIDATED BUDGET FINANCIAL PERFORMANCE)

Functional Classification Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional									
Governance and administration	2,707,968	2,812,502	3,030,614	2,830,550	2,798,217	2,798,217	3,201,254	3,384,275	3,619,267
Executive and council	116	154	399	26	26	26	40	40	40
Finance and administration	2,707,852	2,812,348	3,030,215	2,830,522	2,798,189	2,798,189	3,201,212	3,384,233	3,619,225
Internal audit	-	-	-	2	2	2	2	2	2
Community and public safety	752,454	563,157	607,690	1,316,276	1,357,812	1,357,812	1,086,703	1,169,903	1,279,433
Community and social services	26,650	30,441	39,409	57,548	58,062	58,062	42,091	44,813	47,772
Sport and recreation	19,651	31,476	8,946	4,761	11,282	11,282	5,702	6,097	6,427
Public safety	247,431	226,895	315,123	502,627	502,980	502,980	677,650	725,516	801,044
Housing	455,307	271,900	242,167	749,529	783,677	783,677	358,835	390,887	421,427
Health	3,415	2,445	2,044	1,811	1,811	1,811	2,425	2,591	2,763
Economic and environmental services	334,457	354,783	509,067	556,281	571,220	571,220	621,070	622,940	649,680
Planning and development	184,670	173,505	147,253	180,624	166,573	166,573	194,672	170,412	179,600
Road transport	142,487	180,204	360,488	374,156	403,145	403,145	424,311	450,289	467,670
Environmental protection	7,299	1,075	1,327	1,501	1,501	1,501	2,088	2,239	2,409
Trading services	5,746,120	6,161,867	6,725,897	6,749,916	7,007,932	7,007,932	7,267,360	7,800,905	8,513,711
Energy sources	3,708,273	3,737,250	3,680,025	4,168,510	4,163,167	4,163,167	4,430,632	4,779,035	5,217,380
Water management	996,553	1,161,681	1,757,587	1,159,095	1,417,530	1,417,530	1,281,854	1,369,750	1,508,066
Waste water management	759,019	958,092	984,262	978,525	982,200	982,200	1,076,573	1,131,277	1,218,288
Waste management	282,275	304,843	304,023	443,785	445,035	445,035	478,301	520,844	569,977
Other	17,501	17,700	26,659	47,879	47,879	47,879	42,163	45,322	48,858
Total Revenue - Functional	9,558,500	9,910,009	10,899,927	11,500,902	11,783,059	11,783,059	12,218,550	13,023,345	14,110,950
Expenditure - Functional									
Governance and administration	1,234,578	1,606,957	1,595,314	1,888,563	2,089,865	2,089,865	2,194,494	2,359,239	2,608,565
Executive and council	187,685	236,493	170,065	308,256	309,570	309,570	337,073	360,529	385,669
Finance and administration	1,046,893	1,370,464	1,377,747	1,518,222	1,718,565	1,718,565	1,793,002	1,930,272	2,150,166
Internal audit	-	-	47,503	62,085	61,731	61,731	64,419	68,439	72,729
Community and public safety	1,619,860	1,442,663	1,329,207	1,962,318	1,964,762	1,964,762	1,697,863	1,808,058	1,938,913
Community and social services	187,463	243,590	171,067	320,117	317,004	317,004	339,661	369,033	401,588
Sport and recreation	211,365	349,762	409,164	382,055	377,319	377,319	373,557	395,544	426,443
Public safety	773,187	525,802	545,091	650,533	638,493	638,493	688,992	731,206	778,619
Housing	316,392	269,498	147,818	521,858	547,212	547,212	196,662	209,109	220,681
Health	131,452	54,011	56,067	87,755	84,734	84,734	98,990	103,166	111,582
Economic and environmental services	950,823	602,764	530,944	868,003	711,708	711,708	775,349	836,450	870,119
Planning and development	519,417	165,810	261,163	326,997	357,748	357,748	348,639	355,478	369,879
Road transport	280,859	399,438	230,888	490,982	307,779	307,779	377,050	426,755	441,279
Environmental protection	150,547	37,517	38,893	50,023	46,180	46,180	49,661	54,217	58,960
Trading services	4,945,911	5,153,447	5,338,846	5,609,374	5,623,785	5,623,785	6,051,797	6,416,635	6,952,628
Energy sources	3,487,071	3,605,024	3,473,489	3,850,352	3,863,118	3,863,118	4,124,434	4,378,754	4,726,109
Water management	702,836	714,881	1,025,995	821,475	818,720	818,720	889,438	970,865	1,061,451
Waste water management	486,967	500,786	519,106	559,395	562,139	562,139	633,078	636,539	702,251
Waste management	269,037	332,755	320,256	378,151	379,807	379,807	404,848	430,477	462,817
Other	15,511	40,330	35,692	46,830	45,613	45,613	52,293	56,801	61,743
Total Expenditure - Functional	8,766,683	8,846,161	8,830,004	10,375,088	10,435,733	10,435,733	10,771,797	11,477,184	12,431,968
Surplus/(Deficit) for the year	791,817	1,063,848	2,069,924	1,125,813	1,347,326	1,347,326	1,446,754	1,546,161	1,678,981

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

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

TABLE 19 (TABLE A3 – CONSOLIDATED BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE BY MUNICIPAL VOTE))

Vote Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote									
Vote 1 - Budget & Treasury	2,662,693	2,697,731	2,855,977	2,778,076	2,738,539	2,738,539	3,091,198	3,269,356	3,498,696
Vote 2 - Public Health	299,709	318,470	358,656	487,223	491,495	491,495	515,927	560,839	611,273
Vote 3 - Human Settlements	479,704	312,968	264,905	777,167	811,315	811,315	318,073	421,425	453,743
Vote 4 - Economic Development, Tourism & Agriculture	109,035	149,148	126,252	152,687	144,748	144,748	179,499	159,800	168,038
Vote 5 - Corporate Services	34,141	15,709	48,812	20,733	24,360	24,360	30,996	21,930	23,585
Vote 6 - Infrastructure & Engineering Unit - Rate & General	147,733	179,071	384,469	375,950	405,495	405,495	474,977	453,058	470,603
Vote 7 - Metro Water Service	996,553	1,163,663	1,520,349	1,159,095	1,417,530	1,417,530	1,281,914	1,369,818	1,508,142
Vote 8 - Sanitation - Metro	759,019	951,054	955,682	978,525	982,200	982,200	1,076,578	1,131,282	1,218,294
Vote 9 - Electricity & Energy	3,708,273	3,793,454	3,732,740	4,168,510	4,163,167	4,163,167	4,441,632	4,779,035	5,217,380
Vote 10 - Executive & Council	6,360	25,186	30,958	22,350	16,239	16,239	25,231	21,701	23,845
Vote 11 - Safety & Security	248,628	226,617	567,255	530,206	530,560	530,560	698,093	747,491	824,734
Vote 12 - Mandela Bay Stadium	50,932	14,193	4,462	15,000	15,000	15,000	47,779	50,215	52,576
Vote 13 - Special Projects and Programmes	22,426	17,052	21,043	14,416	14,416	14,416	13,958	13,423	14,812
Vote 14 - Recreational & Cultural Services	33,296	45,694	28,368	20,961	27,996	27,996	22,694	23,971	25,230
Total Revenue by Vote	9,558,500	9,910,009	10,899,927	11,500,902	11,783,059	11,783,059	12,218,550	13,023,345	14,110,950
Expenditure by Vote to be appropriated									
Vote 1 - Budget & Treasury	723,426	891,933	667,581	775,101	798,506	798,506	821,762	882,091	1,017,281
Vote 2 - Public Health	652,893	563,811	573,188	683,690	680,858	680,858	733,393	782,755	845,785
Vote 3 - Human Settlements	564,998	261,652	220,278	607,383	631,889	631,889	295,088	315,824	332,230
Vote 4 - Economic Development, Tourism & Agriculture	111,891	124,752	147,168	172,182	203,868	203,868	174,170	176,154	177,912
Vote 5 - Corporate Services	296,648	309,699	349,671	447,520	450,016	450,016	474,227	512,321	552,904
Vote 6 - Infrastructure & Engineering Unit - Rate & General	407,538	562,584	393,794	781,272	663,641	663,641	774,856	853,161	898,828
Vote 7 - Metro Water Service	702,977	728,719	1,050,694	838,614	838,242	838,242	910,559	993,675	1,086,124
Vote 8 - Sanitation - Metro	430,121	455,683	476,042	504,307	534,632	534,632	593,418	594,928	658,549
Vote 9 - Electricity & Energy	3,500,746	3,600,927	3,469,978	3,846,612	3,859,354	3,859,354	4,120,316	4,374,257	4,721,252
Vote 10 - Executive & Council	235,069	238,689	239,323	374,993	374,028	374,028	403,973	421,566	449,940
Vote 11 - Safety & Security	621,408	661,480	818,459	893,624	959,118	959,118	1,024,365	1,097,287	1,181,611
Vote 12 - Mandela Bay Stadium	192,150	128,697	38,559	51,584	51,584	51,584	47,779	50,215	52,576
Vote 13 - Special Projects and Programmes	22,748	13,136	7,504	12,731	12,731	12,731	13,418	13,953	14,806
Vote 14 - Recreational & Cultural Services	304,071	304,399	377,764	385,474	377,267	377,267	384,471	408,997	442,169
Total Expenditure by Vote	8,766,683	8,846,161	8,830,004	10,375,088	10,435,733	10,435,733	10,771,797	11,477,184	12,431,968
Surplus/(Deficit) for the year	791,817	1,063,848	2,069,924	1,125,813	1,347,326	1,347,326	1,446,754	1,546,161	1,678,981

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

1. The purpose of the format in which the budget is presented, is to enable the Council to enforce a vote in accordance with the municipality's organisational structure, so as to assign responsibility for the revenue and expenditure recorded against these votes to the City

Manager and Executive Directors concerned. Operating revenue and expenditure is thus presented by 'vote'. A 'vote' is defined in terms of section 1 of the MFMA as one of the main segments into which a budget of a municipality is divided into, for the appropriation of funds.

TABLE 20 (TABLE A4 - BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE))

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source										
Property rates	1,502,463	1,639,538	2,007,605	2,177,931	2,177,931	2,177,931	2,177,931	2,287,167	2,423,674	2,617,619
Service charges - electricity revenue	3,466,988	3,576,229	3,482,486	3,964,692	3,964,692	3,964,692	3,964,692	4,244,271	4,599,318	5,019,273
Service charges - water revenue	660,223	767,493	1,074,385	749,547	749,547	749,547	749,547	815,772	893,270	980,811
Service charges - sanitation revenue	377,421	427,358	456,870	459,930	459,930	459,930	459,930	519,437	568,784	624,525
Service charges - refuse revenue	144,592	138,802	168,323	294,867	295,609	295,609	295,609	314,464	342,747	375,289
Rental of facilities and equipment	21,042	23,229	22,472	37,118	37,208	37,208	37,208	36,797	39,231	41,695
Interest earned - external investments	113,354	121,035	155,484	106,592	105,901	105,901	105,901	112,292	118,942	128,335
Interest earned - outstanding debtors	160,682	178,749	224,634	221,488	221,488	221,488	221,488	291,720	317,087	345,902
Dividends received	77	341	123							
Fines, penalties and forfeits	224,461	289,704	213,072	303,735	288,772	288,772	288,772	253,517	252,629	252,489
Licences and permits	9,332	20,378	19,456	28,034	28,034	28,034	28,034	21,354	22,955	24,745
Agency services	2,345	2,501	2,774	2,892	2,892	2,892	2,892	3,095	3,327	3,586
Transfers and subsidies	1,148,940	1,450,617	1,578,577	1,814,474	1,819,368	1,819,368	1,819,368	2,029,337	2,130,306	2,307,424
Other revenue	897,028	160,103	135,853	202,086	209,522	209,522	209,522	199,999	213,125	228,072
Gains on disposal of PPE	28	606			473	473	473	500	510	520
Total Revenue (excluding capital transfers and contributions)	8,728,976	8,796,682	9,542,116	10,363,386	10,361,367	10,361,367	10,361,367	11,129,721	11,925,904	12,950,284
Expenditure By Type										
Employee related costs	2,343,747	3,068,997	2,802,868	3,272,708	3,289,820	3,289,820	3,289,820	3,634,880	3,984,889	4,406,677
Remuneration of councillors	62,196	64,284	71,265	73,451	75,486	75,486	75,486	80,439	86,401	92,579
Debt impairment	625,575	603,564	872,737	541,605	541,750	541,750	541,750	598,924	587,229	624,867
Depreciation & asset impairment	1,095,302	294,326	280,095	817,712	738,535	738,535	738,535	782,804	829,773	879,559
Finance charges	166,492	155,218	144,138	142,392	142,392	142,392	142,392	154,361	181,796	203,901
Bulk purchases	2,815,732	3,010,600	3,014,543	3,181,932	3,204,776	3,204,776	3,204,776	3,369,882	3,566,310	3,842,782
Other materials	409,289	144,236	131,725	191,819	205,737	205,737	205,737	225,636	239,111	252,464
Contracted services	481,775	1,147,619	1,041,442	1,369,473	1,413,980	1,413,980	1,413,980	1,109,023	1,152,149	1,245,958
Transfers and subsidies	22,835	24,873	31,589	89,038	83,451	83,451	83,451	76,082	73,214	69,430
Other expenditure	743,706	331,145	439,540	694,958	739,805	739,805	739,805	739,765	776,312	813,752
Loss on disposal of PPE	34	1,299	63							
Total Expenditure	8,766,683	8,846,161	8,830,004	10,375,088	10,435,733	10,435,733	10,435,733	10,771,797	11,477,184	12,431,968
Surplus/(Deficit)	(37,706)	(49,479)	712,112	(11,702)	(74,366)	(74,366)	(74,366)	357,924	448,720	518,316
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	777,512	1,113,327	1,357,812	997,534	1,272,939	1,272,939	1,272,939	983,161	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)	52,011	-	-	139,982	148,754	148,754	148,754	105,669	76,907	78,756
Transfers and subsidies - capital (in-kind - all)										
Surplus/(Deficit) after capital transfers & contributions	791,817	1,063,848	2,069,924	1,125,813	1,347,326	1,347,326	1,347,326	1,446,754	1,546,161	1,678,981
Taxation										

Surplus/(Deficit) after taxation	791,817	1,063,848	2,069,924	1,125,813	1,347,326	1,347,326	1,347,326	1,446,754	1,546,161	1,678,981
Attributable to minorities										
Surplus/(Deficit) attributable to municipality	791,817	1,063,848	2,069,924	1,125,813	1,347,326	1,347,326	1,347,326	1,446,754	1,546,161	1,678,981
Share of surplus/ (deficit) of associate										
Surplus/(Deficit) for the year	791,817	1,063,848	2,069,924	1,125,813	1,347,326	1,347,326	1,347,326	1,446,754	1,546,161	1,678,981

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

Revenue

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

TABLE 21 (TABLE A5 – CONSOLIDATED BUDGETED CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING SOURCE)

Vote Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 1 - Budget & Treasury	36,129	29,553	4,156	9,243	22,743	22,743	22,743	24,839	2,500	3,000
Vote 2 - Public Health	61,598	55,854	77,216	41,487	43,758	43,758	43,758	26,600	43,200	43,300
Vote 3 - Human Settlements	180,459	205,227	220,989	183,457	179,722	179,722	179,722	200,629	226,155	247,900
Vote 4 - Economic Development, Tourism & Agriculture	13,722	46,962	1,325	52,222	72,508	72,508	72,508	80,882	63,760	68,772
Vote 5 - Corporate Services	47,180	23,006	41,446	28,950	26,515	26,515	26,515	33,985	30,400	39,500
Vote 6 - Infrastructure & Engineering Unit - Rate & General	229,317	240,299	447,421	448,954	496,023	496,023	496,023	466,568	470,848	461,099
Vote 7 - Metro Water Service	182,704	199,848	255,403	263,100	519,535	519,535	519,535	311,000	310,050	269,100
Vote 8 - Sanitation - Metro	232,984	240,785	209,647	278,854	247,559	247,559	247,559	302,050	315,500	244,500
Vote 9 - Electricity & Energy	215,917	293,231	301,133	236,443	228,590	228,590	228,590	215,346	160,169	135,075
Vote 10 - Executive & Council	3,422	9,648	6,419	10,743	4,632	4,632	4,632	11,041	16,097	17,851
Vote 11 - Safety & Security	6,442	6,825	12,181	4,865	5,290	5,290	5,290	24,950	11,500	14,000
Vote 12 - Mandela Bay Stadium	11,725	-	-	13,000	13,000	13,000	13,000	5,000	5,000	5,000
Vote 13 - Special Projects and Programmes	1,016	-	6,662	-	-	-	-	-	-	-
Vote 14 - Recreational & Cultural Services	66,717	28,922	17,258	38,000	43,262	43,262	43,262	36,600	43,700	32,200
Capital multi-year expenditure sub-total	1,289,333	1,380,160	1,601,256	1,609,318	1,903,137	1,903,137	1,903,137	1,739,489	1,698,880	1,581,297
Single-year expenditure to be appropriated										
Vote 1 - Budget & Treasury	1,953	230	1,052	2,700	2,200	2,200	2,200	2,750	750	1,900
Vote 2 - Public Health	13,269	11,149	10,522	9,800	10,550	10,550	10,550	32,601	18,200	17,200
Vote 3 - Human Settlements	-	-	-	45,000	45,000	45,000	45,000	-	-	-
Vote 4 - Economic Development, Tourism & Agriculture	-	627	1,000	1,500	4,365	4,365	4,365	3,000	-	-
Vote 5 - Corporate Services	-	-	-	13,200	25,700	25,700	25,700	600	300	800
Vote 6 - Infrastructure & Engineering Unit - Rate & General	8,030	14,129	9,111	16,100	22,170	22,170	22,170	15,500	15,500	15,500
Vote 7 - Metro Water Service	4,072	2,255	902	2,000	5,000	5,000	5,000	6,500	3,500	10,000
Vote 8 - Sanitation - Metro	5,921	3,116	-	2,000	5,000	5,000	5,000	4,500	5,500	5,500
Vote 9 - Electricity & Energy	26,413	8,345	12,615	7,730	10,240	10,240	10,240	8,050	4,000	4,000
Vote 10 - Executive & Council	-	-	-	-	-	-	-	-	-	-
Vote 11 - Safety & Security	3,308	9,670	3,455	20,231	19,731	19,731	19,731	4,174	18,470	25,000
Vote 12 - Mandela Bay Stadium	-	-	-	-	-	-	-	-	-	-
Vote 13 - Special Projects and Programmes	-	-	-	-	-	-	-	-	-	-
Vote 14 - Recreational & Cultural Services	-	1,232	3,544	10,500	10,500	10,500	10,500	5,550	-	12,000

Capital single-year expenditure sub-total	62,966	50,753	42,201	130,761	160,456	160,456	160,456	83,225	66,220	91,900
Total Capital Expenditure - Vote	1,352,298	1,430,912	1,643,457	1,740,079	2,063,593	2,063,593	2,063,593	1,822,714	1,765,100	1,673,197
Capital Expenditure - Functional										
Governance and administration	100,408	62,437	52,022	93,774	139,828	139,828	139,828	113,751	108,238	147,899
Executive and council	15,147	9,648								
Finance and administration	38,081	29,784	52,022	93,774	139,828	139,828	139,828	113,751	108,238	147,899
Internal audit	47,180	23,006								
Community and public safety	258,903	275,228	258,318	156,801	183,978	183,978	183,978	107,451	113,100	115,000
Community and social services	13,459	20,794	6,906	36,117	37,567	37,567	37,567	40,650	41,900	46,700
Sport and recreation	53,315	30,154	13,896	59,070	86,871	86,871	86,871	36,501	42,700	36,200
Public safety	9,750	16,495	15,636	15,815	13,740	13,740	13,740	23,700	21,900	25,500
Housing	180,459	205,227	220,989	45,000	45,000	45,000	45,000			
Health	1,919	2,558	891	800	800	800	800	6,600	6,600	6,600
Economic and environmental services	291,298	320,930	534,337	562,343	599,113	599,113	599,113	606,992	586,510	564,823
Planning and development	14,681	26,794	8,038	53,722	75,027	75,027	75,027	57,795	37,673	38,337
Road transport	237,347	254,428	458,532	506,621	522,836	522,836	522,836	548,198	547,837	525,486
Environmental protection	39,270	39,708	67,767	2,000	1,250	1,250	1,250	1,000	1,000	1,000
Trading services	701,689	772,317	798,780	927,161	1,140,128	1,140,128	1,140,128	994,519	957,251	845,475
Energy sources	242,331	301,576	313,748	236,673	231,080	231,080	231,080	221,756	158,669	133,575
Water management	186,776	202,103	256,306	290,515	551,011	551,011	551,011	340,784	337,306	292,700
Waste water management	238,904	243,900	209,647	386,973	345,037	345,037	345,037	418,779	448,076	406,000
Waste management	33,678	24,737	19,080	13,000	13,000	13,000	13,000	13,200	13,200	13,200
Other					547	547	547			
Total Capital Expenditure - Functional	1,352,298	1,430,912	1,643,457	1,740,079	2,063,593	2,063,593	2,063,593	1,822,714	1,765,100	1,673,197
Funded by:										
National Government	760,841	849,897	1,114,353	977,575	1,252,980	1,252,980	1,252,980	983,161	1,020,533	1,081,910
Provincial Government										
District Municipality										
Other transfers and grants	64,418	263,430	243,458	159,940	168,712	168,712	168,712	105,669	76,907	78,756
Transfers recognised - capital	825,259	1,113,327	1,357,812	1,137,515	1,421,692	1,421,692	1,421,692	1,088,829	1,097,441	1,160,666
Borrowing				148,290	148,290	148,290	148,290	286,370	235,943	80,000
Internally generated funds	527,039	317,586	285,645	454,274	493,611	493,611	493,611	447,515	431,716	432,531
Total Capital Funding	1,352,298	1,430,912	1,643,457	1,740,079	2,063,593	2,063,593	2,063,593	1,822,714	1,765,100	1,673,197

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

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote; capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

TABLE 22 (TABLE A6 – CONSOLIDATED BUDGETED FINANCIAL POSITION)

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
ASSETS										
Current assets										
Cash	247,168	285,651	249,811	201,000	201,000	201,000	201,000	201,000	201,000	201,000
Call investment deposits	1,367,808	1,347,374	2,374,802	2,165,608	2,363,825	2,363,825	2,363,825	2,482,317	2,830,680	3,136,940
Consumer debtors	1,267,085	1,544,083	1,707,852	1,475,210	1,555,004	1,555,004	1,555,004	2,293,087	2,414,466	2,546,704
Other debtors	452,674	414,046	434,161	480,635	480,635	480,635	480,635	387,392	400,310	412,445

Current portion of long-term receivables	0	0	-	0	-	-	-			
Inventory	145,374	198,396	180,165	205,782	205,782	205,782	205,782	198,579	208,482	218,879
Total current assets	3,480,108	3,789,549	4,946,791	4,528,235	4,806,245	4,806,245	4,806,245	5,562,375	6,054,938	6,515,968
Non current assets										
Long-term receivables	24,307	64,059	77,605	67,262	67,262	67,262	67,262	81,482	85,556	89,833
Investments										
Investment property	197,280	193,631	220,380	197,280	197,280	197,280	197,280	218,701	216,622	214,118
Investment in Associate										
Property, plant and equipment	14,540,793	15,620,946	16,695,730	16,828,351	17,240,355	17,240,355	17,240,355	19,102,174	20,055,621	20,840,555
Biological										
Intangible	54,180	83,393	442,651	61,137	61,137	61,137	61,137	405,128	389,087	400,349
Other non-current assets										
Total non current assets	14,816,561	15,962,030	17,436,365	17,154,030	17,566,034	17,566,034	17,566,034	19,807,485	20,746,885	21,544,856
TOTAL ASSETS	18,296,669	19,751,580	22,383,157	21,682,265	22,372,279	22,372,279	22,372,279	25,369,860	26,801,824	28,060,823
LIABILITIES										
Current liabilities										
Bank overdraft										
Borrowing	95,439	86,409	79,760	93,170	93,170	93,170	93,170	99,143	111,313	124,281
Consumer deposits	123,959	131,388	148,637	139,221	139,221	139,221	139,221	166,137	171,137	176,137
Trade and other payables	1,914,570	1,757,911	2,305,064	2,157,729	2,332,583	2,332,583	2,332,583	2,645,353	2,786,145	2,939,513
Provisions	125,740	255,134	219,201	256,450	256,450	256,450	256,450	267,575	287,944	308,807
Total current liabilities	2,259,708	2,230,842	2,752,662	2,646,570	2,821,423	2,821,423	2,821,423	3,178,208	3,356,539	3,548,738
Non current liabilities										
Borrowing	1,377,585	1,290,457	1,209,505	1,203,438	1,351,727	1,351,727	1,351,727	1,360,541	1,411,292	1,309,663
Provisions	1,934,447	2,357,757	2,478,542	2,518,343	2,478,542	2,478,542	2,478,542	2,931,739	3,173,960	3,420,413
Total non current liabilities	3,312,032	3,648,214	3,688,047	3,721,780	3,830,269	3,830,269	3,830,269	4,292,279	4,585,252	4,730,075
TOTAL LIABILITIES	5,571,740	5,879,056	6,440,710	6,368,350	6,651,692	6,651,692	6,651,692	7,470,487	7,941,791	8,278,813
NET ASSETS	12,724,930	13,872,523	15,942,447	15,313,915	15,720,587	15,720,587	15,720,587	17,899,372	18,860,033	19,782,010
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	12,483,660	13,531,707	15,494,051	14,701,631	15,105,845	15,105,845	15,105,845	17,067,541	17,806,745	18,514,110
Reserves	241,270	340,817	448,396	612,284	614,743	614,743	614,743	831,831	1,053,287	1,267,901
TOTAL COMMUNITY WEALTH/EQUITY	12,724,930	13,872,523	15,942,447	15,313,915	15,720,587	15,720,587	15,720,587	17,899,372	18,860,033	19,782,010

Explanatory notes to Table A6 - Budgeted Financial Position

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

TABLE 23 (TABLE A7 – CONSOLIDATED BUDGET CASH FLOW STATEMENT)

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates	1,306,402	1,599,357	1,763,236	2,069,035	2,069,035	2,069,035	2,069,035	2,149,937	2,290,371	2,473,650
Service charges	4,003,911	4,350,795	4,797,236	5,195,393	5,195,393	5,195,393	5,195,393	5,540,320	6,051,904	6,614,915
Other revenue	1,927,334	998,734	198,969	310,241	319,507	319,507	319,507	303,930	323,353	344,732
Government - operating	1,206,016	1,450,617	1,578,577	1,755,820	1,780,072	1,780,072	1,780,072	1,986,195	2,079,412	2,255,472
Government - capital	932,291	1,057,961	1,654,509	1,546,170	1,794,753	1,794,753	1,794,753	1,140,095	1,148,388	1,216,154
Interest	112,372	120,860	155,649	106,592	105,901	105,901	105,901	112,292	118,942	128,835
Dividends	77	341	123					-	-	-
Payments										
Suppliers and employees	(7,321,511)	(7,867,407)	(7,128,470)	(8,729,826)	(9,113,185)	(9,113,185)	(9,113,185)	(9,171,125)	(9,765,233)	(10,598,482)
Finance charges	(168,838)	(157,624)	(146,735)	(142,392)	(142,392)	(142,392)	(142,392)	(154,361)	(181,796)	(203,901)
Transfers and Grants	(105,376)	(58,585)	(52,336)	(87,446)	(94,629)	(94,629)	(94,629)	(76,794)	(72,980)	(69,269)
NET CASH FROM/(USED) OPERATING ACTIVITIES	1,892,677	1,495,048	2,820,760	2,023,586	1,914,455	1,914,455	1,914,455	1,830,490	1,992,361	2,162,106
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE								-	-	-
Decrease (Increase) in non-current debtors								-	-	-
Decrease (increase) other non-current receivables				(3,203)	(3,203)	(3,203)	(3,203)	(14,219)	(4,074)	(4,278)
Decrease (increase) in non-current investments								-	-	-
Payments										
Capital assets	(1,621,917)	(1,383,260)	(1,742,981)	(1,728,084)	(2,043,139)	(2,043,139)	(2,043,139)	(1,848,322)	(1,695,675)	(1,754,940)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(1,621,917)	(1,383,260)	(1,742,981)	(1,731,287)	(2,046,342)	(2,046,342)	(2,046,342)	(1,862,541)	(1,699,749)	(1,759,218)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-	-	-
Borrowing long term/refinancing				148,290	148,290	148,290	148,290	286,370	235,943	80,000
Increase (decrease) in consumer deposits				7,880	10,000	10,000	10,000	16,916	5,000	5,000
Payments										
Repayment of borrowing	(104,093)	(93,920)	(86,407)	(83,306)	(83,324)	(83,324)	(83,324)	(192,982)	(185,191)	(181,629)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(104,093)	(93,920)	(86,407)	72,864	74,966	74,966	74,966	110,304	55,752	(96,629)
NET INCREASE/ (DECREASE) IN CASH HELD	166,667	17,868	991,372	365,163	(56,921)	(56,921)	(56,921)	78,253	348,363	306,259
Cash/cash equivalents at the year begin:	1,445,839	1,612,505	1,630,374	2,001,445	2,621,746	2,621,746	2,621,746	2,605,064	2,683,317	3,031,680
Cash/cash equivalents at the year end:	1,612,505	1,630,374	2,621,746	2,366,608	2,564,825	2,564,825	2,564,825	2,683,317	3,031,680	3,337,940

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

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

TABLE 24 (TABLE A8 - CASH BACKED RESERVES/ACCUMULATED SURPLUS RECONCILIATION)

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
Cash and investments available										
Cash/cash equivalents at the year end	1,612,505	1,630,374	2,621,746	2,366,608	2,564,825	2,564,825	2,564,825	2,683,317	3,031,680	3,337,940
Other current investments > 90 days	2,470	2,652	2,867	(0)	(0)	(0)	(0)	-	-	-
Non-current assets - Investments	-	-	-	-	-	-	-	-	-	-
Cash and investments available:	1,614,975	1,633,025	2,624,613	2,366,608	2,564,825	2,564,825	2,564,825	2,683,317	3,031,680	3,337,940
Application of cash and investments										
Unspent conditional transfers	200,574	47,362	155,630	227,785	350,000	350,000	350,000	270,761	272,694	290,363
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements										
Other working capital requirements	11,380	(272,823)	226,662	114,760	91,999	91,999	91,999	(82,087)	(83,988)	(86,436)
Other provisions	587,943	623,646	608,132	660,510	660,510	660,510	660,510	707,033	758,864	810,987
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	241,270	340,817	448,396	612,284	614,743	614,743	614,743	831,831	1,053,287	1,267,901
Total Application of cash and investments:	1,041,167	739,001	1,438,819	1,615,340	1,717,251	1,717,251	1,717,251	1,727,538	2,000,857	2,282,815
Surplus(shortfall)	573,809	894,024	1,185,794	751,269	847,574	847,574	847,574	955,779	1,030,823	1,055,124

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. The table assesses the funding levels of the budget by firstly forecasting the cash and investments at year-end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. As part of the budgeting and planning guidelines that informed the compilation of the 2019/20 MTREF, the end objective of the medium-term framework was to ensure the budget is funded as required in accordance with section 18 of the MFMA.
4. Provisions to be cash backed incorporate all current provisions as well as the provision for the rehabilitation of landfill sites.
5. Reserves to be cash backed incorporate the Housing Revolving Fund, COIDA, Self Insurance Fund (SIF) and the Capital Replacement Reserve. Amounts of R500 million, R700 million and R900 million has been provided for the 2019/20, 2020/21 and 2021/22 financial years respectively.

TABLE 25 (TABLE A9 - ASSET MANAGEMENT)

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	691,157	566,359	667,203	742,143	1,091,370	1,091,370	934,654	925,306	818,897
<i>Roads Infrastructure</i>	148,883	307,044	261,897	226,525	223,005	223,005	265,284	298,737	281,936
<i>Storm water Infrastructure</i>	–	(102)	26,962	28,565	20,222	20,222	33,835	43,707	67,900
<i>Electrical Infrastructure</i>	106,585	57,864	44,763	45,303	49,209	49,209	59,826	57,326	66,425
<i>Water Supply Infrastructure</i>	91,871	74,140	111,946	81,765	363,498	363,498	154,784	162,056	76,100
<i>Sanitation Infrastructure</i>	193,077	16,374	42,072	70,208	40,242	40,242	64,644	62,989	82,600
<i>Solid Waste Infrastructure</i>	–	–	–	–	400	400	3,000	–	–
<i>Rail Infrastructure</i>	–	–	–	–	–	–	–	–	–
<i>Coastal Infrastructure</i>	–	–	–	–	–	–	–	–	–
<i>Information and Communication Infrastructure</i>	–	–	302	3,500	2,000	2,000	18,500	6,500	10,500
Infrastructure	540,416	455,321	487,942	455,865	698,576	698,576	599,873	631,315	585,461
Community Facilities	19,199	7,733	14,515	71,223	80,384	80,384	121,981	136,200	47,200
Sport and Recreation Facilities	573	6,194	7,787	16,586	12,300	12,300	16,764	1,897	–
Community Assets	19,772	13,927	22,302	87,809	92,683	92,683	138,745	138,097	47,200
Heritage Assets	–	–	–	–	3,851	3,851	–	–	8,223
Revenue Generating	–	–	–	–	–	–	–	–	–
Non-revenue Generating	–	–	–	–	–	–	5,000	5,000	5,000
Investment properties	–	–	–	–	–	–	5,000	5,000	5,000
Operational Buildings	32,187	1,036	29,771	6,900	56,432	56,432	77,639	33,000	27,114
Housing	–	–	–	48,000	12,992	12,992	5,000	5,000	2,000
Other Assets	32,187	1,036	29,771	54,900	69,424	69,424	82,639	38,000	29,114
Biological or Cultivated Assets	–	–	–	–	–	–	–	–	–
Servitudes	–	–	–	–	–	–	–	–	–
Licences and Rights	39,136	–	16,056	6,650	20,515	20,515	9,914	26,836	41,009
Intangible Assets	39,136	–	16,056	6,650	20,515	20,515	9,914	26,836	41,009
Computer Equipment	14,105	3,897	11,363	18,761	36,450	36,450	5,347	5,619	7,676
Furniture and Office Equipment	4,126	60,953	1,023	3,050	(854)	(854)	2,653	1,856	12,313
Machinery and Equipment	12,311	31,225	65,684	89,307	91,141	91,141	62,133	46,452	33,900
Transport Assets	29,104	–	33,064	25,800	33,084	33,084	28,350	32,130	49,000
Land	–	–	–	–	46,500	46,500	–	–	–
Zoo's, Marine and Non-biological Animals	–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	661,142	264,611	332,132	318,310	288,753	288,753	322,379	340,264	271,900
<i>Roads Infrastructure</i>	76,159	26,724	63,691	71,000	69,738	69,738	56,229	58,224	54,000
<i>Storm water Infrastructure</i>	–	3,279	4,508	5,500	7,149	7,149	6,750	6,500	4,500
<i>Electrical Infrastructure</i>	109,989	161,262	157,409	88,277	78,017	78,017	50,400	51,900	58,900
<i>Water Supply Infrastructure</i>	90,718	17,513	76,510	78,000	69,013	69,013	149,000	145,000	103,000
<i>Sanitation Infrastructure</i>	256,063	21,401	27,626	52,500	53,000	53,000	32,500	41,000	27,500
<i>Solid Waste Infrastructure</i>	–	–	–	–	–	–	–	–	–
<i>Rail Infrastructure</i>	–	–	–	11,149	2,235	2,235	15,000	5,000	–
<i>Coastal Infrastructure</i>	–	–	–	–	–	–	–	–	–
<i>Information and Communication Infrastructure</i>	–	–	–	–	–	–	–	–	–
Infrastructure	532,929	230,179	329,744	306,426	279,152	279,152	309,879	307,624	247,900
Community Facilities	16,762	24,350	1,565	11,384	6,798	6,798	11,500	28,000	23,000
Sport and Recreation Facilities	58,608	6,364	823	–	2,000	2,000	–	–	–
Community Assets	75,370	30,714	2,388	11,384	8,798	8,798	11,500	28,000	23,000
Heritage Assets	–	–	–	–	303	303	–	–	–
Revenue Generating	–	–	–	–	–	–	–	–	–
Non-revenue Generating	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–

Operational Buildings	38,118	3,717	–	500	500	500	1,000	3,940	1,000
Housing	–	–	–	–	–	–	–	–	–
Other Assets	38,118	3,717	–	500	500	500	1,000	3,940	1,000
Biological or Cultivated Assets	415	–	–	–	–	–	–	–	–
Servitudes	–	–	–	–	–	–	–	–	–
Licences and Rights	4,303	–	–	–	–	–	–	–	–
Intangible Assets	4,303	–	–	–	–	–	–	–	–
Computer Equipment	–	–	–	–	–	–	–	–	–
Furniture and Office Equipment	–	–	–	–	–	–	–	–	–
Machinery and Equipment	10,008	–	–	–	–	–	–	700	–
Transport Assets	–	–	–	–	–	–	–	–	–
Land	–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals	–	–	–	–	–	–	–	–	–
Total Upgrading of Existing Assets	–	599,943	644,122	679,627	683,469	683,469	565,681	499,530	582,400
<i>Roads Infrastructure</i>	–	82,156	213,100	184,744	180,116	180,116	111,414	78,600	183,050
<i>Storm water Infrastructure</i>	–	40,630	43,217	29,450	38,720	38,720	27,500	32,380	25,500
<i>Electrical Infrastructure</i>	–	69,658	80,779	85,421	83,671	83,671	88,177	33,000	3,250
<i>Water Supply Infrastructure</i>	–	66,428	57,161	81,500	68,250	68,250	28,000	25,750	107,100
<i>Sanitation Infrastructure</i>	–	200,828	164,438	193,600	182,705	182,705	243,050	250,000	187,500
<i>Solid Waste Infrastructure</i>	–	8,464	6,382	7,500	7,500	7,500	4,500	7,500	7,500
<i>Rail Infrastructure</i>	–	–	–	–	–	–	–	–	–
<i>Coastal Infrastructure</i>	–	2,246	2,284	–	3,000	3,000	1,000	1,000	1,000
<i>Information and Communication Infrastructure</i>	–	–	–	–	–	–	–	–	–
Infrastructure	–	470,409	567,362	582,215	563,962	563,962	503,641	428,230	514,900
Community Facilities	–	47,674	59,713	25,070	26,703	26,703	27,350	33,800	31,000
Sport and Recreation Facilities	–	19,911	4,615	27,500	38,962	38,962	12,200	18,300	11,800
Community Assets	–	67,585	64,328	52,570	65,665	65,665	39,550	52,100	42,800
Heritage Assets	–	1,914	–	–	–	–	–	–	–
Revenue Generating	–	–	–	–	–	–	–	–	–
Non-revenue Generating	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Operational Buildings	–	27,261	5,280	24,643	20,843	20,843	19,990	14,700	20,700
Housing	–	–	132	–	–	–	–	–	–
Other Assets	–	27,261	5,412	24,643	20,843	20,843	19,990	14,700	20,700
Biological or Cultivated Assets	–	–	–	1,000	–	–	–	–	–
Servitudes	–	–	–	–	–	–	–	–	–
Licences and Rights	–	30,721	3,085	5,000	18,000	18,000	1,000	2,000	2,000
Intangible Assets	–	30,721	3,085	5,000	18,000	18,000	1,000	2,000	2,000
Computer Equipment	–	2,053	1,989	1,500	1,500	1,500	1,500	2,500	2,000
Furniture and Office Equipment	–	–	1,946	200	–	–	–	–	–
Machinery and Equipment	–	–	–	1,000	2,000	2,000	–	–	–
Transport Assets	–	–	–	11,500	11,500	11,500	–	–	–
Land	–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals	–	–	–	–	–	–	–	–	–
Total Capital Expenditure	1,352,298	1,430,912	1,643,457	1,740,079	2,063,593	2,063,593	1,822,714	1,765,100	1,673,197
<i>Roads Infrastructure</i>	225,042	415,925	538,688	482,269	472,859	472,859	432,927	435,560	518,986
<i>Storm water Infrastructure</i>	–	43,807	74,688	63,515	66,091	66,091	68,085	82,587	97,900
<i>Electrical Infrastructure</i>	216,574	288,784	282,951	219,001	210,897	210,897	198,403	142,226	128,575
<i>Water Supply Infrastructure</i>	182,589	158,081	245,617	241,265	500,761	500,761	331,784	332,806	286,200
<i>Sanitation Infrastructure</i>	449,140	238,603	234,136	316,308	275,947	275,947	340,194	353,989	297,600
<i>Solid Waste Infrastructure</i>	–	8,464	6,382	7,500	7,900	7,900	7,500	7,500	7,500
<i>Rail Infrastructure</i>	–	–	–	11,149	2,235	2,235	15,000	5,000	–
<i>Coastal Infrastructure</i>	–	2,246	2,284	–	3,000	3,000	1,000	1,000	1,000
<i>Information and Communication Infrastructure</i>	–	–	302	3,500	2,000	2,000	18,500	6,500	10,500
Infrastructure	1,073,345	1,155,909	1,385,047	1,344,506	1,541,690	1,541,690	1,413,393	1,367,169	1,348,261

Community Facilities	35,961	79,758	75,793	107,676	113,884	113,884	160,831	198,000	101,200
Sport and Recreation Facilities	59,182	32,468	13,224	44,086	53,262	53,262	28,964	20,197	11,800
Community Assets	95,142	112,226	89,018	151,763	167,146	167,146	189,795	218,197	113,000
Heritage Assets	-	1,914	-	-	4,154	4,154	-	-	8,223
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	5,000	5,000	5,000
Investment properties	-	-	-	-	-	-	5,000	5,000	5,000
Operational Buildings	70,305	32,014	35,050	32,043	77,774	77,774	98,629	51,640	48,814
Housing	-	-	132	48,000	12,992	12,992	5,000	5,000	2,000
Other Assets	70,305	32,014	35,183	80,043	90,766	90,766	103,629	56,640	50,814
Biological or Cultivated Assets	415	-	-	1,000	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	43,439	30,721	19,141	11,650	38,515	38,515	10,914	28,836	43,009
Intangible Assets	43,439	30,721	19,141	11,650	38,515	38,515	10,914	28,836	43,009
Computer Equipment	14,105	5,950	13,353	20,261	37,950	37,950	6,847	8,119	9,676
Furniture and Office Equipment	4,126	60,953	2,969	3,250	(854)	(854)	2,653	1,856	12,313
Machinery and Equipment	22,318	31,225	65,684	90,307	93,141	93,141	62,133	47,152	33,900
Transport Assets	29,104	-	33,064	37,300	44,584	44,584	28,350	32,130	49,000
Land	-	-	-	-	46,500	46,500	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	1,352,298	1,430,912	1,643,457	1,740,079	2,063,593	2,063,593	1,822,714	1,765,100	1,673,197
ASSET REGISTER SUMMARY - PPE (WDV)	14,792,254	15,897,971	17,358,761	17,043,545	17,425,553	17,425,553	19,726,003	20,661,330	21,455,022
<i>Roads Infrastructure</i>	3,691,239	4,069,295	3,963,465	3,794,586	3,800,975	3,800,975	4,498,286	4,724,488	5,012,755
<i>Storm water Infrastructure</i>			507,619	724,429	728,868	728,868	604,930	666,830	742,801
<i>Electrical Infrastructure</i>	1,751,944	1,947,655	2,147,794	2,081,706	2,085,395	2,085,395	2,344,580	2,370,350	2,368,480
<i>Water Supply Infrastructure</i>	2,338,751	2,620,866	2,821,548	2,591,542	2,862,774	2,862,774	3,451,598	3,685,601	3,867,070
<i>Sanitation Infrastructure</i>	1,465,394	1,666,202	1,824,793	2,092,719	2,062,120	2,062,120	2,276,248	2,552,035	2,766,741
<i>Solid Waste Infrastructure</i>	416,577	326,379	350,065	349,632	353,341	353,341	318,307	312,430	305,750
<i>Rail Infrastructure</i>			-		-	-	19,470	24,470	24,470
<i>Coastal Infrastructure</i>			-	2,500	5,500	5,500	4,000	5,000	6,000
<i>Information and Communication Infrastructure</i>	6,605	6,040	-	4,500	3,000	3,000	20,500	27,000	37,500
Infrastructure	9,670,509	10,636,439	11,615,284	11,641,613	11,901,973	11,901,973	13,537,919	14,368,203	15,131,567
Community Assets	2,678,644	2,677,933	2,663,609	2,597,624	2,618,335	2,618,335	2,804,645	2,906,516	2,896,210
Heritage Assets	206,087	224,223	229,701	205,837	205,837	205,837	234,355	234,355	242,578
Investment properties	197,280	193,631	220,380	197,280	197,280	197,280	218,701	216,622	214,118
Other Assets	617,389	680,350	714,838	1,846,435	1,851,356	1,851,356	843,181	858,165	865,125
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	54,180	83,393	442,651	59,987	87,161	87,161	405,128	389,087	400,349
Computer Equipment	69,424	60,614	59,357	114,629	132,253	132,253	76,855	56,202	35,390
Furniture and Office Equipment	63,943	47,731	37,556	59,960	54,718	54,718	18,169	8,255	7,805
Machinery and Equipment			94,535	142,595	146,056	146,056	220,917	261,738	288,927
Transport Assets	120,596	185,666	171,220	177,583	184,083	184,083	198,504	194,557	205,322
Land	1,114,202	1,107,990	1,109,629		46,500	46,500	1,167,629	1,167,629	1,167,629
Zoo's, Marine and Non-biological Animals									
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	14,792,254	15,897,971	17,358,761	17,043,545	17,425,553	17,425,553	19,726,003	20,661,330	21,455,022
EXPENDITURE OTHER ITEMS	1,504,591	638,954	615,019	1,280,889	1,198,755	1,198,755	1,262,233	1,339,266	1,424,371
Depreciation	1,095,302	294,326	280,095	817,712	738,535	738,535	782,804	829,773	879,559
Repairs and Maintenance by	409,289	344,628	334,924	463,178	460,219	460,219	479,429	509,494	544,812

Asset Class									
<i>Roads Infrastructure</i>	42,851	28,604	20,311	43,587	43,925	43,925	44,899	46,350	47,449
<i>Storm water Infrastructure</i>	31,640	17,192	15,578	15,748	37,698	37,698	19,024	19,851	20,707
<i>Electrical Infrastructure</i>	45,131	34,900	25,333	33,391	29,282	29,282	40,139	43,346	46,242
<i>Water Supply Infrastructure</i>	79,119	96,437	138,334	147,795	133,471	133,471	142,390	151,910	162,811
<i>Sanitation Infrastructure</i>	108,147	34,706	48,657	70,600	61,434	61,434	77,895	83,175	88,439
<i>Solid Waste Infrastructure</i>	6,535	–	–	–	–	–	–	–	–
<i>Rail Infrastructure</i>	–	558	1,186	3,983	3,613	3,613	3,433	3,442	3,451
<i>Coastal Infrastructure</i>	–	–	–	–	–	–	–	–	–
<i>Information and Communication Infrastructure</i>	–	568	–	–	–	–	–	–	–
Infrastructure	313,422	212,963	249,399	315,104	309,424	309,424	327,781	348,073	369,098
Community Facilities	24,319	22,764	12,369	11,760	13,077	13,077	9,865	10,966	11,959
Sport and Recreation Facilities	13,059	10,917	7,314	7,466	10,199	10,199	7,326	8,079	8,762
Community Assets	37,378	33,682	19,683	19,226	23,276	23,276	17,192	19,044	20,721
Heritage Assets	–	593	685	638	1,302	1,302	1,291	1,363	1,440
Revenue Generating	–	–	–	–	–	–	–	–	–
Non-revenue Generating	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Operational Buildings	48,746	19,150	13,936	25,268	22,585	22,585	25,285	26,892	32,682
Housing	738	1,682	597	9,058	8,212	8,212	2,020	2,161	2,313
Other Assets	49,484	20,832	14,533	34,326	30,797	30,797	27,305	29,053	34,995
Biological or Cultivated Assets	–	–	–	–	–	–	–	–	–
Servitudes	–	–	–	–	–	–	–	–	–
Licences and Rights	–	4,054	2,885	5,070	4,238	4,238	6,286	6,900	7,584
Intangible Assets	–	4,054	2,885	5,070	4,238	4,238	6,286	6,900	7,584
Computer Equipment	9,005	8,783	2,698	13,974	13,086	13,086	13,400	14,287	15,209
Furniture and Office Equipment	–	552	725	1,474	1,308	1,308	1,682	1,795	1,915
Machinery and Equipment	–	29,009	15,421	38,790	42,206	42,206	44,878	47,380	50,375
Transport Assets	–	34,159	28,894	34,576	34,581	34,581	39,615	41,599	43,476
Land	–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals	–	–	–	–	–	–	–	–	–
TOTAL EXPENDITURE OTHER ITEMS	1,504,591	638,954	615,019	1,280,889	1,198,755	1,198,755	1,262,233	1,339,266	1,424,371
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	48.9%	60.4%	59.4%	57.4%	47.1%	47.1%	48.7%	47.6%	51.1%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	60.4%	293.7%	348.5%	122.0%	131.6%	131.6%	113.4%	101.2%	97.1%
<i>R&M as a % of PPE</i>	2.8%	2.2%	2.0%	2.8%	2.7%	2.7%	2.5%	2.5%	2.6%
<i>Renewal and upgrading and R&M as a % of PPE</i>	7.0%	8.0%	8.0%	9.0%	8.0%	8.0%	7.0%	7.0%	7.0%

Explanatory notes to Table A9 - Asset Management

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

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

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

TABLE 26 (TABLE A10 – CONSOLIDATED BASIC SERVICE DELIVERY MEASUREMENT)

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Household service targets									
Water:									
Piped water inside dwelling	323,499	323,499	342,909	359,306	359,306	359,306	366,108	369,128	405,849
Piped water inside yard (but not in dwelling)	-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	33,222	33,222	35,215	35,215	35,215	35,215	40,000	45,000	47,000
Other water supply (at least min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	356,721	356,721	378,124	394,521	394,521	394,521	406,108	414,128	452,849
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	356,721	356,721	378,124	394,521	394,521	394,521	406,108	414,128	452,849
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	290,710	319,781	338,968	359,306	359,306	359,306	362,306	365,306	401,836
Flush toilet (with septic tank)	3,060	3,366	3,568	3,782	3,782	3,782	3,802	3,822	4,013
Chemical toilet	-	204	216	700	700	700	1,700	2,700	3,700
Pit toilet (ventilated)	-	149	158	167	167	167	167	167	167
Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	293,770	323,499	342,910	363,955	363,955	363,955	367,975	371,995	409,716
Bucket toilet	30,202	22,413	23,758	8,562	8,562	8,562	5,000	4,000	3,000
Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-	-
No toilet provisions	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	30,202	22,413	23,758	8,562	8,562	8,562	5,000	4,000	3,000
Total number of households	323,972	345,912	366,668	372,517	372,517	372,517	372,975	375,995	412,716
Energy:									
Electricity (at least min.service level)	26,748	24,913	22,062	23,795	23,318	23,318	22,852	22,395	21,947
Electricity - prepaid (min.service level)	248,905	263,510	240,309	274,953	287,893	287,893	293,651	299,524	305,514
<i>Minimum Service Level and Above sub-total</i>	275,653	288,423	262,371	298,748	311,211	311,211	316,503	321,918	327,461
Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
Other energy sources	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	275,653	288,423	262,371	298,748	311,211	311,211	316,503	321,918	327,461
Refuse:									
Removed at least once a week	168,430	263,478	302,410	247,046	245,978	245,978	245,978	245,978	245,978
<i>Minimum Service Level and Above sub-total</i>	168,430	263,478	302,410	247,046	245,978	245,978	245,978	245,978	245,978
Removed less frequently than once a week	133,308	38,932	302,410	-	-	-	-	-	-
Using communal refuse dump	15,559	15,765	41,268	11,695	12,100	12,100	12,100	12,100	12,100
Using own refuse dump	-	-	15,765	6,852	-	-	-	-	-
Other rubbish disposal	6,852	6,852	6,852	1,823	6,852	6,852	6,852	6,852	6,852
No rubbish disposal	143	853	853	-	5,731	5,731	5,731	5,731	5,731
<i>Below Minimum Service Level sub-total</i>	155,862	62,402	367,148	20,370	24,683	24,683	24,683	24,683	24,683
Total number of households	324,292	325,880	669,558	267,416	270,661	270,661	270,661	270,661	270,661
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	75,071	78,200	99,597	100,674	100,674	100,674	82,866	82,866	82,866
Sanitation (free minimum level service)	75,309	78,200	100,753	101,650	101,650	101,650	83,325	83,325	83,325
Electricity/other energy (50kwh per household per month)	64,747	65,031	78,643	73,500	73,500	73,500	66,919	66,919	66,919
Refuse (removed at least once a week)	66,898	69,110	94,903	94,669	94,669	94,669	72,126	72,126	72,126
Cost of Free Basic Services provided - Formal Settlements (R'000)									

Water (6 kilolitres per indigent household per month)	44,072	105,894	92,657	121,036	121,036	121,036	122,607	134,255	147,412
Sanitation (free sanitation service to indigent households)	115,302	200,354	175,310	206,547	206,547	206,547	197,000	215,715	236,855
Electricity/other energy (50kwh per indigent household per month)	20,623	35,338	38,755	40,292	40,292	40,292	41,954	44,778	47,795
Refuse (removed once a week for indigent households)	78,453	119,106	104,218	111,513	111,513	111,513	124,514	135,720	148,613
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)	-	-	-	-	-	-	-	-	-
Total cost of FBS provided	258,450	460,691	410,940	479,388	479,388	479,388	486,075	530,467	580,675
Highest level of free service provided per household									
Property rates (R value threshold)									
Water (kilolitres per household per month)									
Sanitation (kilolitres per household per month)									
Sanitation (Rand per household per month)									
Electricity (kwh per household per month)									
Refuse (average litres per week)									
Revenue cost of subsidised 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	89,884	119,832	117,653	120,707	120,707	120,707	119,022	128,228	138,406
Water (in excess of 6 kilolitres per indigent household per month)	14,691	35,298	30,886	40,345	40,345	40,345	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)	10,312	17,669	20,578	20,146	20,146	20,146	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	114,886	172,799	169,116	181,198	181,198	181,198	180,555	195,034	211,084

Explanatory notes to Table A10 - Basic Service Delivery Measurement

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

1.9 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY

The ten main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section. These tables set out the Municipality's and the Entity's 2019/20 budget and MTREF to be approved by Council.

TABLE 27 (TABLE A1 – BUDGET SUMMARY)

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Financial Performance										
Property rates	1,502,463	1,639,538	2,007,605	2,177,931	2,177,931	2,177,931	2,177,931	2,287,167	2,423,674	2,617,619
Service charges	4,649,308	4,910,129	5,182,588	5,468,835	5,468,835	5,468,835	5,468,835	5,893,744	6,403,919	6,999,698
Investment revenue	109,358	118,647	153,156	104,592	103,901	103,901	103,901	110,792	117,442	126,835
Transfers recognised - operational	1,148,940	1,450,617	1,750,078	1,802,638	1,834,516	1,834,516	1,834,516	2,020,651	2,129,011	2,307,424
Other own revenue	1,314,489	663,038	606,757	794,553	787,589	787,589	787,589	806,681	848,563	896,709
	8,724,558	8,781,970	9,700,185	10,348,550	10,372,773	10,372,773	10,372,773	11,119,035	11,922,609	12,948,284
Total Revenue (excluding capital transfers and contributions)										
Employee costs	2,329,844	3,052,373	2,782,150	3,241,610	3,257,222	3,257,222	3,257,222	3,596,960	3,943,935	4,362,447
Remuneration of councillors	62,196	64,284	71,265	73,451	74,743	74,743	74,743	79,228	83,982	89,860
Depreciation & asset impairment	1,094,887	293,627	279,374	816,905	737,688	737,688	737,688	781,949	828,866	878,598
Finance charges	166,488	155,218	144,138	142,392	142,392	142,392	142,392	154,361	181,796	203,901
Materials and bulk purchases	3,224,442	3,154,837	3,146,268	3,373,751	3,410,514	3,410,514	3,410,514	3,595,518	3,805,420	4,095,246
Transfers and grants	69,016	66,456	83,925	187,479	182,551	182,551	182,551	176,082	178,214	179,680
Other expenditure	1,813,365	2,045,053	2,310,337	2,557,890	2,639,163	2,639,163	2,639,163	2,412,763	2,489,452	2,661,336
Total Expenditure	8,760,238	8,831,849	8,817,457	10,393,478	10,444,273	10,444,273	10,444,273	10,796,862	11,511,666	12,471,068
Surplus/(Deficit)	(35,680)	(49,879)	882,728	(44,928)	(71,500)	(71,500)	(71,500)	322,173	410,944	477,216
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	777,512	1,113,327	1,186,310	977,575	1,252,980	1,252,980	1,252,980	983,161	1,020,533	1,081,910
Contributions recognised - capital & contributed assets	43,972	–	–	139,982	146,216	146,216	146,216	84,625	75,010	78,756
	785,804	1,063,448	2,069,038	1,072,629	1,327,696	1,327,696	1,327,696	1,389,958	1,506,487	1,637,881
Surplus/(Deficit) after capital transfers & contributions										
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	785,804	1,063,448	2,069,038	1,072,629	1,327,696	1,327,696	1,327,696	1,389,958	1,506,487	1,637,881
Capital expenditure & funds sources										
Capital expenditure	1,345,494	1,430,286	1,643,081	1,687,857	1,991,831	1,991,831	1,991,831	1,767,919	1,727,426	1,634,860
Transfers recognised - capital	825,259	962,580	1,186,310	1,117,557	1,399,196	1,399,196	1,399,196	1,067,785	1,095,544	1,160,666
Borrowing	–	–	–	148,290	148,290	148,290	148,290	286,370	235,943	80,000
Internally generated funds	520,235	467,706	456,770	422,011	444,345	444,345	444,345	413,764	395,940	394,194
Total sources of capital funds	1,345,494	1,430,286	1,643,081	1,687,857	1,991,831	1,991,831	1,991,831	1,767,919	1,727,426	1,634,860
Financial position										
Total current assets	3,465,948	3,766,821	4,903,968	4,492,240	4,786,695	4,786,695	4,786,695	5,325,846	5,815,779	6,271,933
Total non current assets	14,808,724	15,954,400	17,429,144	17,110,807	17,482,217	17,482,217	17,482,217	19,675,369	20,578,003	21,338,543
Total current liabilities	2,246,413	2,210,056	2,713,234	2,611,343	2,796,196	2,796,196	2,796,196	3,188,208	3,356,539	3,548,738
Total non current liabilities	3,311,166	3,646,878	3,686,553	3,721,780	3,830,269	3,830,269	3,830,269	4,292,279	4,585,252	4,730,075
Community wealth/Equity	12,717,093	13,864,287	15,933,325	15,269,923	15,642,447	15,642,447	15,642,447	17,520,728	18,451,991	19,331,663
Cash flows										
Net cash from (used) operating	1,906,501	1,469,636	2,839,890	1,972,261	1,882,972	1,882,972	1,882,972	1,772,774	1,951,712	2,119,293
Net cash from (used) investing	(1,616,185)	(1,382,624)	(1,742,627)	(1,679,980)	(1,995,034)	(1,995,034)	(1,995,034)	(1,807,747)	(1,662,076)	(1,720,881)
Net cash from (used) financing	(104,093)	(93,920)	(86,407)	72,864	74,984	74,984	74,984	110,304	55,752	(96,629)
Cash/cash equivalents at the	1,578,405	1,571,497	2,582,353	2,330,613	2,545,275	2,545,275	2,545,275	2,660,846	3,006,234	3,308,017

year end										
Cash backing/surplus reconciliation										
Cash and investments available	1,580,875	1,574,148	2,585,220	2,330,613	2,545,275	2,545,275	2,545,275	2,660,846	3,006,234	3,308,017
Application of cash and investments	1,013,972	540,033	1,407,101	1,565,688	1,666,938	1,666,938	1,666,938	1,937,485	2,201,796	2,484,463
Balance - surplus (shortfall)	566,902	1,034,115	1,178,119	764,925	878,337	878,337	878,337	723,361	804,438	823,554
Asset management										
Asset register summary (WDV)	14,792,254	-	17,351,540	17,043,545	17,425,553	17,425,553	17,425,553	19,593,888	20,492,447	21,248,709
Depreciation	1,094,887	293,627	279,374	816,905	737,688	737,688	737,688	781,949	828,866	878,598
Renewal and Upgrading of Existing Assets	685,260	864,681	976,254	984,167	966,498	966,498	966,498	864,831	814,570	835,300
Repairs and Maintenance	408,710	344,628	334,924	463,178	460,219	460,219	460,219	479,429	509,494	544,812
Free services										
Cost of Free Basic Services provided	258,450	460,691	410,940	479,388	479,388	479,388	486,075	486,075	530,467	580,675
Revenue cost of free services provided	146,823	172,799	169,116	181,198	181,198	181,198	180,555	180,555	195,034	211,084
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	30	22	24	9	9	9	5	5	4	3
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	156	62	367	20	25	25	25	25	25	25

TABLE 28 (TABLE A2 – BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE BY FUNCTIONAL CLASSIFICATION))

Functional Classification Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional									
Governance and administration	2,707,968	2,812,502	3,030,614	2,830,550	2,798,217	2,798,217	3,201,254	3,384,275	3,619,267
Executive and council	116	154	399	26	26	26	40	40	40
Finance and administration	2,707,852	2,812,348	3,030,215	2,830,522	2,798,189	2,798,189	3,201,212	3,384,233	3,619,225
Internal audit	-	0	0	2	2	2	2	2	2
Community and public safety	752,454	563,149	607,690	1,316,276	1,357,812	1,357,812	1,086,703	1,169,903	1,279,433
Community and social services	26,650	30,441	39,409	57,548	58,062	58,062	42,091	44,813	47,772
Sport and recreation	19,651	31,476	8,946	4,761	11,282	11,282	5,702	6,097	6,427
Public safety	247,431	226,887	315,123	502,627	502,980	502,980	677,650	725,516	801,044
Housing	455,307	271,900	242,167	749,529	783,677	783,677	358,835	390,887	421,427
Health	3,415	2,445	2,044	1,811	1,811	1,811	2,425	2,591	2,763
Economic and environmental services	321,915	339,831	495,635	521,486	560,129	560,129	589,540	617,748	647,680
Planning and development	172,128	158,545	133,820	145,829	155,483	155,483	163,142	165,220	177,600
Road transport	142,487	180,212	360,488	374,156	403,145	403,145	424,311	450,289	467,670
Environmental protection	7,299	1,075	1,327	1,501	1,501	1,501	2,088	2,239	2,409
Trading services	5,746,204	6,162,114	6,725,897	6,749,916	7,007,932	7,007,932	7,267,160	7,800,905	8,513,711
Energy sources	3,708,357	3,737,498	3,680,025	4,168,510	4,163,167	4,163,167	4,430,632	4,779,035	5,217,380
Water management	996,553	1,162,037	1,757,587	1,159,095	1,417,530	1,417,530	1,281,854	1,369,750	1,508,066
Waste water management	759,019	957,736	984,262	978,525	982,200	982,200	1,076,573	1,131,277	1,218,288
Waste management	282,275	304,843	304,023	443,785	445,035	445,035	478,101	520,844	569,977
Other	17,501	17,700	26,659	47,879	47,879	47,879	42,163	45,322	48,858
Total Revenue - Functional	9,546,042	9,895,296	10,886,495	11,466,107	11,771,969	11,771,969	12,186,820	13,018,153	14,108,950
Expenditure - Functional									
Governance and administration	1,234,578	1,606,957	1,595,314	1,888,563	2,089,865	2,089,865	2,194,494	2,359,239	2,608,565
Executive and council	187,685	236,493	170,065	308,256	309,570	309,570	337,073	360,529	385,669

Finance and administration	1,046,893	1,326,808	1,377,747	1,518,222	1,718,565	1,718,565	1,793,002	1,930,272	2,150,166
Internal audit	-	43,656	47,503	62,085	61,731	61,731	64,419	68,439	72,729
Community and public safety	1,619,860	1,442,663	1,329,129	1,962,318	1,964,678	1,964,678	1,697,863	1,808,058	1,938,913
Community and social services	187,463	243,590	171,067	320,117	317,004	317,004	339,661	369,033	401,588
Sport and recreation	211,365	349,762	409,164	382,055	377,319	377,319	373,557	395,544	426,443
Public safety	773,187	525,802	545,014	650,533	638,409	638,409	688,992	731,206	778,619
Housing	316,392	269,498	147,818	521,858	547,212	547,212	196,662	209,109	220,681
Health	131,452	54,011	56,067	87,755	84,734	84,734	98,990	103,166	111,582
Economic and environmental services	944,378	588,452	518,475	886,393	720,332	720,332	800,414	870,932	909,219
Planning and development	512,972	151,497	248,617	345,387	366,288	366,288	373,704	389,960	408,979
Road transport	280,859	399,438	230,965	490,982	307,864	307,864	377,050	426,755	441,279
Environmental protection	150,547	37,517	38,893	50,023	46,180	46,180	49,661	54,217	58,960
Trading services	4,945,911	5,153,447	5,338,846	5,609,374	5,623,785	5,623,785	6,051,797	6,416,635	6,952,628
Energy sources	3,487,071	3,605,024	3,473,489	3,850,352	3,863,118	3,863,118	4,124,434	4,378,754	4,726,109
Water management	702,836	714,881	1,025,995	821,475	818,720	818,720	889,438	970,865	1,061,451
Waste water management	486,967	500,786	519,106	559,395	562,139	562,139	633,078	636,539	702,251
Waste management	269,037	332,755	320,256	378,151	379,807	379,807	404,848	430,477	462,817
Other	15,511	40,330	35,692	46,830	45,613	45,613	52,293	56,801	61,743
Total Expenditure - Functional	8,760,238	8,831,849	8,817,457	10,393,478	10,444,273	10,444,273	10,796,862	11,511,666	12,471,068
Surplus/(Deficit) for the year	785,804	1,063,448	2,069,038	1,072,629	1,327,696	1,327,696	1,389,958	1,506,487	1,637,881

TABLE 29 (TABLE A3 BUDGET FINANCIAL PERFORMANCE BY VOTE)

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source										
Property rates	1,502,463	1,639,538	2,007,605	2,177,931	2,177,931	2,177,931	2,177,931	2,287,167	2,423,674	2,617,619
Service charges - electricity revenue	3,467,072	3,576,476	3,483,009	3,964,692	3,964,692	3,964,692	3,964,692	4,244,271	4,599,318	5,019,273
Service charges - water revenue	660,223	767,493	1,074,385	749,547	749,547	749,547	749,547	815,772	893,270	980,811
Service charges - sanitation revenue	377,421	427,358	456,870	459,930	459,930	459,930	459,930	519,437	568,784	624,525
Service charges - refuse revenue	144,592	138,802	168,323	294,667	294,667	294,667	294,667	314,264	342,547	375,089
Rental of facilities and equipment	21,042	23,229	22,472	36,318	36,408	36,408	36,408	36,497	38,931	41,395
Interest earned - external investments	109,358	118,647	153,156	104,592	103,901	103,901	103,901	110,792	117,442	126,835
Interest earned - outstanding debtors	160,682	178,749	224,634	221,488	221,488	221,488	221,488	291,720	317,087	345,902
Dividends received	77	341	123							
Fines, penalties and forfeits	224,461	289,704	213,071	303,735	288,772	288,772	288,772	253,517	252,629	252,489
Licences and permits	9,332	20,378	19,456	28,034	28,034	28,034	28,034	21,354	22,955	24,745
Agency services	2,345	2,501	2,774	2,892	2,892	2,892	2,892	3,095	3,327	3,586
Transfers and subsidies	1,148,940	1,450,617	1,750,078	1,802,638	1,834,516	1,834,516	1,834,516	2,020,651	2,129,011	2,307,424
Other revenue	896,522	147,530	124,226	202,086	209,522	209,522	209,522	199,999	213,125	228,072
Gains on disposal of PPE	28	606		-	473	473	473	500	510	520
Total Revenue (excluding capital transfers and contributions)	8,724,558	8,781,970	9,700,185	10,348,550	10,372,773	10,372,773	10,372,773	11,119,035	11,922,609	12,948,284
Expenditure By Type										
Employee related costs	2,329,844	3,052,373	2,782,150	3,241,610	3,257,222	3,257,222	3,257,222	3,596,960	3,943,935	4,362,447
Remuneration of councillors	62,196	64,284	71,265	73,451	74,743	74,743	74,743	79,228	83,982	89,860
Debt impairment	625,533	603,499	872,682	541,544	541,544	541,544	541,544	598,860	587,161	624,614
Depreciation & asset impairment	1,094,887	293,627	279,374	816,905	737,688	737,688	737,688	781,949	828,866	878,598
Finance charges	166,488	155,218	144,138	142,392	142,392	142,392	142,392	154,361	181,796	203,901
Bulk purchases	2,815,732	3,010,600	3,014,543	3,181,932	3,204,776	3,204,776	3,204,776	3,369,882	3,566,310	3,842,782
Other materials	408,710	144,236	131,725	191,819	205,737	205,737	205,737	225,636	239,111	252,464
Contracted services	481,775	1,130,400	1,024,323	1,359,867	1,404,374	1,404,374	1,404,374	1,099,851	1,142,327	1,237,477
Transfers and subsidies	69,016	66,456	83,925	187,479	182,551	182,551	182,551	176,082	178,214	179,680
Other expenditure	706,057	309,989	413,312	656,478	693,244	693,244	693,244	714,053	759,964	799,244

Loss on disposal of PPE		1,165	21							
Total Expenditure	8,760,238	8,831,849	8,817,457	10,393,478	10,444,273	10,444,273	10,444,273	10,796,862	11,511,666	12,471,068
Surplus/(Deficit)	(35,680)	(49,879)	882,728	(44,928)	(71,500)	(71,500)	(71,500)	322,173	410,944	477,216
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	777,512	1,113,327	1,186,310	977,575	1,252,980	1,252,980	1,252,980	983,161	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)	43,972	-	-	139,982	146,216	146,216	146,216	84,625	75,010	78,756
Transfers and subsidies - capital (in-kind - all)										
Surplus/(Deficit) after capital transfers & contributions	785,804	1,063,448	2,069,038	1,072,629	1,327,696	1,327,696	1,327,696	1,389,958	1,506,487	1,637,881
Taxation										
Surplus/(Deficit) after taxation	785,804	1,063,448	2,069,038	1,072,629	1,327,696	1,327,696	1,327,696	1,389,958	1,506,487	1,637,881
Attributable to minorities										
Surplus/(Deficit) attributable to municipality	785,804	1,063,448	2,069,038	1,072,629	1,327,696	1,327,696	1,327,696	1,389,958	1,506,487	1,637,881
Share of surplus/ (deficit) of associate										
Surplus/(Deficit) for the year	785,804	1,063,448	2,069,038	1,072,629	1,327,696	1,327,696	1,327,696	1,389,958	1,506,487	1,637,881

TABLE 30 (TABLE A4 – BUDGET FINANCIAL PERFORMANCE REVENUE AND EXPENDITURE)

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source										
Property rates	1,502,463	1,639,538	2,007,605	2,177,931	2,177,931	2,177,931	2,177,931	2,287,167	2,423,674	2,617,619
Service charges - electricity revenue	3,467,072	3,576,476	3,483,009	3,964,692	3,964,692	3,964,692	3,964,692	4,244,271	4,599,318	5,019,273
Service charges - water revenue	660,223	767,493	1,074,385	749,547	749,547	749,547	749,547	815,772	893,270	980,811
Service charges - sanitation revenue	377,421	427,358	456,870	459,930	459,930	459,930	459,930	519,437	568,784	624,525
Service charges - refuse revenue	144,592	138,802	168,323	294,667	294,667	294,667	294,667	314,264	342,547	375,089
Rental of facilities and equipment	21,042	23,229	22,472	36,318	36,408	36,408	36,408	36,497	38,931	41,395
Interest earned - external investments	109,358	118,647	153,156	104,592	103,901	103,901	103,901	110,792	117,442	126,835
Interest earned - outstanding debtors	160,682	178,749	224,634	221,488	221,488	221,488	221,488	291,720	317,087	345,902
Dividends received	77	341	123							
Fines, penalties and forfeits	224,461	289,704	213,071	303,735	288,772	288,772	288,772	253,517	252,629	252,489
Licences and permits	9,332	20,378	19,456	28,034	28,034	28,034	28,034	21,354	22,955	24,745
Agency services	2,345	2,501	2,774	2,892	2,892	2,892	2,892	3,095	3,327	3,586
Transfers and subsidies	1,148,940	1,450,617	1,750,078	1,802,638	1,834,516	1,834,516	1,834,516	2,020,651	2,129,011	2,307,424
Other revenue	896,522	147,530	124,226	202,086	209,522	209,522	209,522	199,999	213,125	228,072
Gains on disposal of PPE	28	606		-	473	473	473	500	510	520
Total Revenue (excluding capital transfers and contributions)	8,724,558	8,781,970	9,700,185	10,348,550	10,372,773	10,372,773	10,372,773	11,119,035	11,922,609	12,948,284
Expenditure By Type										
Employee related costs	2,329,844	3,052,373	2,782,150	3,241,610	3,257,222	3,257,222	3,257,222	3,596,960	3,943,935	4,362,447
Remuneration of councillors	62,196	64,284	71,265	73,451	74,743	74,743	74,743	79,228	83,982	89,860
Debt impairment	625,533	603,499	872,682	541,544	541,544	541,544	541,544	598,860	587,161	624,614
Depreciation & asset impairment	1,094,887	293,627	279,374	816,905	737,688	737,688	737,688	781,949	828,866	878,598
Finance charges	166,488	155,218	144,138	142,392	142,392	142,392	142,392	154,361	181,796	203,901
Bulk purchases	2,815,732	3,010,600	3,014,543	3,181,932	3,204,776	3,204,776	3,204,776	3,369,882	3,566,310	3,842,782
Other materials	408,710	144,236	131,725	191,819	205,737	205,737	205,737	225,636	239,111	252,464

Contracted services	481,775	1,130,400	1,024,323	1,359,867	1,404,374	1,404,374	1,404,374	1,099,851	1,142,327	1,237,477
Transfers and subsidies	69,016	66,456	83,925	187,479	182,551	182,551	182,551	176,082	178,214	179,680
Other expenditure	706,057	309,989	413,312	656,478	693,244	693,244	693,244	714,053	759,964	799,244
Loss on disposal of PPE		1,165	21							
Total Expenditure	8,760,238	8,831,849	8,817,457	10,393,478	10,444,273	10,444,273	10,444,273	10,796,862	11,511,666	12,471,068
Surplus/(Deficit)	(35,680)	(49,879)	882,728	(44,928)	(71,500)	(71,500)	(71,500)	322,173	410,944	477,216
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	777,512	1,113,327	1,186,310	977,575	1,252,980	1,252,980	1,252,980	983,161	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)	43,972	-	-	139,982	146,216	146,216	146,216	84,625	75,010	78,756
Transfers and subsidies - capital (in-kind - all)	785,804	1,063,448	2,069,038	1,072,629	1,327,696	1,327,696	1,327,696	1,389,958	1,506,487	1,637,881
Surplus/(Deficit) after capital transfers & contributions										
Taxation										
Surplus/(Deficit) after taxation	785,804	1,063,448	2,069,038	1,072,629	1,327,696	1,327,696	1,327,696	1,389,958	1,506,487	1,637,881
Attributable to minorities										
Surplus/(Deficit) attributable to municipality	785,804	1,063,448	2,069,038	1,072,629	1,327,696	1,327,696	1,327,696	1,389,958	1,506,487	1,637,881
Share of surplus/ (deficit) of associate										
Surplus/(Deficit) for the year	785,804	1,063,448	2,069,038	1,072,629	1,327,696	1,327,696	1,327,696	1,389,958	1,506,487	1,637,881

Kindly take note of the following:

The Surplus (Deficit) as reflected in Table A4 above contains a portion of the Fuel Levy allocation under "Revenue: Transfers and Subsidies" that is committed to fund the capital budget via Internally Generated Funds. The full Fuel Levy must be recognised in the Operating Revenue in terms of the GRAP Framework. It is therefore prudent to reflect the **actual surplus (deficit)** for the Operating Budget for proper understanding and disclosure purposes as reflected in the following table: -

Description	2019/20	2020/21	2021/22
	R'000	R'000	R'000
Surplus (Deficit)	322,173	410,944	477,216
Fuel Levy (funding the capital budget via internal generated funds)	380,000	391,400	391,400
Actual operating surplus / (deficit)	(57,827)	19,544	85,816

TABLE 31 (TABLE A5 – BUDGET CAPITAL EXPENDITURE – STANDARD CLASSIFICATION)

Vote Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Vote										
Multi-year expenditure - to be appropriated										
Vote 1 - Budget & Treasury	36,129	29,553	4,156	9,243	22,743	22,743	22,743	24,839	2,500	3,000
Vote 2 - Public Health	61,598	55,854	77,216	41,487	43,758	43,758	43,758	26,600	43,200	43,300
Vote 3 - Human Settlements	180,459	205,227	220,989	183,457	179,722	179,722	179,722	200,629	226,155	247,900
Vote 4 - Economic Development, Tourism & Agriculture	6,918	46,962	948	-	747	747	747	26,087	26,087	30,435
Vote 5 - Corporate Services	47,180	23,006	41,446	28,950	26,515	26,515	26,515	33,985	30,400	39,500
Vote 6 - Infrastructure & Engineering Unit - Rate & General	229,317	240,299	447,421	448,954	496,023	496,023	496,023	466,568	470,848	461,099
Vote 7 - Metro Water Service	182,704	199,848	255,403	263,100	519,535	519,535	519,535	311,000	310,050	269,100
Vote 8 - Sanitation - Metro	232,984	240,785	209,647	278,854	247,559	247,559	247,559	302,050	315,500	244,500

Vote 9 - Electricity & Energy	215,917	293,231	301,133	236,443	228,590	228,590	228,590	215,346	160,169	135,075
Vote 10 - Executive & Council	3,422	9,648	6,419	10,743	4,632	4,632	4,632	11,041	16,097	17,851
Vote 11 - Safety & Security	6,442	6,825	12,181	4,865	5,290	5,290	5,290	24,950	11,500	14,000
Vote 12 - Mandela Bay Stadium	11,725	-	-	13,000	13,000	13,000	13,000	5,000	5,000	5,000
Vote 13 - Special Projects and Programmes	1,016	-	6,662	-	-	-	-	-	-	-
Vote 14 - Recreational & Cultural Services	66,717	28,922	17,258	38,000	43,262	43,262	43,262	36,600	43,700	32,200
Capital multi-year expenditure sub-total	1,282,529	1,380,160	1,600,880	1,557,096	1,831,375	1,831,375	1,831,375	1,684,694	1,661,206	1,542,960
Single-year expenditure to be appropriated										
Vote 1 - Budget & Treasury	1,953	230	1,052	2,700	2,200	2,200	2,200	2,750	750	1,900
Vote 2 - Public Health	13,269	11,149	10,522	9,800	10,550	10,550	10,550	32,601	18,200	17,200
Vote 3 - Human Settlements	-	-	-	45,000	45,000	45,000	45,000	-	-	-
Vote 4 - Economic Development, Tourism & Agriculture	-	-	1,000	1,500	4,365	4,365	4,365	3,000	-	-
Vote 5 - Corporate Services	-	-	-	13,200	25,700	25,700	25,700	600	300	800
Vote 6 - Infrastructure & Engineering Unit - Rate & General	8,030	14,129	9,111	16,100	22,170	22,170	22,170	15,500	15,500	15,500
Vote 7 - Metro Water Service	4,072	2,255	902	2,000	5,000	5,000	5,000	6,500	3,500	10,000
Vote 8 - Sanitation - Metro	5,921	3,116	-	2,000	5,000	5,000	5,000	4,500	5,500	5,500
Vote 9 - Electricity & Energy	26,413	8,345	12,615	7,730	10,240	10,240	10,240	8,050	4,000	4,000
Vote 10 - Executive & Council	-	-	-	-	-	-	-	-	-	-
Vote 11 - Safety & Security	3,308	9,670	3,455	20,231	19,731	19,731	19,731	4,174	18,470	25,000
Vote 12 - Mandela Bay Stadium	-	-	-	-	-	-	-	-	-	-
Vote 13 - Special Projects and Programmes	-	-	-	-	-	-	-	-	-	-
Vote 14 - Recreational & Cultural Services	-	1,232	3,544	10,500	10,500	10,500	10,500	5,550	-	12,000
Capital single-year expenditure sub-total	62,966	50,126	42,201	130,761	160,456	160,456	160,456	83,225	66,220	91,900
Total Capital Expenditure - Vote	1,345,494	1,430,286	1,643,081	1,687,857	1,991,831	1,991,831	1,991,831	1,767,919	1,727,426	1,634,860
Capital Expenditure - Functional										
Governance and administration	100,408	62,437	52,022	93,774	139,828	139,828	139,828	113,751	108,238	147,899
Executive and council	15,147	9,648	-	-	-	-	-	-	-	-
Finance and administration	38,081	29,784	52,022	93,774	139,828	139,828	139,828	113,751	108,238	147,899
Internal audit	47,180	23,006	-	-	-	-	-	-	-	-
Community and public safety	258,903	275,228	258,318	156,801	183,978	183,978	183,978	107,451	113,100	115,000
Community and social services	13,459	20,794	6,906	36,117	37,567	37,567	37,567	40,650	41,900	46,700
Sport and recreation	53,315	30,154	13,896	59,070	86,871	86,871	86,871	36,501	42,700	36,200
Public safety	9,750	16,495	15,636	15,815	13,740	13,740	13,740	23,700	21,900	25,500
Housing	180,459	205,227	220,989	45,000	45,000	45,000	45,000	-	-	-
Health	1,919	2,558	891	800	800	800	800	6,600	6,600	6,600
Economic and environmental services	284,495	320,303	533,961	510,121	527,351	527,351	527,351	552,198	548,837	526,486
Planning and development	7,877	26,167	7,662	1,500	3,265	3,265	3,265	3,000	-	-
Road transport	237,347	254,428	458,532	506,621	522,836	522,836	522,836	548,198	547,837	525,486
Environmental protection	39,270	39,708	67,767	2,000	1,250	1,250	1,250	1,000	1,000	1,000
Trading services	701,689	772,317	798,780	927,161	1,140,128	1,140,128	1,140,128	994,519	957,251	845,475
Energy sources	242,331	301,576	313,748	236,673	231,080	231,080	231,080	221,756	158,669	133,575
Water management	186,776	202,103	256,306	290,515	551,011	551,011	551,011	340,784	337,306	292,700
Waste water management	238,904	243,900	209,647	386,973	345,037	345,037	345,037	418,779	448,076	406,000
Waste management	33,678	24,737	19,080	13,000	13,000	13,000	13,000	13,200	13,200	13,200
Other					547	547	547			
Total Capital Expenditure - Functional	1,345,494	1,430,286	1,643,081	1,687,857	1,991,831	1,991,831	1,991,831	1,767,919	1,727,426	1,634,860
Funded by:										
National Government	760,841	849,897	1,114,353	977,575	1,252,980	1,252,980	1,252,980	983,161	1,020,533	1,081,910
Other transfers and grants	64,418	112,683	71,957	139,982	146,216	146,216	146,216	84,625	75,010	78,756
Transfers recognised - capital	825,259	962,580	1,186,310	1,117,557	1,399,196	1,399,196	1,399,196	1,067,785	1,095,544	1,160,666
Borrowing										
			-	148,290	148,290	148,290	148,290	286,370	235,943	80,000
Internally generated funds	520,235	467,706	456,770	422,011	444,345	444,345	444,345	413,764	395,940	394,194
Total Capital Funding	1,345,494	1,430,286	1,643,081	1,687,857	1,991,831	1,991,831	1,991,831	1,767,919	1,727,426	1,634,860

TABLE 32 (TABLE A6 – BUDGET FINANCIAL POSITION)

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
ASSETS										
Current assets										
Cash	213,067	226,774	210,418	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Call investment deposits	1,367,808	1,347,374	2,374,802	2,130,613	2,345,275	2,345,275	2,345,275	2,460,846	2,806,234	3,108,017
Consumer debtors	1,267,085	1,544,083	1,707,852	1,475,210	1,555,004	1,555,004	1,555,004	2,043,087	2,164,466	2,296,704
Other debtors	472,614	450,723	431,255	480,635	480,635	480,635	480,635	423,859	437,122	448,857
Current portion of long-term receivables	0	0	-	0	0	-	-	-	-	-
Inventory	145,374	197,867	179,641	205,782	205,782	205,782	205,782	198,054	207,957	218,355
Total current assets	3,465,948	3,766,821	4,903,968	4,492,240	4,786,695	4,786,695	4,786,695	5,325,846	5,815,779	6,271,933
Non current assets										
Long-term receivables	24,307	64,059	77,605	67,262	67,262	67,262	67,262	81,482	85,556	89,833
Investments										
Investment property	197,280	193,631	220,380	197,280	197,280	197,280	197,280	213,701	206,622	199,118
Investment in Associate										
Property, plant and equipment	14,533,045	15,613,352	16,688,560	16,786,278	17,130,513	17,130,513	17,130,513	18,977,023	19,898,646	20,651,586
Biological										
Intangible	54,092	83,357	442,600	59,987	87,161	87,161	87,161	403,164	387,179	398,006
Other non-current assets										
Total non current assets	14,808,724	15,954,400	17,429,144	17,110,807	17,482,217	17,482,217	17,482,217	19,675,369	20,578,003	21,338,543
TOTAL ASSETS	18,274,672	19,721,221	22,333,112	21,603,046	22,268,912	22,268,912	22,268,912	25,001,215	26,393,782	27,610,476
LIABILITIES										
Current liabilities										
Bank overdraft	-									
Borrowing	93,920	86,409	79,760	93,170	93,170	93,170	93,170	99,143	111,313	124,281
Consumer deposits	123,959	131,388	148,637	139,221	149,221	149,221	149,221	166,137	171,137	176,137
Trade and other payables	1,903,507	1,738,189	2,265,936	2,132,502	2,307,355	2,307,355	2,307,355	2,665,353	2,796,145	2,949,513
Provisions	125,027	254,070	218,901	246,450	246,450	246,450	246,450	257,575	277,944	298,807
Total current liabilities	2,246,413	2,210,056	2,713,234	2,611,343	2,796,196	2,796,196	2,796,196	3,188,208	3,356,539	3,548,738
Non current liabilities										
Borrowing	1,376,719	1,289,121	1,208,011	1,203,438	1,351,727	1,351,727	1,351,727	1,360,541	1,411,292	1,309,663
Provisions	1,934,447	2,357,757	2,478,542	2,518,343	2,478,542	2,478,542	2,478,542	2,931,739	3,173,960	3,420,413
Total non current liabilities	3,311,166	3,646,878	3,686,553	3,721,780	3,830,269	3,830,269	3,830,269	4,292,279	4,585,252	4,730,075
TOTAL LIABILITIES	5,557,579	5,856,934	6,399,787	6,333,123	6,626,465	6,626,465	6,626,465	7,480,487	7,941,791	8,278,813
NET ASSETS	12,717,093	13,864,287	15,933,325	15,269,923	15,642,447	15,642,447	15,642,447	17,520,728	18,451,991	19,331,663
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	12,475,823	13,523,470	15,484,929	14,657,639	15,027,705	15,027,705	15,027,705	16,688,896	17,398,704	18,063,762
Reserves	241,270	340,817	448,396	612,284	614,743	614,743	614,743	831,831	1,053,287	1,267,901
TOTAL COMMUNITY WEALTH/EQUITY	12,717,093	13,864,287	15,933,325	15,269,923	15,642,447	15,642,447	15,642,447	17,520,728	18,451,991	19,331,663

TABLE 33 (TABLE A7 – BUDGETED CASH FLOWS)

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates	1,519,447	1,599,357	1,763,236	2,069,035	2,069,035	2,069,035	2,069,035	2,149,937	2,290,371	2,473,650
Service charges	4,649,308	4,350,795	4,797,236	5,195,393	5,195,393	5,195,393	5,195,393	5,540,120	6,051,704	6,614,715
Other revenue	1,051,938	1,489,983	175,366	310,241	317,764	317,764	317,764	303,630	323,053	344,432
Government - operating	1,206,016	878,217	1,314,840	1,743,984	1,775,262	1,775,262	1,775,262	1,977,509	2,078,117	2,255,472
Government - capital	932,291	983,120	1,880,409	1,526,211	1,794,753	1,794,753	1,794,753	1,119,051	1,146,491	1,216,154
Interest	109,603	118,466	153,156	104,592	103,901	103,901	103,901	110,792	117,442	126,835
Dividends	77	341	123	-	-	-	-	-	-	-
Payments										
Suppliers and employees	(7,287,963)	(7,642,711)	(6,932,652)	(8,648,915)	(9,037,015)	(9,037,015)	(9,037,015)	(9,097,110)	(9,695,689)	(10,528,545)
Finance charges	(168,838)	(157,624)	(146,735)	(142,392)	(142,392)	(142,392)	(142,392)	(154,361)	(181,796)	(203,901)
Transfers and Grants	(105,376)	(150,308)	(165,089)	(185,887)	(193,729)	(193,729)	(193,729)	(176,794)	(177,980)	(179,519)
NET CASH FROM/(USED) OPERATING ACTIVITIES	1,906,501	1,469,636	2,839,890	1,972,261	1,882,972	1,882,972	1,882,972	1,772,774	1,951,712	2,119,293
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE								-	-	-
Decrease (Increase) in non-current debtors								-	-	-
Decrease (increase) other non-current receivables				(3,203)	(3,203)	(3,203)	(3,203)	(14,219)	(4,074)	(4,278)
Decrease (increase) in non-current investments								-	-	-
Payments										
Capital assets	(1,616,185)	(1,382,624)	(1,742,627)	(1,676,777)	(1,991,831)	(1,991,831)	(1,991,831)	(1,793,527)	(1,658,002)	(1,716,603)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(1,616,185)	(1,382,624)	(1,742,627)	(1,679,980)	(1,995,034)	(1,995,034)	(1,995,034)	(1,807,747)	(1,662,076)	(1,720,881)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-	-	-
Borrowing long term/refinancing				148,290	148,290	148,290	148,290	286,370	235,943	80,000
Increase (decrease) in consumer deposits				7,880	10,000	10,000	10,000	16,916	5,000	5,000
Payments										
Repayment of borrowing	(104,093)	(93,920)	(86,407)	(83,306)	(83,306)	(83,306)	(83,306)	(192,982)	(185,191)	(181,629)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(104,093)	(93,920)	(86,407)	72,864	74,984	74,984	74,984	110,304	55,752	(96,629)
NET INCREASE/ (DECREASE) IN CASH HELD	186,223	(6,908)	1,010,856	365,145	(37,078)	(37,078)	(37,078)	75,332	345,388	301,783
Cash/cash equivalents at the year begin:	1,392,182	1,578,405	1,571,497	1,965,468	2,582,353	2,582,353	2,582,353	2,585,514	2,660,846	3,006,234
Cash/cash equivalents at the year end:	1,578,405	1,571,497	2,582,353	2,330,613	2,545,275	2,545,275	2,545,275	2,660,846	3,006,234	3,308,017

TABLE 34 (TABLE A8 – CASH BACKED RESERVES)

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
Cash and investments available										
Cash/cash equivalents at the year end	1,578,405	1,571,497	2,582,353	2,330,613	2,545,275	2,545,275	2,545,275	2,660,846	3,006,234	3,308,017
Other current investments > 90 days	2,470	2,652	2,867	0	0	0	0	-	-	-
Non-current assets - Investments	-	-	-	-	-	-	-	-	-	-
Cash and investments available:	1,580,875	1,574,148	2,585,220	2,330,613	2,545,275	2,545,275	2,545,275	2,660,846	3,006,234	3,308,017
Application of cash and investments										
Unspent conditional transfers	196,617	44,415	153,360	227,785	350,000	350,000	350,000	270,761	272,694	290,363
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements										
Other working capital requirements	(11,145)	(467,780)	197,514	89,318	66,815	66,815	66,815	127,860	116,951	115,212
Other provisions	587,231	622,582	607,831	636,301	635,380	635,380	635,380	707,033	758,864	810,987
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	241,270	340,817	448,396	612,284	614,743	614,743	614,743	831,831	1,053,287	1,267,901
Total Application of cash and investments:	1,013,972	540,033	1,407,101	1,565,688	1,666,938	1,666,938	1,666,938	1,937,485	2,201,796	2,484,463
Surplus(shortfall)	566,902	1,034,115	1,178,119	764,925	878,337	878,337	878,337	723,361	804,438	823,554

TABLE 35 (TABLE A9 – ASSET MANAGEMENT)

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	660,235	565,605	666,827	714,839	1,027,569	1,027,569	903,088	912,856	799,560
Roads Infrastructure	148,883	307,044	261,897	214,325	206,189	206,189	265,284	298,737	281,936
Storm water Infrastructure	-	(102)	26,962	28,565	20,222	20,222	33,835	43,707	67,900
Electrical Infrastructure	106,585	57,864	44,763	45,303	49,209	49,209	59,826	57,326	66,425
Water Supply Infrastructure	91,871	74,140	111,946	81,765	363,498	363,498	154,784	162,056	76,100
Sanitation Infrastructure	193,077	16,374	42,072	70,208	40,242	40,242	64,644	62,989	82,600
Solid Waste Infrastructure	-	-	-	-	-	-	3,000	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	302	3,500	2,000	2,000	18,500	6,500	10,500
Infrastructure	540,416	455,321	487,942	443,665	681,360	681,360	599,873	631,315	585,461
Community Facilities	19,199	6,979	14,515	69,020	64,735	64,735	120,501	136,200	47,200
Sport and Recreation Facilities	573	6,194	7,787	9,000	3,500	3,500	-	-	-
Community Assets	19,772	13,173	22,302	78,020	68,235	68,235	120,501	136,200	47,200
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	32,187	1,036	29,771	5,500	56,432	56,432	74,839	33,000	24,000
Housing	-	-	-	45,000	-	-	-	-	-
Other Assets	32,187	1,036	29,771	50,500	56,432	56,432	74,839	33,000	24,000
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	8,214	-	16,006	6,000	18,215	18,215	9,614	26,518	40,199
Intangible Assets	8,214	-	16,006	6,000	18,215	18,215	9,614	26,518	40,199
Computer Equipment	14,105	3,897	11,106	18,600	36,224	36,224	5,235	5,500	7,550

Furniture and Office Equipment	4,126	–	954	3,000	(950)	(950)	2,600	1,800	12,250
Machinery and Equipment	12,311	60,953	65,684	89,254	89,254	89,254	62,077	46,393	33,900
Transport Assets	29,104	31,225	33,064	25,800	32,300	32,300	28,350	32,130	49,000
Land	–	–	–	–	46,500	46,500	–	–	–
Zoo's, Marine and Non-biological Animals	–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	685,260	264,611	332,132	293,391	280,793	280,793	299,150	315,040	252,900
<i>Roads Infrastructure</i>	76,159	26,724	63,691	66,000	64,500	64,500	53,000	53,000	50,000
<i>Storm water Infrastructure</i>	–	3,279	4,508	5,500	7,149	7,149	6,750	6,500	4,500
<i>Electrical Infrastructure</i>	109,989	161,262	157,409	88,277	78,017	78,017	50,400	51,900	58,900
<i>Water Supply Infrastructure</i>	123,560	17,513	76,510	78,000	69,013	69,013	149,000	145,000	103,000
<i>Sanitation Infrastructure</i>	256,063	21,401	27,626	52,500	53,000	53,000	32,500	41,000	27,500
<i>Solid Waste Infrastructure</i>	–	–	–	–	–	–	–	–	–
<i>Rail Infrastructure</i>	–	–	–	–	–	–	–	–	–
<i>Coastal Infrastructure</i>	–	–	–	–	–	–	–	–	–
<i>Information and Communication Infrastructure</i>	–	–	–	–	–	–	–	–	–
Infrastructure	565,771	230,179	329,744	290,277	271,679	271,679	291,650	297,400	243,900
Community Facilities	12,756	24,350	1,565	2,615	6,615	6,615	6,500	13,000	8,000
Sport and Recreation Facilities	58,608	6,364	823	–	2,000	2,000	–	–	–
Community Assets	71,364	30,714	2,388	2,615	8,615	8,615	6,500	13,000	8,000
Heritage Assets	–	–	–	–	–	–	–	–	–
Revenue Generating	–	–	–	–	–	–	–	–	–
Non-revenue Generating	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Operational Buildings	38,118	3,717	–	500	500	500	1,000	3,940	1,000
Housing	–	–	–	–	–	–	–	–	–
Other Assets	38,118	3,717	–	500	500	500	1,000	3,940	1,000
Biological or Cultivated Assets	–	–	–	–	–	–	–	–	–
Servitudes	–	–	–	–	–	–	–	–	–
Licences and Rights	–	–	–	–	–	–	–	–	–
Intangible Assets	–	–	–	–	–	–	–	–	–
Computer Equipment	–	–	–	–	–	–	–	–	–
Furniture and Office Equipment	–	–	–	–	–	–	–	–	–
Machinery and Equipment	10,008	–	–	–	–	–	–	700	–
Transport Assets	–	–	–	–	–	–	–	–	–
Land	–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals	–	–	–	–	–	–	–	–	–
Total Upgrading of Existing Assets	–	600,071	644,122	679,627	683,469	683,469	565,681	499,530	582,400
<i>Roads Infrastructure</i>	–	82,156	213,100	184,744	180,116	180,116	111,414	78,600	183,050
<i>Storm water Infrastructure</i>	–	40,630	43,217	29,450	38,720	38,720	27,500	32,380	25,500
<i>Electrical Infrastructure</i>	–	69,658	80,779	85,421	83,671	83,671	88,177	33,000	3,250
<i>Water Supply Infrastructure</i>	–	66,428	57,161	81,500	68,250	68,250	28,000	25,750	107,100
<i>Sanitation Infrastructure</i>	–	200,828	164,438	193,600	182,705	182,705	243,050	250,000	187,500
<i>Solid Waste Infrastructure</i>	–	8,464	6,382	7,500	7,500	7,500	4,500	7,500	7,500
<i>Rail Infrastructure</i>	–	–	–	–	–	–	–	–	–
<i>Coastal Infrastructure</i>	–	2,246	2,284	–	3,000	3,000	1,000	1,000	1,000
<i>Information and Communication Infrastructure</i>	–	–	–	–	–	–	–	–	–
Infrastructure	–	470,409	567,362	582,215	563,962	563,962	503,641	428,230	514,900
Community Facilities	–	47,674	59,713	25,070	26,703	26,703	27,350	33,800	31,000
Sport and Recreation Facilities	–	19,911	4,615	27,500	38,962	38,962	12,200	18,300	11,800
Community Assets	–	67,585	64,328	52,570	65,665	65,665	39,550	52,100	42,800
Heritage Assets	–	1,914	–	–	–	–	–	–	–
Revenue Generating	–	–	–	–	–	–	–	–	–
Non-revenue Generating	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Operational Buildings	–	27,261	5,280	24,643	20,843	20,843	19,990	14,700	20,700

Housing	–	128	132	–	–	–	–	–	–
Other Assets	–	27,389	5,412	24,643	20,843	20,843	19,990	14,700	20,700
Biological or Cultivated Assets	–	–	–	1,000	–	–	–	–	–
Servitudes	–	–	–	–	–	–	–	–	–
Licences and Rights	–	30,721	3,085	5,000	18,000	18,000	1,000	2,000	2,000
Intangible Assets	–	30,721	3,085	5,000	18,000	18,000	1,000	2,000	2,000
Computer Equipment	–	2,053	1,989	1,500	1,500	1,500	1,500	2,500	2,000
Furniture and Office Equipment	–	–	–	200	–	–	–	–	–
Machinery and Equipment	–	–	1,946	1,000	2,000	2,000	–	–	–
Transport Assets	–	–	–	–	–	–	–	–	–
Land	–	–	–	11,500	11,500	11,500	–	–	–
Zoo's, Marine and Non-biological Animals	–	–	–	–	–	–	–	–	–
Total Capital Expenditure	1,345,494	1,430,286	1,643,081	1,687,857	1,991,831	1,991,831	1,767,919	1,727,426	1,634,860
<i>Roads Infrastructure</i>	225,042	415,925	538,688	465,069	450,805	450,805	429,698	430,337	514,986
<i>Storm water Infrastructure</i>	–	43,807	74,688	63,515	66,091	66,091	68,085	82,587	97,900
<i>Electrical Infrastructure</i>	216,574	288,784	282,951	219,001	210,897	210,897	198,403	142,226	128,575
<i>Water Supply Infrastructure</i>	215,431	158,081	245,617	241,265	500,761	500,761	331,784	332,806	286,200
<i>Sanitation Infrastructure</i>	449,140	238,603	234,136	316,308	275,947	275,947	340,194	353,989	297,600
<i>Solid Waste Infrastructure</i>	–	8,464	6,382	7,500	7,500	7,500	7,500	7,500	7,500
<i>Rail Infrastructure</i>	–	–	–	–	–	–	–	–	–
<i>Coastal Infrastructure</i>	–	2,246	2,284	–	3,000	3,000	1,000	1,000	1,000
<i>Information and Communication Infrastructure</i>	–	–	302	3,500	2,000	2,000	18,500	6,500	10,500
Infrastructure	1,106,187	1,155,909	1,385,047	1,316,157	1,517,001	1,517,001	1,395,164	1,356,945	1,344,261
Community Facilities	31,954	79,003	75,793	96,704	98,052	98,052	154,351	183,000	86,200
Sport and Recreation Facilities	59,182	32,468	13,224	36,500	44,462	44,462	12,200	18,300	11,800
Community Assets	91,136	111,472	89,018	133,204	142,514	142,514	166,551	201,300	98,000
Heritage Assets	–	1,914	–	–	–	–	–	–	–
Revenue Generating	–	–	–	–	–	–	–	–	–
Non-revenue Generating	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Operational Buildings	70,305	32,014	35,050	30,643	77,774	77,774	95,829	51,640	45,700
Housing	–	128	132	45,000	–	–	–	–	–
Other Assets	70,305	32,142	35,183	75,643	77,774	77,774	95,829	51,640	45,700
Biological or Cultivated Assets	–	–	–	1,000	–	–	–	–	–
Servitudes	–	–	–	–	–	–	–	–	–
Licences and Rights	8,214	30,721	19,090	11,000	36,215	36,215	10,614	28,518	42,199
Intangible Assets	8,214	30,721	19,090	11,000	36,215	36,215	10,614	28,518	42,199
Computer Equipment	14,105	5,950	13,095	20,100	37,724	37,724	6,735	8,000	9,550
Furniture and Office Equipment	4,126	–	954	3,200	(950)	(950)	2,600	1,800	12,250
Machinery and Equipment	22,318	60,953	67,630	90,254	91,254	91,254	62,077	47,093	33,900
Transport Assets	29,104	31,225	33,064	25,800	32,300	32,300	28,350	32,130	49,000
Land	–	–	–	11,500	58,000	58,000	–	–	–
Zoo's, Marine and Non-biological Animals	–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	1,345,494	1,430,286	1,643,081	1,687,857	1,991,831	1,991,831	1,767,919	1,727,426	1,634,860
ASSET REGISTER SUMMARY - PPE (WDV)	14,784,418	15,890,340	17,351,540	17,043,545	17,425,553	17,425,553	19,593,888	20,492,447	21,248,709
<i>Roads Infrastructure</i>	3,691,239	4,069,295	3,963,465	3,794,586	3,800,975	3,800,975	4,473,003	4,693,981	4,978,248
<i>Storm water Infrastructure</i>	–	–	507,619	724,429	728,868	728,868	604,930	666,830	742,801
<i>Electrical Infrastructure</i>	1,751,944	1,947,655	2,147,794	2,081,706	2,085,395	2,085,395	2,344,580	2,370,350	2,368,480
<i>Water Supply Infrastructure</i>	2,338,751	2,620,866	2,821,548	2,591,542	2,862,774	2,862,774	3,451,598	3,685,601	3,867,070
<i>Sanitation Infrastructure</i>	1,465,394	1,666,202	1,824,793	2,092,719	2,062,120	2,062,120	2,276,248	2,552,035	2,766,741
<i>Solid Waste Infrastructure</i>	416,577	326,379	350,065	349,632	353,341	353,341	317,907	312,030	305,350
<i>Rail Infrastructure</i>	–	–	–	–	–	–	2,235	2,235	2,235
<i>Coastal Infrastructure</i>	–	–	–	2,500	5,500	5,500	4,000	5,000	6,000
<i>Information and Communication Infrastructure</i>	6,605	6,040	–	4,500	3,000	3,000	20,500	27,000	37,500

Infrastructure	9,670,509	10,636,439	11,615,284	11,641,613	11,901,973	11,901,973	13,495,001	14,315,061	15,074,425
Community Assets	2,678,644	2,677,933	2,663,609	2,597,624	2,618,335	2,618,335	2,756,768	2,841,743	2,816,437
Heritage Assets	205,837	223,972	229,450	205,837	205,837	205,837	229,950	229,950	229,950
Investment properties	197,280	193,631	220,380	197,280	197,280	197,280	213,701	206,622	199,118
Other Assets	609,892	673,006	707,918	1,846,435	1,851,356	1,851,356	815,469	825,454	827,299
Biological or Cultivated Assets									
Intangible Assets	54,092	83,357	442,600	59,987	87,161	87,161	403,164	387,179	398,006
Computer Equipment	69,424	60,614	59,357	114,629	132,253	132,253	76,839	56,243	35,481
Furniture and Office Equipment	63,943	47,731	37,556	59,960	54,718	54,718	18,436	8,694	8,408
Machinery and Equipment			94,535	142,595	146,056	146,056	218,974	259,735	286,924
Transport Assets	120,596	185,666	171,220	177,583	184,083	184,083	197,956	194,137	205,031
Land	1,114,202	1,107,990	1,109,629		46,500	46,500	1,167,629	1,167,629	1,167,629
Zoo's, Marine and Non-biological Animals									
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	14,784,418	15,890,340	17,351,540	17,043,545	17,425,553	17,425,553	19,593,888	20,492,447	21,248,709
EXPENDITURE OTHER ITEMS	1,503,597	638,255	614,298	1,280,083	1,197,907	1,197,907	1,261,378	1,338,360	1,423,410
Depreciation	1,094,887	293,627	279,374	816,905	737,688	737,688	781,949	828,866	878,598
Repairs and Maintenance by Asset Class	408,710	344,628	334,924	463,178	460,219	460,219	479,429	509,494	544,812
<i>Roads Infrastructure</i>	<i>42,851</i>	<i>28,604</i>	<i>20,311</i>	<i>43,587</i>	<i>43,925</i>	<i>43,925</i>	<i>44,899</i>	<i>46,350</i>	<i>47,449</i>
<i>Storm water Infrastructure</i>	<i>31,640</i>	<i>17,192</i>	<i>15,578</i>	<i>15,748</i>	<i>37,698</i>	<i>37,698</i>	<i>19,024</i>	<i>19,851</i>	<i>20,707</i>
<i>Electrical Infrastructure</i>	<i>45,131</i>	<i>34,900</i>	<i>25,333</i>	<i>33,391</i>	<i>29,282</i>	<i>29,282</i>	<i>40,139</i>	<i>43,346</i>	<i>46,242</i>
<i>Water Supply Infrastructure</i>	<i>79,119</i>	<i>96,437</i>	<i>138,334</i>	<i>147,795</i>	<i>133,471</i>	<i>133,471</i>	<i>142,390</i>	<i>151,910</i>	<i>162,811</i>
<i>Sanitation Infrastructure</i>	<i>108,147</i>	<i>34,706</i>	<i>48,657</i>	<i>70,600</i>	<i>61,434</i>	<i>61,434</i>	<i>77,895</i>	<i>83,175</i>	<i>88,439</i>
<i>Solid Waste Infrastructure</i>	<i>6,535</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Rail Infrastructure</i>	<i>-</i>	<i>558</i>	<i>1,186</i>	<i>3,983</i>	<i>3,613</i>	<i>3,613</i>	<i>3,433</i>	<i>3,442</i>	<i>3,451</i>
<i>Coastal Infrastructure</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Information and Communication Infrastructure</i>	<i>-</i>	<i>568</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Infrastructure	313,422	212,963	249,399	315,104	309,424	309,424	327,781	348,073	369,098
Community Facilities	23,740	22,764	12,369	11,760	13,077	13,077	9,865	10,966	11,959
Sport and Recreation Facilities	13,059	10,917	7,314	7,466	10,199	10,199	7,326	8,079	8,762
Community Assets	36,799	33,682	19,683	19,226	23,276	23,276	17,192	19,044	20,721
Heritage Assets	-	593	685	638	1,302	1,302	1,291	1,363	1,440
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	48,746	19,150	13,936	25,268	22,585	22,585	25,285	26,892	32,682
Housing	738	1,682	597	9,058	8,212	8,212	2,020	2,161	2,313
Other Assets	49,484	20,832	14,533	34,326	30,797	30,797	27,305	29,053	34,995
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	4,054	2,885	5,070	4,238	4,238	6,286	6,900	7,584
Intangible Assets	-	4,054	2,885	5,070	4,238	4,238	6,286	6,900	7,584
Computer Equipment	9,005	8,783	2,698	13,974	13,086	13,086	13,400	14,287	15,209
Furniture and Office Equipment	-	552	725	1,474	1,308	1,308	1,682	1,795	1,915
Machinery and Equipment	-	29,009	15,421	38,790	42,206	42,206	44,878	47,380	50,375
Transport Assets	-	34,159	28,894	34,576	34,581	34,581	39,615	41,599	43,476
Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS	1,503,597	638,255	614,298	1,280,083	1,197,907	1,197,907	1,261,378	1,338,360	1,423,410

Renewal and upgrading of Existing Assets as % of total capex	50.9%	60.5%	59.4%	57.6%	48.4%	48.4%	48.9%	47.2%	51.1%
Renewal and upgrading of Existing Assets as % of deprecn	62.6%	294.5%	349.4%	119.1%	130.7%	130.7%	110.6%	98.3%	95.1%
R&M as a % of PPE	2.8%	2.2%	2.0%	2.8%	2.7%	2.7%	2.5%	2.6%	2.6%
Renewal and upgrading and R&M as a % of PPE	7.0%	8.0%	8.0%	8.0%	8.0%	8.0%	7.0%	6.0%	6.0%

TABLE 36 (TABLE A10 – BASIC SERVICE DELIVERY MEASUREMENT)

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Household service targets									
Water:									
Piped water inside dwelling	323,499	323,499	342,909	359,306	359,306	359,306	366,108	369,128	405,849
Piped water inside yard (but not in dwelling)	–	–	–	–	–	–	–	–	–
Using public tap (at least min.service level)	33,222	33,222	35,215	35,215	35,215	35,215	40,000	45,000	47,000
Other water supply (at least min.service level)	–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	356,721	356,721	378,124	394,521	394,521	394,521	406,108	414,128	452,849
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	356,721	356,721	378,124	394,521	394,521	394,521	406,108	414,128	452,849
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	290,710	319,781	338,968	359,306	359,306	359,306	362,306	365,306	401,836
Flush toilet (with septic tank)	3,060	3,366	3,568	3,782	3,782	3,782	3,802	3,822	4,013
Chemical toilet	–	204	216	700	700	700	1,700	2,700	3,700
Pit toilet (ventilated)	–	149	158	167	167	167	167	167	167
Other toilet provisions (> min.service level)	–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	293,770	323,499	342,910	363,955	363,955	363,955	367,975	371,995	409,716
Bucket toilet	30,202	22,413	23,758	8,562	8,562	8,562	5,000	4,000	3,000
Other toilet provisions (< min.service level)	–	–	–	–	–	–	–	–	–
No toilet provisions	–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	30,202	22,413	23,758	8,562	8,562	8,562	5,000	4,000	3,000
Total number of households	323,972	345,912	366,668	372,517	372,517	372,517	372,975	375,995	412,716
Energy:									
Electricity (at least min.service level)	26,748	24,913	22,062	23,795	23,318	23,318	22,852	22,395	21,947
Electricity - prepaid (min.service level)	248,905	263,510	240,309	274,953	287,893	287,893	293,651	299,524	305,514
<i>Minimum Service Level and Above sub-total</i>	275,653	288,423	262,371	298,748	311,211	311,211	316,503	321,918	327,461
Electricity (< min.service level)	–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)	–	–	–	–	–	–	–	–	–
Other energy sources	–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	–	–	–	–	–	–	–	–	–
Total number of households	275,653	288,423	262,371	298,748	311,211	311,211	316,503	321,918	327,461
Refuse:									
Removed at least once a week	168,430	263,478	302,410	247,046	245,978	245,978	245,978	245,978	245,978
<i>Minimum Service Level and Above sub-total</i>	168,430	263,478	302,410	247,046	245,978	245,978	245,978	245,978	245,978
Removed less frequently than once a week	133,308	38,932	302,410	–	–	–	–	–	–
Using communal refuse dump	15,559	15,765	41,268	11,695	12,100	12,100	12,100	12,100	12,100
Using own refuse dump	–	–	15,765	6,852	–	–	–	–	–
Other rubbish disposal	6,852	6,852	6,852	1,823	6,852	6,852	6,852	6,852	6,852
No rubbish disposal	143	853	853	–	5,731	5,731	5,731	5,731	5,731
<i>Below Minimum Service Level sub-total</i>	155,862	62,402	367,148	20,370	24,683	24,683	24,683	24,683	24,683
Total number of households	324,292	325,880	669,558	267,416	270,661	270,661	270,661	270,661	270,661

Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	-	78,200	99,597	100,674	100,674	100,674	82,866	82,866	82,866
Sanitation (free minimum level service)	-	78,200	100,753	101,650	101,650	101,650	83,325	83,325	83,325
Electricity/other energy (50kwh per household per month)	-	65,031	78,643	73,500	73,500	73,500	66,919	66,919	66,919
Refuse (removed at least once a week)	-	69,110	94,903	94,669	94,669	94,669	72,126	72,126	72,126
Cost of Free Basic Services provided - Formal Settlements (R'000)									
Water (6 kilolitres per indigent household per month)	44,072	105,894	92,657	121,036	121,036	121,036	122,607	134,255	147,412
Sanitation (free sanitation service to indigent households)	115,302	200,354	175,310	206,547	206,547	206,547	197,000	215,715	236,855
Electricity/other energy (50kwh per indigent household per month)	20,623	35,338	38,755	40,292	40,292	40,292	41,954	44,778	47,795
Refuse (removed once a week for indigent households)	78,453	119,106	104,218	111,513	111,513	111,513	124,514	135,720	148,613
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)	-	-	-	-	-	-	-	-	-
Total cost of FBS provided	258,450	460,691	410,940	479,388	479,388	479,388	486,075	530,467	580,675
Highest level of free service provided per household									
Property rates (R value threshold)	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Water (kilolitres per household per month)	8	8	8	8	8	8	8	8	8
Sanitation (kilolitres per household per month)	11	11	11	11	11	11	11	11	11
Sanitation (Rand per household per month)	83	83	83	108	83	83	116	127	140
Electricity (kwh per household per month)	75	75	75	75	75	75	75	75	75
Refuse (average litres per week)	240	240	240	240	240	240	240	240	240
Revenue cost of subsidised services provided (R'000)									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)	31,937								
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	89,884	119,832	117,653	120,707	120,707	120,707	119,022	128,228	138,406
Water (in excess of 6 kilolitres per indigent household per month)	14,691	35,298	30,886	40,345	40,345	40,345	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)	10,312	17,669	20,578	20,146	20,146	20,146	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	146,823	172,799	169,116	181,198	181,198	181,198	180,555	195,034	211,084

1.10 CONSOLIDATED BUDGET SUPPORTING TABLES

The relevant supporting Tables attached elsewhere in this budget report.

PART 2 – SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

The Budget process started in September 2018 after the approval of a timetable and strategy to guide the preparation of the 2019/20 to 2021/22 Operating and Capital Budgets on or before end August 2018.

The timetable provides broad timeframes for the IDP and Budget preparation process. It allows for consultation with stakeholders, such as the elected public representatives, employees of the Municipality, Civil Society, State departments (e.g. National / Provincial Treasuries), business and labour, during the period April to May 2019. The main aims of the timetable are to ensure that a revised IDP and a balanced Budget are tabled on or before end March 2019 for noting and on or before end May 2019 for approval. The draft Budget will be tabled by the Executive Mayor at a Council meeting to be held on the 30 May 2019 for consideration and approval.

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

2.1.1 IDP & Budget Timetable 2019/20 to 2021/22

The preparation of the 2019/20 to 2021/22 IDP and Budget was guided by the following schedule of key deadlines as approved by Council in late August 2018.

2.2 ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN

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

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

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

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

The 2019/20 to 2021/22 Operating and Capital Budgets were prepared in accordance with the IDP. The key strategic focus areas of the IDP are as follows:

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

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

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

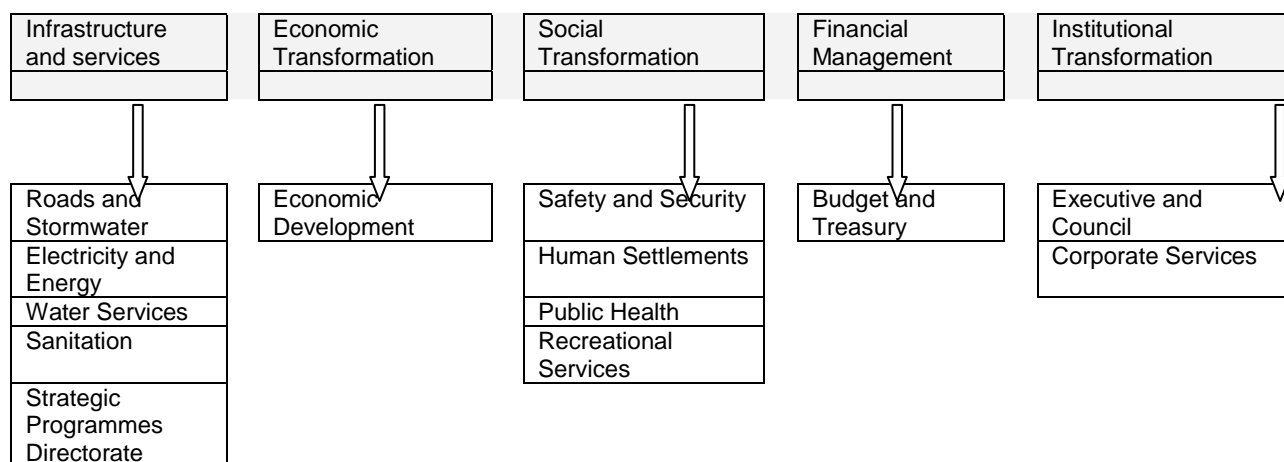
TABLE 37: BUDGET ALLOCATION ACCORDING TO IDP PRIORITIES

	Institutional and Capacity Development	Integrated Service Delivery to a Well Structured City	Inclusive Economic Development and Job Creation	Financial Sustainability and Viability	Effective City Governance	Total
	R '000	R '000	R '000	R '000	R '000	R '000
2019/20 Budget						
Capital Expenditure	27,374	1,733,303	34,087	24,500	3,450	1,822,714
Operating Expenditure	861,744	5,493,616	1,400,334	2,046,641	969,462	10,771,797
Total	889,118	7,226,919	1,434,421	2,071,141	972,912	12,594,511
	7.06%	57.38%	11.39%	16.44%	7.72%	
2020/21 Budget						
Capital Expenditure	5,000	1,714,512	31,087	11,000	3,500	1,765,100
Operating Expenditure	918,175	5,853,364	1,492,034	2,180,665	1,032,947	11,477,184
Total	923,175	7,567,876	1,523,121	2,191,665	1,036,447	13,242,284
	6.97%	57.15%	11.50%	16.55%	7.83%	
2021/22 Budget						
Capital Expenditure	6,500	1,601,762	47,435	15,500	2,000	1,673,197
Operating Expenditure	994,557	6,340,304	1,616,156	2,360,074	1,118,877	12,431,968
Total	1,001,057	7,942,066	1,663,591	2,375,574	1,120,877	14,105,165
	7.10%	56.31%	11.79%	16.84%	7.95%	

2.2.1 Alignment with National and Provincial Priorities

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

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



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

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

This section contains the key performance indicators.

TABLE 38 (MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS)

Description of financial indicator	Basis of calculation	2015/16	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year 2020/21	Budget Year 2021/22
Borrowing Management									
Credit Rating		A1.za	A1.za	A1.za	Aaa.za	Aaa.za			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3.1%	2.8%	2.6%	2.2%	2.2%	3.2%	3.2%	3.1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	3.6%	3.4%	2.9%	2.6%	2.6%	3.8%	3.7%	3.6%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	24.6%	23.1%	39.0%	35.3%	15.6%
Safety of Capital									
Gearing	Long Term Borrowing/ Funds & Reserves	10.8%	9.3%	7.6%	7.9%	8.6%	7.6%	7.5%	6.6%
Liquidity									
Current Ratio	Current assets/current liabilities	1.5	1.7	1.8	1.7	1.7	1.8	1.8	1.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.5	1.7	1.8	1.7	1.7	1.8	1.8	1.8
Liquidity Ratio	Monetary Assets/Current Liabilities	0.7	0.7	1.0	0.9	0.9	0.8	0.9	0.9
Revenue Management									
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		86.3%	90.9%	91.2%	95.0%	94.9%	93.8%	94.5%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		86.3%	90.9%	91.2%	95.0%	95.0%	94.0%	94.5%	94.5%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	20.0%	23.0%	23.3%	19.5%	20.3%	24.8%	24.3%	23.5%
Creditors Management									
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	65.0%	58.0%	59.0%	80.0%	80.0%	85.0%	90.0%	95.0%
Creditors to Cash and Investments		77.5%	76.1%	63.9%	61.3%	58.6%	70.2%	65.8%	63.4%
Other Indicators									
Electricity Distribution Losses (2)	Total Volume Losses (kW)	455,304	470,763	486,895	346,844	346,844	344,855	343,130	341,415
	Total Cost of Losses (Rand '000)	290,948	345,983	339,512	252,190	252,190	274,036	299,823	328,036
	% Volume (units purchased and generated less units sold)/units purchased and generated	13%	13%	14%	10%	10%	10%	10%	10%
Water Distribution Losses (2)	Total Volume Losses (kℓ)	45,538	35,912	41,189	40,928	40,928	45,538	40,928	35,912
	Total Cost of Losses (Rand '000)	170,000	169,669	152,921	143,334	143,334	172,320	169,301	162,672
	% Volume (units purchased and generated less units sold)/units purchased and generated	41%	36%	41%	40%	40%	41%	40%	36%
Employee costs	Employee costs/(Total Revenue - capital revenue)	26.9%	34.9%	29.4%	31.6%	31.8%	32.7%	33.4%	34.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	27.6%	35.6%	30.1%	32.3%	32.5%	33.4%	34.1%	34.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.7%	3.9%	3.5%	4.5%	4.4%	4.3%	4.3%	4.2%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	14.5%	5.1%	4.4%	9.3%	8.5%	8.4%	8.5%	8.4%

IDP regulation financial viability indicators	-								
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	35.3	30.3	41.9	45.2	45.2	29.9	31.6	34.3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	27.9%	29.8%	29.7%	25.5%	26.5%	32.6%	31.7%	30.6%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	2.6	2.3	3.7	3.0	3.2	3.3	3.5	3.5

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure may be funded from capital grants, internal sources and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. The following financial performance indicators formed part of the compilation of the 2019/20 MTREF:

- *Capital charges to operating expenditure* is a measure of the cost of borrowing, compared to the total operating expenditure. The cost of borrowing is decreasing from 3.2% in 2019/20 to 3.1% in 2021/22. The decrease is attributable to no further borrowing being planned over the MTREF period.

2.3.1.2 Liquidity

- The *current ratio* is a measure of the current assets divided by the current liabilities. The Municipality has set a benchmark limit of 1.5. For the 2019/20 MTREF, the current ratio remains constant at 1.8:1 for the period 2019/20 to 2021/22.
- The *liquidity ratio* is a measure of the municipality's ability to utilise cash and cash equivalents to meet its current liabilities. A liquidity ratio of 1 should be maintained. For the 2019/20 MTREF, the liquidity ratio increases from 0.8 in 2019/20 to 0.9 in 2021/22. This represents a significant risk for the Municipality, as any under collection of revenue will result in serious financial challenges for the Municipality. As part of the medium term financial planning objectives, this ratio must be maintained at a minimum of 1.

2.3.1.3 Revenue Management

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

2.3.2 Drinking Water Quality and Waste Water Management

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

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

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

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

2.3.3 Basic social services package for indigent households

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

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

2.4 OVERVIEW OF BUDGET RELATED POLICIES

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

2.5 OVERVIEW OF BUDGET ASSUMPTIONS

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

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

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

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

The Municipality faced the following significant challenges in preparing the 2019/20 – 2021/22 Budget:

- Budgeting for a surplus on the Operating Budget;
- Fully implementing cost containment measures and removing non-core expenditure items;

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

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

TABLE 39 (BUDGET ASSUMPTIONS)

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

Financial targets for the period 2018/19 to 2023/24

	2018/19 (Baseline)	2019/20	2020/21	2021/22	2022/2023	2023/2024
Income	%	%	%	%	%	%
Fines, Penalties and Forfeits	20.0	7.0	7.5	7.8	7.9	7.9
Interest, Dividend and Rent on Land	8.95	6.5	6.8	7.0	7.2	7.5
Licences or Permits	6.00	7.0	7.5	7.8	7.9	7.2
Operational revenue	8.5	7.0	7.5	7.8	7.9	7.9
Property Rates	5.0	7.0	7.5	7.8	7.9	7.9
Rental from Fixed Assets	8.95	7.0	7.5	7.8	7.9	7.9
Sales of Goods and Rendering of Services	6.0	7.0	7.5	7.8	7.9	7.9
Water tariff increase	8.5	9.5	9.5	9.8	9.9	9.9
Waste Water Management tariff increase	8.5	9.5	9.5	9.8	9.9	9.9
Waste Management tariff increase	7.5	9.0	9.0	9.5	9.5	9.6
Electricity tariff increase	5.84	6.84	7.84	8.84	8.9	8.9
Revenue collection rates	95.00	94.0	94.5	94.5	94.5	95
Expenditure						
Bulk purchase of power costs (subject to determination by NERSA)	7.30	7.84	8.1	8.8	8.9	8.9
Bulk purchase of water costs	6.0	9.0	9.0	7.5	7.5	7.5
Contracted Services	6.0	5.0	5.0	5.0	5.0	5.0
Employee Related Costs (subject to Three Year Agreement re Salary Negotiation currently in progress))	9.0	9.5	9.7	9.8	9.8	9.9
Inventory Consumed	6.0	5.0	5.5	4.5	4.5	4.5
Operating Leases	7.0	7.0	7.0	7.0	7.0	7.0
Operational Costs	6.0	5.0	5.5	4.5	4.5	4.5
Remuneration of Councillors	5.0	5.5	6.0	6.1	6.2	6.3
Transfers and Subsidies	6.0	5.0	5.5	4.5	4.5	4.5
Depreciation and Amortisation	6.0	6.5	6.5	6.5	6.5	6.5
Repairs and Maintenance (consists of Contracted Services, Inventory Consumed and Other Expenditure relating to the maintenance of capital assets)	6.0	8.0	8.0	8.0	8.0	8.0

It must be noted that the above increases were used for preparing the budget and some of them have since been amended resulting from other external factors. The following Table reflects the parameters as applied during the preparation of the Draft 2019/20 MTREF.

TABLE 40 (BUDGET ASSUMPTIONS APPLIED IN 2019/20 MTREF)

	2018/19 (Baseline)	2019/20	2020/21	2021/22	2022/2023	2023/2024
Income	%	%	%	%	%	%
Fines, Penalties and Forfeits	20.0	7.0	7.5	7.8	7.9	7.9
Interest, Dividend and Rent on Land	8.95	6.5	6.8	7.0	7.2	7.5
Licences or Permits	6.00	7.0	7.5	7.8	7.9	7.2
Operational revenue	8.5	7.0	7.5	7.8	7.9	7.9
Property Rates	5.0	5.0	7.0	7.0	7.25	7.25
Rental from Fixed Assets	8.95	7.0	7.5	7.8	7.9	7.9
Sales of Goods and Rendering of Services	6.0	7.0	7.5	7.8	7.9	7.9
Water tariff increase	8.5	7.5	9.5	9.8	9.9	9.9
Waste Water Management tariff increase	8.5	7.5	9.5	9.8	9.9	9.9
Waste Management tariff increase	7.5	7.5	9.5	9.5	9.5	9.6
Electricity tariff increase	5.84	6.84	7.84	8.84	8.9	8.9
Revenue collection rates	95.00	94.0	94.5	94.5	94.5	95
Expenditure						
Bulk purchase of power costs (subject to determination by NERSA)	7.30	7.84	8.1	8.8	9.1	9.1
Bulk purchase of water costs	6.0	8.5	9.0	7.5	7.5	7.5
Contracted Services	6.0	5.0	5.0	5.0	5.0	5.0
Employee Related Costs (subject to Three Year Agreement re Salary Negotiation currently in progress))	9.0	9.5	9.7	9.8	9.8	9.9
Inventory Consumed	6.0	4.5	5.5	4.5	4.5	4.5
Operating Leases	7.0	7.0	7.0	7.0	7.0	7.0
Operational Costs	6.0	4.5	5.5	4.5	4.5	4.5
Remuneration of Councillors	5.0	5.5	6.0	6.1	6.2	6.3
Transfers and Subsidies	6.0	5.5	5.5	4.5	4.5	4.5
Depreciation and Amortisation	6.0	6.5	6.5	6.5	6.5	6.5
Repairs and Maintenance (consists of Contracted Services, Inventory Consumed and Other Expenditure relating to the maintenance of capital assets)	6.0	8.0	8.0	8.0	8.0	8.0

2.6 OVERVIEW OF BUDGET FUNDING

2.6.1 Medium-term outlook: operating revenue

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

TABLE 41 (BREAKDOWN OF THE OPERATING REVENUE OVER THE MEDIUM-TERM)

Description	2019/20 Medium Term Revenue & Expenditure Framework					
	Budget Year 2019/20		Budget Year 2020/21		Budget Year 2021/22	
R thousands						
Revenue by Source		%		%		%
Property rates	2,287,167	20.55%	2,423,674	20.32%	2,617,619	20.21%
Service charges	5,893,944	52.96%	6,404,119	53.70%	6,999,898	54.05%
Investment revenue	112,292	1.01%	118,942	1.00%	128,335	0.99%
Transfers recognised - operational	2,029,337	18.23%	2,130,306	17.86%	2,307,424	17.82%
Other own revenue	806,981	7.25%	848,863	7.12%	897,009	6.93%
Total Revenue (excluding capital transfers)	11,129,721	100.00%	11,925,904	100.00%	12,950,284	100.00%
Less: Fuel Levy funding the capital budget	- 380,000		- 391,400		- 391,400	
Total Operating Revenue	10,749,721		11,534,504		12,558,884	
Total Expenditure	10,771,797		11,477,184		12,431,968	
Surplus/(Deficit)	- 22,076		57,320		126,916	

Figure 3: Breakdown of operating revenue over the 2019/20 MTREF

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

The revenue management strategy includes the following key components:

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

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

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

TABLE 42 (SA15 – DETAIL INVESTMENT INFORMATION)

Investment type	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
Parent municipality									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank	1,367,808	1,347,374	2,374,802	2,165,608	2,363,825	2,363,825	2,482,317	2,830,680	3,136,940
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Municipal Bonds									
Municipality sub-total	1,367,808	1,347,374	2,374,802	2,165,608	2,363,825	2,363,825	2,482,317	2,830,680	3,136,940
Entities									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank									
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Entities sub-total	-	-	-	-	-	-	-	-	-
Consolidated total:	1,367,808	1,347,374	2,374,802	2,165,608	2,363,825	2,363,825	2,482,317	2,830,680	3,136,940

Investments are anticipated to increase from R2.48 billion in 2019/20 to R3.14 billion in 2021/22.

Medium-term outlook: capital revenue

The following table provides a breakdown of the funding components of the 2019/20 medium-term capital programme:

TABLE 43 (SOURCES OF CAPITAL REVENUE OVER THE MTREF)

Vote Description	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget		Budget Year 2019/20		Budget Year 2020/21		Budget Year 2021/22	
R thousand								
Capital expenditure - Vote								
Funded by:		%		%		%		%
National Government	1,252,980	60.72%	983,161	53.94%	1,020,533	57.82%	1,081,910	64.66%
Other transfers and grants	168,712	8.18%	105,669	5.80%	76,907	4.36%	78,756	4.71%
Transfers recognised - capital	1,421,692	68.89%	1,088,829	59.74%	1,097,441	62.17%	1,160,666	69.37%
Borrowing	148,290	7.19%	286,370	15.71%	235,943	13.37%	80,000	4.78%
Internally generated funds	493,611	23.92%	447,515	24.55%	431,716	24.46%	432,531	25.85%

Total Capital Funding	2,063,593	100.00%	1,822,714	100.00%	1,765,100	100.00%	1,673,197	100.00%
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The above table is graphically represented as follows for the 2019/20 financial year.

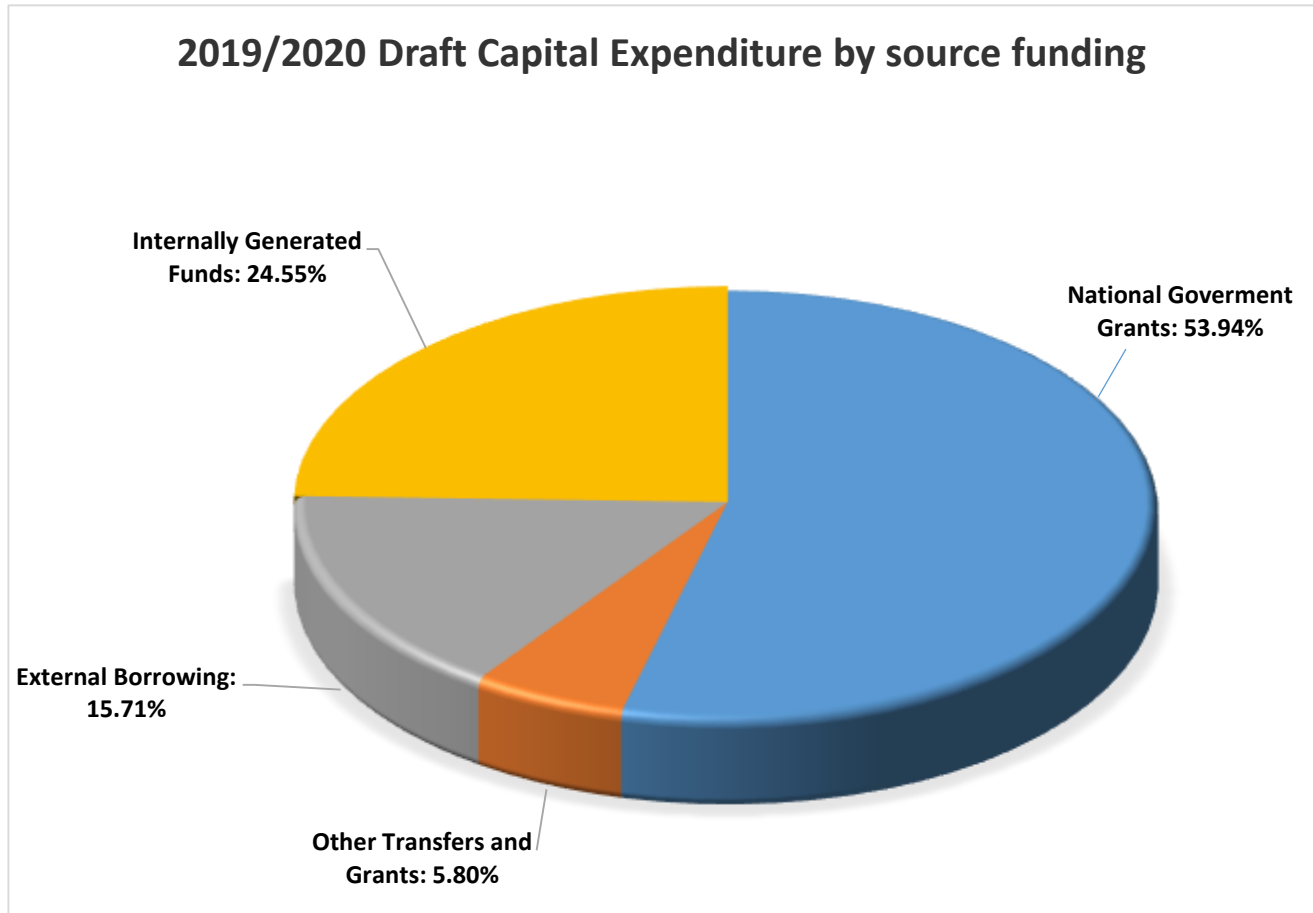


Figure 2: Sources of Capital Revenue for the 2019/20 financial year

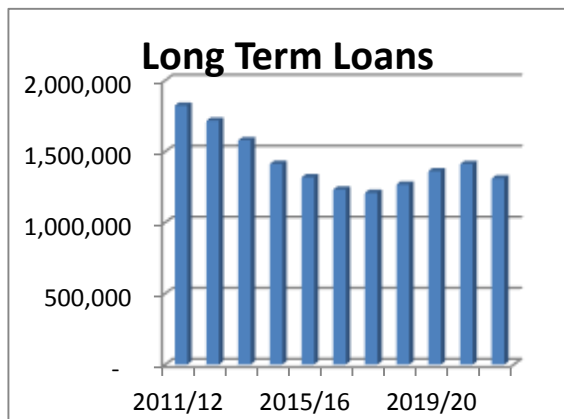
Capital Grants constitute 59.74% of the total funding sources, amounting to R1.82 billion for the 2019/20 financial year and amounting to R1.67 billion or 69.37% in the 2021/22 financial year.

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

TABLE 44 (TABLE SA 17 - DETAIL OF BORROWINGS)

Borrowing - Categorized by type R thousand	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year 2020/21	Budget Year 2021/22
Parent municipality			
Annuity and Bullet Loans	1,360,541	1,411,292	1,309,663
Municipality sub-total	1,360,541	1,411,292	1,309,663
Total Borrowing	1,360,541	1,411,292	1,309,663

The following graph illustrates the outstanding borrowing for the 2008/09 to 2021/22 period:



2.6.2 Funding Compliance Measurement

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

Incorporated under SA10 which is attached elsewhere in the Agenda.

2.7 EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

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

2.8 ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

Incorporated under SA21 attached elsewhere in the Agenda.

2.9 COUNCILLORS AND BOARD MEMBERS ALLOWANCES AND EMPLOYEE BENEFITS

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

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

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

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

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

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

The SDBIP relating to the 2019/20 financial year must be approved by the Executive Mayor during June 2019, following the approval of the Budget.

2.11 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

Below the schedule of contracts impacting on future budgets:

TABLE 45 (CONTRACTS IMPACTING ON THE MUNICIPALITY'S REVENUE)

Description	Preceding Years	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework			Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Total Contract Value
	Total	Original Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
R thousand													
Parent Municipality:													
Revenue Obligation By Contract													
<i>Contract 1</i>													-
Total Operating Revenue Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract													
<i>Absa Bank Costs</i>		4,828	5,118	5,425	5,750	6,095							27,216
Total Operating Expenditure Implication	-	4,828	5,118	5,425	5,750	6,095	-	-	-	-	-	-	27,216
Capital Expenditure Obligation By Contract													
<i>Contract 1</i>													-
Total Capital Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Parent Expenditure Implication	-	4,828	5,118	5,425	5,750	6,095	-	-	-	-	-	-	27,216
Entities:													
Revenue Obligation By Contract													
<i>Contract 1</i>													-
Total Operating Revenue Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract													
<i>contract 1 Banking Service Contract</i>		21	23	24	25	27	28	30	32	34	36	38	318
Total Operating Expenditure Implication	-	21	23	24	25	27	28	30	32	34	36	38	318
Capital Expenditure Obligation By Contract													
<i>Contract 1</i>													-
Total Capital Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Entity Expenditure Implication	-	21	23	24	25	27	28	30	32	34	36	38	318

Contracts Impacting on the Municipality's Expenditure

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

TABLE 46 (SECTION 33 EXPENDITURE)

	Description of lease	Start of contract	End of contract	Escalation %	Period	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
1	ABSA Bank Ltd – Primary Bank account	01-09-18	30-08-23		5 years						

2.12 LEGISLATION COMPLIANCE STATUS

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

Implementation of the MFMA

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

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

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

IDP

The Municipal Systems Act requires that Council must approve a five-year Integrated Development Plan (IDP), and as such the IDP document that guides the budgeting process was approved in around 2017.

Budget

The annual budget document has been developed taking the MFMA and National Treasury (NT) requirements into account. All attempts are always being made to ensure that Budgets as well as any other compliance related documents are being tabled and approved within the required legislated timeframes.

In-Year Reporting

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

Supply Chain Management Policy (SCM)

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

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

Budget and Treasury

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

Audit Committee

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

Internal Audit Function

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

Financial Internship Programme

In the 2018/19 financial year the Municipality has a total of about six Finance Interns on the Municipal Financial Management Internship programme, as approved by National Treasury. The Finance Interns are rotated within various Sub Directorates of Budget and Treasury in order to capacitate them. So far the institution has been able to recruit many of the Interns into fulltime position due to their relevant work exposure, and such is beneficial to both parties (i.e. NMBM and the Finance Interns).

2.13 CAPITAL EXPENDITURE DETAILS

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

2.14 OTHER SALIENT POINTS TO NOTE IN TERMS OF THE 2019/20 TO 2021/22 BUDGET

The following paragraphs are some of the highlights or salient (prominent) points to be noted in terms of the 2019/20 to 2021/22 draft Budget and the list is not exhaustive as they may also be other issues that affect the draft budget and may not have been fully covered: -

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

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

TABLE 47 (ALLOCATION OF GRANTS)

ALLOCATION OF OPERATING GRANTS i.t.o. THE DIVISION OF REVENUE BILL (2019/2020)						
GRANT NAME	Ref	Grant Type (Conditional / Unconditional)	2019/20	2020/21 (1st Outer Year Projections)	2021/22 (2nd Outer Year Projections)	
OPERATING GRANTS						
Equitable Share	1	Unconditional	1,021,661,000	1,106,936,000	1,261,603,000	
Financial Management Grant	2	Conditional	1,000,000	1,000,000	1,000,000	
Expanded Public Works Program	3	Conditional	8,950,000	0	0	
Infrastructure Skills Development Grant	4	Conditional	9,500,000	9,500,000	10,500,000	
Fuel Levy Grant	5	Unconditional	690,344,000	737,491,000	800,841,870	
TOTAL - OPERATING			1,731,455,000	1,854,927,000	2,073,944,870	
ALLOCATION OF CAPITAL GRANTS i.t.o. THE DIVISION OF REVENUE BILL (2019/2020)						
GRANT NAME		Grant Type (Conditional / Unconditional)	2019/20	2020/21 (1st Outer Year Projections)	2021/22 (2nd Outer Year Projections)	
Urban Settlements Development Grant (USDG)	6	Conditional	975,685,000	778,352,000	750,817,000	
Informal Settlements Upgrading Partnership Grant (ISUPG)	7	Conditional	0	191,306,000	280,929,000	
Neighbourhood Partnership Development Grant (NDPG)	8	Conditional	30,000,000	30,000,000	35,000,000	
Public Transport Network Grant	9	Conditional	298,143,000	314,524,000	338,113,000	
Integrated City Development Grant	10	Conditional	12,697,000	18,511,000	20,529,000	
TOTAL - CAPITAL			1,316,525,000	1,332,693,000	1,425,388,000	
TOTAL GRANTS (OPERATING AND CAPITAL)			2,831,239,000	3,042,521,000	3,273,147,000	

TABLE 48 (ALIGNMENT OF DORA GRANTS AS INCORPORATED IN THE 2019/20 MTREF)

Description	2019/20 Medium Term Revenue & Expenditure Framework			
	Ref.	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand				
RECEIPTS:				
Operating Transfers and Grants				
National Government:		1,948,863	2,046,622	2,222,983
Local Government Equitable Share	1	1,021,661	1,106,936	1,201,603
EPWP Incentive	3	8,950		
Finance Management	2	1,000	1,000	1,000
Infrastructure Skills Development	4	9,500	9,500	10,500
Urban Settlements Development	6	91,559	40,997	58,070
LGSETA		4,934	5,322	5,752
Public Transport Network Grant	9	120,916	145,206	145,216
Fuel Levy	5	690,344	737,662	800,842
Provincial Government:		28,646	31,495	32,490
Sport and Recreation		15,750	16,538	17,364
DRPW (Maintenance of Roads)		12,000	14,000	14,100
Marine and Coastal Management		896	957	1,025
Other grant providers:		8,686	1,295	-
KFW (MBDA)		8,686	1,295	
Total Operating Transfers and Grants		1,986,195	2,079,412	2,255,472

Capital Transfers and Grants				
National Government:		1,104,051	1,146,491	1,216,154
Public Transport Network Grant	9	177,227	169,318	186,949
Neighbourhood Development Partnership	8	30,000	30,000	35,000
Urban Settlements Development	6	884,126	737,355	692,747
Informal Settlements Upgrading Partnership Grant (ISUPG)	7		191,306	280,929
Integrated City Development	10	12,697	18,511	20,529
Other grant providers:		36,044	1,897	-
Private Contribution and Donations		15,000		
SARS & MBDA (KFW)		21,044	1,897	
Total Capital Transfers and Grants		1,140,095	1,148,388	1,216,154
TOTAL RECEIPTS OF TRANSFERS & GRANTS		3,126,290	3,227,800	3,471,627

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

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

TABLE 49 (EQUITABLE SHARE ALLOCATIONS)

METROPOLITAN MUNICIPALITY	2019/20	% Ntage Allocation per Metro vs. Total Allocation	2020/21	2021/22
Nelson Mandela Metro	1,021,661,000	5.27	1,106,936,000	1,201,603,000
Buffalo City	847,431,000	4.37	910,772,000	980,854,000
Mangaung	735,867,000	3.79	800,260,000	871,988,000
Ekurhuleni	3,478,292,000	17.94	3,830,583,000	4,229,656,000
Joburg	4,689,158,000	24.18	5,183,056,000	5,744,050,000
Tshwane	2,642,492,000	13.63	2,924,283,000	3,244,640,000
eThekweni	3,160,624,000	16.30	3,444,498,000	3,761,365,000
Cape Town	2,815,558,000	14.52	3,081,195,000	3,377,636,000
TOTAL EQUITABLE SHARE	19,391,083,000	100	21,281,583,000	23,411,792,000

The reason for making use of the Equitable Share in terms of this comparison is the fact that Equitable Share is the unconditional grant that is allocated or availed to all municipalities in the country and can be used based on each municipality's discretion including provision of services to the indigent or poor communities. It can be seen from the above that the "neighbourly sister metropolitan municipalities" of Joburg, Ekurhuleni and Tshwane share about **55.75%** of the total Equitable Share amounting to **R19.4 billion** whilst the metropolitan municipalities in the poor Eastern Cape share only about **9.64%** of the total Equitable Share available to the 8 metropolitan municipalities.

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

TABLE 50 (USDG ALLOCATIONS)

METROPOLITAN MUNICIPALITY	2019/20	% Ntage Allocation per Metro vs. Total Allocation	2020/21	2021/22
Nelson Mandela Metro	975,685,000	8.10	778,352,000	750,817,000
Buffalo City	817,423,000	6.79	655,735,000	632,538,000
Mangaung	813,563,000	6.75	649,912,000	626,921,000
Ekurhuleni	2,092,514,000	17.37	1,694,564,000	1,634,616,000

Joburg	1,968,023,000	16.34	1,591,883,000	1,535,569,000
Tshwane	1 711,013,000	14.20	1,379,901,000	1,331,086,000
eThekweni	2,094,441,000	17.39	1,690,379,000	1,630,580,000
Cape Town	1 572,724,000	13.06	1 276,068,000	1,230,926,000
TOTAL USDG	12,045,386,000	100	9,716,794,000	9,373,053,000

The above table again illustrates that both metropolitan municipalities from the Eastern Cape share only about **14.89%** of the USDG (infrastructural designated grant) as compared to the three neighbourly metropolitan municipalities (i.e. Johannesburg, Tshwane and Ekurhuleni) that amongst them share **47.91%** of the total USDG of **R12.05bln**.

2.14.3 Letter written to the MEC: Finance and cc'd to National Treasury relating to non-compliance with timeframes

Council must be aware that resulting from the postponement of the Council meeting that was scheduled to take place on the **28 March 2019** a letter was written to the MEC: Finance in line with the requirements of the Municipal Finance Management Act (MFMA) read in conjunction with the Municipal Budget and Reporting Regulations (MBRR). The letter may be availed to Council whenever necessary or required to do so.

2.14.4 Load-shedding and its implications

It must be noted that by the time this report was being concluded was the time within which ESKOM was again implementing load-shedding. If the status quo continues until the end of the next financial year, this will definitely have negative impact to the Electricity revenue of the municipality, which revenue has been in the tight squeeze during the past financial years.

2.14.5 The conclusion of the Ward Budget / Ward Allocation

In order to ensure that the process of finalising the Ward Budget / Ward Allocation is as inclusive as much as possible, the Budget Steering Committee led by the MMC: Budget and Treasury will undertake a process of assessing all projects to be incorporated in Ward Budget, in conjunction with relevant Ward Councillors. This approach will be undertaken in terms of various Clusters within which the Wards are linked to.

2.14.6 Absorption of 212 Security Guards as Security Watchmen

As was reported in the Council meeting of the 28 February 2019 when the 2018/19 Adjustments Budget was approved, on the 4 December 2018, Council approved the amendment of the Staff Structure / Organogram for Safety and Security whereupon 212 positions for Security Guards (Watchmen) were created or approved for incorporation into the Staff Structure. About 212 Security Guards / Watchmen were insourced into Safety and Security Directorate, appointed on a contractual basis for a period of three months (i.e. January to March 2019) with an intention of appointing them on a fulltime basis w.e.f. 1 April 2019. The Council was informed on the 28 February 2019 that one of the reasons why the budget deficit was increased from around **R44 million (2018/19 Original Budget)** to be greater than **R70 million** during the adjustments budget (2018/19) was as a result of insourcing the 212 Watchmen whilst there existed no budget to do so. Council must be aware that the full operating costs (without considering any capital costs) for operationalizing this requirement for the 2019/20, 2020/21 and 2021/22 amounts to **R46 million (2019/20), R47 million (2020/21) and R52 million (2021/22)**. These costs equate to around 2% of the property rates income per financial year and leading up to the approval of the budget there will have to be a decision taken in this regard as they will require permanent funding that may lead to additional increase in rates to fund the costs. The following table gives an illustration of the calculation of costs and also impact to property rates as this service is mainly funded from the funding source: -

TABLE 51 (INSOURCING OF WATCHMEN)

Operating Costs implication for Insourcing 212 Watchmen			
Employee Related Costs	43,289,467	47,401,970	51,905,153
Tools of Trade	543,103		
Uniform	2,036,640		
TOTAL OPERATING COSTS	45,869,210	47,401,970	51,905,153
Property Rates	2,406,188,960	2,551,901,699	2,756,025,050
% Impact on Property Rates	2	2	2

2.14.7 Other Budget related policies

Attached elsewhere as Annexures to this report are various Budget Related Policies that are tabled to Council without any significant changes but for them to be noted or commented upon. An item that deals with the Property Rates Policy is also attached as separate Annexure. The Policy is tabled to Council as required i.t.o. the Municipal Property Rates Act (MPRA) and any comments thereto will be considered. The Policy will also be availed during the Public Participation process as well.

2.14.8 Raising of R750 million loan for revenue enhancing projects

Council must be aware that all processes relating to the raising of the R750 million loan have been concluded and the successful banker appointed upon following the necessary procurement processes as dictated by Chapter 6 of the MFMA. Affected Directorates (i.e. Water, Sanitation, Electricity and Energy) have already commenced with spending on the affected projects, hoping that there will be reduction of losses on Water and Electricity w.e.f. 2018/19 financial year as compared to other years. The only process that was outstanding by the time this report was finalised was the signing of the required loan documents by the Executive Mayor prior submission by the municipality to National Treasury for comments upon which the final agreement be signed between the NMBM and the bank. The loan is cashflowed to be withdrawn from the bank over a period of four financial years (i.e. 2018/19, 2019/20, 2020/21 and 2021/22), in terms of the original plans.

2.14.9 Transfer of the Equitable Share tranche by National Treasury in December 2018 and final tranche in March 2019

It can be confirmed to Council that the delayed Equitable Share tranche of December 2018 was paid to NMBM in around late February 2019 after taking into account the unapproved Rollover Application for Conditional Grants. It can also be confirmed that the Equitable Share Tranche payable in March 2019 was transferred to the municipality of the due date. Budget and Treasury is currently busy at work dealing with all the National Treasury required reporting in line with m-SCOA using the services of a consultant specializing in this field, whilst the institution is dealing with the SEBATA-EMS issues. The advantage of this approach is that the consultant is guiding the Directorate in this process, not doing the work for the institution, in order to beef up or transferring of skills, in order to avoid the similar situation identified in the SEBATA-EMS project re-occurring.

2.14.10 Draft Procurement Plans

As part leading up to the conclusion or finalisation of the Budget Report Procurement Plans will be finalised for submission to Council based on accurate information and or budgeted amounts. The final product of procurement plans is championed by various Directorates but must be

verified by relevant Accountants for accuracy more especially when it comes to the budgetary issues.

2.14.11 Submission of the draft budget documents to the Audit Committee members for comments

As part of promoting accuracy, efficiency and credibility in the Budget Documents and the processes thereto, the draft Budget Report will be presented to the members of the Audit Committee members so that any comments made by the members can be considered in time for any changes that may be affected in the budget, if needed. This will also enhance public participation as required in terms of Chapter 4 of the Municipal Systems Act and also enhance consultation processes as required by the MFMA.

2.14.12 Public participation during the year of general elections

As we are aware the 8 May 2019 has been set aside as the date for the national elections in the country. This date will be preceded with a period within which all Councilors will be expected to be on recess. This may have an impact on the required public participation process that must be embarked upon as soon as the budget is tabled to Council for noting. It may be wise to have a targeted approach in dealing with public participation processes where same is undertaken with targeted key stakeholders or introduce radical innovative communication processes.

2.14.13 Consultation with National Treasury for Budget Benchmark exercise

Council must note that as required in terms of Chapter 4 of the MFMA a date (i.e. 29 April 2019) has been set aside for the budget benchmark process with National Treasury. The budget benchmark process is undertaken using exactly the tabled budget. Upon assessing the Budget Report, National Treasury will then evaluate whether or not the budget is fully funded or not and also if all previous advices were taken into account when preparing the budget. National Treasury will issue a letter in this regard, which letter must form part of the final Budget Report that must be considered by Council when the budget is tabled to Council for approval on or before end May 2019.

2.14.14 Budgeted vacancies across the institution

Incorporated in this draft budget report is the budget for vacancies for all various Directorates. Some of these vacancies may be in the process of being filled or recently filled according to the required Human Resources processes. The following table demonstrates the budgeted amounts for the vacancies per Directorate: -

TABLE 52 (PROVISION OF VACANCIES PER DIRECTORATE)

SUMMARY OF PROVISION FOR VACANCIES PER DIRECTORATE			
DIRECTORATE	BUDGET 2019/20	BUDGET 2020/21	BUDGET 2021/22
Corporate Services	23,702,646	25,888,876	27,965,992
Public Health	22,764,746	24,927,397	27,345,354
Sport, Recreational, Arts and Culture	16,945,009	21,913,664	19,739,876
Economic Development, Tourism and Agriculture	5,474,557	5,857,776	6,326,398
Safety and Security	47,128,700	51,700,184	56,766,802
Chief Operating Officer	3,366,733	3,693,306	4,055,250
Water	23,418,477	25,690,069	28,207,696

Sanitation	29,069,711	31,889,473	35,014,641
Infrastructure and Engineering (Rates & General)	22,184,249	23,925,985	25,762,843
Budget and Treasury	23,716,499	29,234,794	31,986,639
Human Settlements	13,911,531	14,715,872	16,040,300
Office of Executive Mayor	3,573,866	3,900,502	4,276,799
Municipal Manager	2,602,996	2,837,266	3,092,620
Electricity & Energy	22,866,114	25,120,760	27,411,756
TOTAL	260,725,834	291,295,923	313,992,967

2.14.15 Combined Grant Allocation to the Mandela Bay Development Agency (MBDA)

Council must note that included in the draft budget is the allocation towards the entity (i.e. MBDA) to fund its operating costs as well as the capital projects to be implemented across the NMBM area of jurisdiction. In order to improve controls as it relates to spending of grants to the entity according to their original plans, with effect from the end of the 2018/19 financial year a control method whereby the entity applies for the rollover of unspent transfers with proper motivation will be implemented. This is due to the fact that the municipality avails funding to the entity based on what has been budgeted for per quarter, as opposed to project performance, which means that at times the entity will have received cash upfront whilst there is no expenditure against projects. The combined allocation (i.e. Capital and Operating) to be availed to the entity for the 2019/20, 2020/21 and 2021/22 are as follows: - R100 million, R105 million and R110.25 million respectively. Any possibilities of adjusting these allocations upwards / downwards will be considered as the budget process is concluded on or before end May 2019 for Council's approval.

2.14.16 Budget Surplus / Deficit over the MTREF period based on draft budget document:

Based on the draft budget report it can be confirmed that over the MTREF period the tabled budget indicates the surplus of around **R162.16 million**, with year 1 (2019/20) showing a deficit of **R22.08 million** whilst years 2 (2020/21) and year 3 (2021/22) show surplus positions of **R57.32** and **R126.92 million** respectively. As we conclude the budget on or before end May 2019 for Council approval, this picture may change as there are other external factors that are not fully finalised (e.g. Electricity Tariffs increases and Bulk Purchases, amongst others).

2.14.17 External impact to the Draft Budget not concluded:

Council must be aware that Electricity Tariffs and Bulk Purchases (Electricity / Water) are not yet concluded as there are other processes that must be finalised with the relevant roleplayers prior finalisation of same. It is hoped that by the time the budget is tabled to Council on or before end May 2019 there will be finality in these matters.

2.15 CITY MANAGER'S QUALITY CERTIFICATE

I, Peter Neilson, Acting City Manager of the Nelson Mandela Bay Metropolitan Municipality, hereby certify that the budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act (56 of 2003) and the Municipal Budget and Reporting Regulations (32141 dated 17 April 2009) made under that Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Print Name : Peter Neilson (Mr)

Acting City Manager of Nelson Mandela Bay Municipality (EC000)

Signature : _____

Date : _____