ANNEXURE A

CITY OF CAPE TOWN

2015/16 ADJUSTMENTS BUDGET

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28 JANUARY 2016

LIST OF TABLES

LIST OF FIGURES

LIST OF ANNEXURES

GLOSSARY OF TERMS AND ABBREVIATIONS

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

Allocations – Money received from Provincial and National Treasury.

Budget – The financial plan of a municipality.

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

Cash Flow Statement – A statement showing when actual cash will be received and spent and the month end cash and short-term investment balances.

CGD – Capital Grants and Donations mainly comprising of National and Provincial Government allocations as well as public contributions and donations from external parties.

CCT – City of Cape Town

CPI – Headline Consumer Price Index

CRR – Capital Replacement Reserve. An internal funding source used for capital projects, which must at all times be cash-backed in line with Section 18 of the MFMA.

CTICC - Cape Town International Convention Centre

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

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

EFF – External Financing Fund. Internal funding mechanism and funded from borrowing for capital expenditure.

EIA – Environmental Impact Assessment. An assessment of the possible impacts that a proposed project may have on the environment, consisting of the environmental, social and economic aspects.

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

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

IRT – Integrated Rapid Transport

KPI – Key Performance Indicators. Measures of service output and/or outcome.

MBRR – Municipal Budget Reporting Regulations

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

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

NT – National Treasury

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

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

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

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

PART 1 - ADJUSTMENTS BUDGET: PARENT MUNICIPALITY

1. Mayor's Report

1.1. Summary of reasons for the adjustments budget

Primary reasons for the recommendation to adopt a January 2016 Adjustments Budget resulted from approved roll-overs received from National- and Provincial Treasury for unspent external grant allocations, revised Provincial Gazetted allocations, roll-overs of internal funds where the funding will not be spent in the current financial year and the re-alignment of sundry budgetary provisions resulting from updated implementation programmes.

Further adjustment details are listed below.

a. Multi-year funds shifting in relation to the capital programme

The reasons for multi-year shifting are inter alia:

- Roll-over of unspent 2014/15 conditional grants approved by National Treasury in terms of Section 22 (2) of the Division of Revenue Act (DORA) (Act No. 10 of 2014), dated 30 September 2015.
- Roll-over of unspent 2014/15 conditional grants approved by Provincial Treasury in terms of Section 10 (2) of the Western Cape Appropriation Act 2014 (Act No. 5 of 2014), dated 17 November 2015.
- Revised Provincial Treasury (PT) allocation published in the Provincial Gazette Extraordinary No. 7535 in terms of the DORA (Act No.1 of 2015), dated 20 November 2015.
- Administrative transfers/virements of budgetary provisions as approved in terms of Council's System of Delegations of Powers and the Virement Policy.
- Updated implementation programmes of projects funded from external sources such as Capital Grants & Donations (CGD) as well as internal sources such as the City's Capital Replacement Reserve (CRR) and External Financing Fund (EFF). Whilst backed by approved business plans, local conditions often require amendments to implementation procedures, as agreed with donors (CGD funded projects).

b. Allocations and grant adjustments

Capital grants

Main reasons for adjustments to capital grants and donations

- Expanded Public Works Programme (EPWP) (national funding) increases by R58 116 in 2015/16 in order to incorporate the approved unspent 2014/15 conditional grant.

- Integrated City Development Grant (ICDG) increases by R5 million on the capital budget with a concomitant decrease on the operating budget, due to the ongoing negotiations with PRASA. R1.4 million of the unspent 2014/15 conditional grant is proposed for inclusion as these funds are committed.

- Public Transport Infrastructure Grant (PTIG) (national funding) increases by R208.2 million in 2015/16 in order to incorporate the approved unspent 2014/15 conditional grants.

- Infrastructure Skills Development Grant (ISDG) (national funding) increases by R500 000 on the capital budget in 2015/16 with a concomitant decrease on the operating budget in order to procure IT equipment for the Graduate Internship Programme (GIP) learners and skills development.

- Urban Settlements Development Grant (USDG) (national funding) reflects a net decrease of R261.9 million on the capital budget in 2015/16 with a concomitant increase on the operating budget.

- Library Services: Conditional Grant (PAWC: Libraries) (provincial funding) increases by R2.4 million in 2015/16 in order to incorporate the approved unspent 2014/15 conditional grants.

- Development of Sports and Recreation Facilities Grant (PAWC - SPORT & REC) (provincial funding) increases by R133 932 in 2015/16 in order to incorporate the approved unspent 2014/15 conditional grants.

- Maintenance and Construction of Transport Infrastructure Grant (PM&R - TS&I) (provincial funding) increases by R310 110 in 2015/16 in order to incorporate the approved unspent 2014/15 conditional grants.

- Human Settlements Development Grant (HSDG) (provincial funding) increases by R50.3 million; R16.4 million approved unspent 2014/15 conditional grant and R33.9 million increase on the following projects:
  - Scottsdene New CRU Project - 350 Units : R32 million
  - Langa Hostels CRU Project - Special Quarters - R1 million

- Public Access Centres Grant (PT: PUBLIC ACCESS) (provincial funding) increases by R58 000 on the Public Access Centre: ICAN Project in 2015/16 in order to incorporate the approved unspent 2014/15 conditional grants.

- Library Services: Metro Library Grant (PT Library: Metro) (provincial funding) increases by R4.8 million in 2015/16 in order to align the City's budget to the revised allocation published in the Provincial Gazette Extraordinary No. 7535 in terms of the DORA(Act No.1 of 2015), dated 20 November 2015.

- Private Sector funding – unconditional grants - increases by R13 million in 2015/16, due to (i) agreements between the City and the Dutch government iro the Metro South East Public Transport Facilities (R1.5 million) being finalised, (ii) Service Connections projects requiring additional funding for replacement of meters, which are now being charged to service connection private sector finance funding (R10.6 million) and (iii) Service Connection (Quote): South (R1 million) to connect new customers to the shared network, which is more than originally planned.

Operating grants

Main reasons for adjustments to operating grants and donations

- Re-allocation of grant funding proposed for inclusion in the 2015/16 operating budget:
  - Urban Settlements Development Grant (USDG): R57.7 million for redevelopment and implementation of bulk infrastructure (District 6 project) within Office of the City Manager directorate.
  - Human Settlements Development Grant (HSDG): R3.4 million reduced, due to delays in the recruitment and selection processes within the Utility Services directorate. These funds will be transferred and utilised in the Human Settlements directorate.
  - Urban Settlements Development Grant (USDG): R2 million for the Electrification project identified in ESKOM Areas within the Utility Services directorate.

- Additional allocation of grant funding proposed for inclusion in the 2015/16 operating budget:
  - Provincial Government Western Cape (PGWC): R170 000 to cover operating costs in the Metro Library within the Community Services directorate.
  - Chemical Industrial Education &Training Authority: R1.5 million for leanerships within the Corporate Services & Compliance directorate.
  - Department of Environmental Affairs & Tourism: R1.8 million for Wetland rehabilitation within the Energy, Environmental & Spatial Planning directorate.
  - Public Transport Infrastructure & Systems Grant (PTS&IG) - Trust Fund interest: R13.2 million to cover operating cost within the Transport for Cape Town directorate.

  - Cape Town Metropolitan Transport Fund - Trust Fund interest: R4.7 million to cover operating costs within the Transport for Cape Town directorate.

- A reduction of R4.4 million on Global Funding and HIV & Aids grant funding in the Health directorate, as per the Provincial Gazette Extraordinary 7535, dated 20 November 2015.

- Approved Provincial- and National Government unspent 2014/15 conditional grants (roll-overs):
  - R226.6 million for Human Settlement Development within the Human Settlements directorate.
  - R2.7 million for Housing Accreditation Assistance within the Human Settlements directorate.
  - R1 million for Settlement Assistance within the Human Settlements directorate.
  - R6.7 million for Maintenance & Construction of Transport Infrastructure within the Transport for Cape Town directorate.
  - R2.5 million for Library Services within the Community Services directorate.
  - R64.7 million for Public Transport Network Operations Grant (PTNOG) within the Transport for Cape Town directorate.

- Shifting of funding (R500 000) from the operating budget to the capital budget on the Infrastructure Skills Development Grant (ISDG) for the procurement of Information Technology equipment within the Corporate Service & Compliance directorate.
- Shifting of funding (R33.9 million) from the operating budget to the capital budget on the HSDG as the projects to be implemented within the Human Settlements directorate will be of a capital nature.

c. Adjustments to revenue and expenditure estimates (upwards/downwards)

- An increase of R309 million on External Interest Income within the Finance directorate, due to growth in the outsourced investment portfolio.

- A projected increase of R1.8 million on Rental Income based on current lease agreements from Paardevlei Housing Development within the Human Settlements directorate.

- A decrease of R9.9 million on Depreciation resulting from the extension of useful lives of vehicles and lower than anticipated capital spend.

- A decrease of R212 million on Finance Charges within the Finance directorate, due to a loan not taken up because of the City's favourable cash flow position.

R152 million of the afore-mentioned savings of R529.7 million is proposed for allocation to redress imbalances within the following directorates:

- Office of the City Manager - R12 million: R2 million for the Mayor's Special Projects and R10 million for Communication Campaign/Website.
- Corporate Services & Compliance - R8.7 million: Maintenance costs for Kuyasa Library for the facility, which will be occupied by Sub-council 24 and the conversion of IS&T contract positions to permanent positions.
- Office of the City Manager (Trade & Investment department) - R8 million: Office rental and operating costs for Project Portfolio Management (PPM) for reporting and screening of the Top 100 projects as approved by the City Manager.
- Finance - R20 million: R9 million to cover GV2016 operating costs and R11 million for Tenders & Supply contracts as well as Contracted Services for the Debt and Legacy & Rates Automation Transversal projects.
- All Rates-funded directorates - R1.3 million: To cover the impact of the Cellphone Allowances increase.
- Tourism Events & Economic Development - R4 million: To cover additional operating costs for the Green Point Athletics Stadium.
- Community Services - R6 million: Security services at Kuyasa Library, additional staff costs for facility rationalisation/optimisation programme and operating costs for the new facility.
- Energy, Environmental & Spatial Planning - R9.5 million: Mayor's special project (The Kader Asmal project) in memory of the late professor Kader Asmal, which is aimed at maximising job opportunities through labour intensive invasive plant control methods. The project is a flagship Expanded Public Works Programme (EPWP) project in the environmental sector and currently provides jobs for over 758 people. A social study conducted in 2013 has shown a ratio of 1:4 of direct to indirect beneficiaries. If the project does not continue the 758 job losses will affect approximately 3032 individuals who form part of the households of the direct beneficiaries.
- Corporate Services & Compliance - R13 million: To top up Legal Fees, which seems considerably under-provided given the current actual expenditure trend. Over-expenditure in the previous year financial year was prevented via last-minute cost re-allocations and current actual expenditure spends indicate a similar trend to that of last year.
- Water & Sanitation Services department – R21 million: To cover Repairs & Maintenance costs and Janitorial Services.
- Safety & Security – R12.9 million: To cover operating costs for the Mayor's Urban Regeneration Project.
- Tourism Events & Economic Development - R1.5 million: R500 000 for the City Festival - Art Africa Centre Event and R1 million to absorb Repairs & Maintenance costs at the City Hall.
- Utility Services - R34 million: Additional allocation on Capital Replacement Reserve funded from savings realised on revised Interest and Depreciation Charges.

The remainder of the savings amounting to R380 million is ear-marked for the repayment of the municipal bonds and will be transferred to the Sinking Fund.

Recommendations to the municipal council regarding the Budget

Taking into consideration the reasons listed in paragraph 1.1, it is recommended that Council approves an adjustments budget.

2. *Resolutions*

The resolutions tabled at Council for consideration with approval of the adjustments budget are:

a. That the City's adjustment budget for the financial year 2015/16; and indicative allocations for the two projected outer years 2016/17 and 2017/18, be approved and adopted, as set out in the following tables and annexures:

   i. Operating revenue and expenditure by standard classification reflected in Table 3 on page 17.

   ii. Operating revenue and expenditure by municipal vote reflected in Table 4 on page 19.

   iii. Operating revenue by source and expenditure by type reflected in Table 5 on page 20.

   iv. Multi-year capital appropriations by vote reflected in Table 6 on page 22 and Annexure 2.1 to Annexure 2.2.

   v. Capital expenditure by standard classification reflected in Table 6 on page 22.

   vi. Capital funding by source reflected in Table 6 on page 22.

b. That the MTREF IDP chapter for 2015/16, as set out in annexure 3, be used to update the current chapter in the approved Integrated Development Plan.

3. *Executive Summary*

3.1. General

Matters proposed for incorporation into an adjustment operating and capital budget, are listed below.

3.2. Provision of basic services

The budget amendments will have no detrimental impact on the provision of basic services.

3.3. Adjustment highlights

3.3.1. Adjustments made to the operating budget

- R46.4 million savings on Salaries Wages & Allowances, due to the lower than budgeted 2015/16 Wage Award, is proposed for allocation to the following directorates/departments to fund once-off expenditure:
  - Safety & Security - R20 million for security services, appointment of non-permanent staff, procurement of uniforms, minor tools, fuel and hire of LDV.
  - Solid Waste Management department - R14 million for area cleaning.
  - EPWP - R5 million for area cleaning.
  - Health - R1 million for MATRIX EPWP workers.
  - Energy, Environmental & Spatial Planning - R2.5 million for security services at nature reserves.
  - Office of the City Manager (Trade & Investment department) - R2.25 million for Miami Air Route Marketing.
  - Finance (Supply Chain Management) - R1.6 million for overtime requirement.

- R41 million on Internal Interest Charges, due to the earlier than anticipated capitalisation rate of assets, which in turn resulted in a decrease in interest across all directorates.

- Additional amendments relate to administrative transfers of budgetary provisions in respect of:
  - mSCOA retrofit exercise
  - Amendments on sundry expenditure items including Ward Allocations, which are proposed in accordance with the Council approved system of delegation and the Virement Policy. These transfers do not affect the total budget quantum.

Full details of proposed amendments to the 2015/16 operating budget are reflected in Annexure 1.1 to this report.

3.3.2. Adjustments made to capital budget

Implementation progress achieved when measured against planned year-to-date expenditure for the respective funding sources at the end of the mid-year period (December 2015), are:

Capital Replacement Reserve (CRR)	-	37.7%
Capital Grants & Donations (CGD)	-	97.6%
External Financing Fund (EFF)	-	119%
Revenue	-	118.9%
All funding sources (Total Budget)	**-**	**90.9%**

When measuring progress against the total current capital budget, the funding sources reflect the following:

Capital Replacement Reserve (CRR)	-	15.9%
Capital Grants & Donations (CGD)	-	29.6%
External Financing Fund (EFF)	-	32.5%
Revenue	-	3%
All funding sources (Total Budget	**-**	**27.6%**

Based on the aforementioned implementation rates, fund shifts in relation to the capital programme for 2015/16 are:

Major Fund Source R Thousands	Adjusted Budget 2015/16 (August 2015)	Revised Budget 2015/16	Increase/ Decrease
CGD	2,810,524	2,835,218	24,694
CRR	1,175,566	978,681	(196,885)
EFF	2,670,077	2,529,240	(140,837)
REVENUE	196,820	101,047	(95,773)
Total	6,852,988	6,444,186	(408,802)

Table 1 Fund shifts in relation to the capital programme for 2015/16

The major increases in 2015/16, as reflected in the table above, are explained below.

CGD amendments

- Expanded Public Works Programme (EPWP) (national funding) increases by R58 116 in 2015/16 in order to incorporate the approved unspent 2014/15 conditional grant.

- Integrated City Development Grant (ICDG) increases by R5 million on the capital budget with a concomitant decrease on the operating budget, due to the ongoing negotiations with PRASA. R1.4 million of the unspent 2014/15 conditional grant is proposed for inclusion as these funds are committed.

- Public Transport Infrastructure Grant (PTIG) (national funding) increases by R208.2 million in 2015/16 in order to incorporate the approved unspent 2014/15 conditional grants.

- Infrastructure Skills Development Grant (ISDG) (national funding) increases by R500 000 on the capital budget in 2015/16 with a concomitant decrease on the operating budget in order to procure IT equipment for the Graduate Internship Programme (GIP) learners and skills development.

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- Maintenance and Construction of Transport Infrastructure Grant (PM&R - TS&I) (provincial funding) increases by R310 110 in 2015/16 in order to incorporate the approved unspent 2014/15 conditional grants.

- Human Settlements Development Grant (HSDG) (provincial funding) increases by R50.3 million; R16.4 million approved unspent 2014/15 conditional grants and a R33.9 million increase on capital with a concomitant decrease on operating for the following projects:
  - Scottsdene New CRU Project - 350 Units: R32 million
  - Langa Hostels CRU Project - Special Quarters: R1 million

- Public Access Centres Grant (PT: PUBLIC ACCESS) (provincial funding) increases by R58 000 on the Public Access Centre: ICAN Project in 2015/16 in order to incorporate the approved unspent 2014/15 conditional grants.

- Library Services: Metro Library Grant (PT Library: Metro) (provincial funding) increases by R4.8 million in 2015/16 in order to align the City's budget to the revised allocation published in Provincial Gazette Extraordinary No. 7535 in terms of DORA (Act No.1 of 2015), dated 20 November 2015.

- Private Sector funding – unconditional grants - increases by R13 million in 2015/16, due to (i) finalisation of agreements between the City and the Dutch government on the Metro South East Public Transport Facilities (R1.5 million), (ii) Service Connections projects requiring additional funding for replacement of meters, which are now being charged to service connection private sector finance funding (R10.6 million) and (iii) Service Connection (Quote): South (R1 million) to connect new customers to the shared network, which is more than originally planned.

CRR amendments

- The Cape Town Electricity department proposes a decrease of R172.4 million in 2015/16, an increase of R235.3 million and R5 million in 2016/17 and 2017/18 respectively, resulting mainly from:
    - Delays in the implementation of the Bloemhof: Stores Upgrade, City Depot CBD – New and Milnerton: Sub-Depot - Street Lighting projects, due to protracted tender processes caused by changes in legislation around local content requirements. Tenderers that were initially declared non-responsive were reconsidered with the award being finalised in November 2015. Projects have been re-phased with a concomitant increase in line with CPI.
    - Bloemhof Network Control Centre: This project is delayed and has been re-phased, due to the need to establish additional staff accommodation requirements emanating from the newly procured Outage Management System and its required resources. In addition, extensions to the high voltage transformer facility were added to the tender document resulting in a substantial increase in the total project cost.

- The Transport for Cape Town directorate proposes a decrease of R32.3 million in 2015/16, an increase of R25.4 million and R11.8 million in 2016/17 and 2017/18 respectively, resulting from the following projects:
    - Main Roads: Northern Corridor
    - Kommetjie Road Upgrade
    - Sir Lowry's Pass Village Road Upgrade
    - Durban Road Corridor Modderdam Road extension
    - Construct of Roads: Dualling Plattekloof
    - Atlantis: Development of Corridor - M12
    - Construct Rds: Bottelary/R300

- The Water & Sanitation department proposes a decrease of R12 million in 2015/16, an increase of R9 million in 2016/17 and a decrease of R1.6 million in 2017/18, due to:
  - Delays in the Spes Bona Reservoir 35 Ml project resulting from the external due diligence audit that had to be done on the recommended tenderer. An additional R12 million is required for the next phase (Tender 3) in order to complete the project in 2016/17.
  - The tenders for the West Beach pump station and rising main project have been advertised and based on the latest consultant projection only R8 million will be spent in 2015/16.
  - The change in funding source from CRR to EFF on the Meter Replacement project.

- Corporate Services & Compliance directorate proposes an increase of R3.3 million on the FS Fleet Replacement CRR FY2016 project in 2015/16 to replace vehicles.

- Human Settlements directorate proposes an increase of R16.9 million on the following projects:
  - Heideveld CRU Project (864 units)
  - Marble Flats CRU Project (688 units)
  - Brick Skin Walls - Housing Flats

- Various ward allocation funded projects were re-phased from 2015/16 to 2016/17 resulting in a decrease of R312 368 in 2015/16 and a concomitant increase in 2016/17.

EFF amendments

- Cash flow adjustments on 2015/16 EFF-funded projects are proposed for roll-over to 2016/17 and 2017/18. This resulted in a decrease in the budgetary provision of R208 million in 2015/16 and increase of R204 million in 2016/17 and R4 million in 2017/18.

- The office of the City Manager directorate proposes an increase of R4.1 million in 2015/16 for the following projects:
  - Project and Portfolio Management: R3.4 million in order to undertake enhancements key to developing the SAP PPM platform within the organisation.
  - Furniture and Equipment: Additional R282 151 required for the Trade & Investment department relocating to their new office space in March/April 2016.
  - Replacement of Equipment: R394 407 required for the replacement of computers, a digital video editing suite, a video projection system and laptops that have reached the end of their design life and cannot be upgraded.

- Corporate Services & Compliance directorate proposes an increase of R14.8 million on the following projects:
  - 2016 New term of office for Councillors - R11.5 million required for IT equipment and replacement of old laptops for Councillors after elections.
  - Furniture, Tools & Equipment - Additional: R127 000 for the newly established Municipal Tribunal Offices (4 Regional offices).
  - Purchase of furniture - Subcouncil office: R179 931 for the relocation of Subcouncil 24 to the New Kuyasa Precinct.
  - Kuyasa Sub IT Equipment: Replacement FY2016: R243 555 for the relocation of Subcouncil 24 to the New Kuyasa Precinct.
  - IT Equipment - Additional: R295 000 required by Legal Services to meet the growing demands of the organisation.
  - Furniture and Equipment - Replacement: R140 807 required by Legal Services to meet the growing demands of the organisation.
  - IT Equipment - Replacement: R615 060 required for the replacement of IT equipment at 11 municipal courts.
  - IT Equipment - Replacement FY2016 and Furniture, Fittings and Equipment FY2016: R556 000 required to fit the Podium hall with 30 fully operational workstations.
  - ERP Business Systems FY2016: R1 million required to complete the case management project.
  - Enterprise Monitoring & Management Solution FY2016: R99 500 required for a separate IT server to run the ABC Model.

- Energy, Environmental & Spatial Planning directorate proposes an increase of R5.9 million in 2015/16 for the following projects:
  - Upgrade of Reserve Infrastructure FY2016: R200 00 – R50 000 for the Witzands Nature Reserve to install a small amount of fencing in a strategic section and R150 000 for the Wolfgat Environmental Education Centre to modify the storm water system.
  - Specialised Biodiversity Equipment: R400 000 - R100 000 for GPS collars, hand held recorder and critter cams essential to monitor mammals on the reserves and R300 000 for the purchase of radios, which is essential as often there is no cell phone reception.
  - IT Equipment: Replacement FY2016: R250 000 urgently needed across the Biodiversity Branch to adequately run the Council SAP system.
  - Replacement of Fire Fighting Equipment: R300 000 required to replace the branch's old firefighting equipment that needs upgrading.
  - Acquisition of Land: R4.8 million required to purchase properties for land banking (Atlantis Bio-diversity).

- Transport for Cape Town directorate proposes an increase of R25 million on the Acquisition Vehicles & Plant Additional project for essential truck purchases in 2015/16.

- Safety and Security directorate proposes an increase of R14.5 million in 2015/16 to the following projects:
  - Integrated Youth Database (Transversal): R500 000 for an IT System for the Integrated Youth Development Programme.
  - Automatic Number Plate Recognition Cameras: R6 million required for the installation of automatic number plate recognition cameras in order to ensure effective policing.
  - In-Vehicle Computing Solution: R8 million required for In-Vehicle Computing solution for effective policing and evidence gathering.

- Finance directorate proposes an increase of R2.5 million in 2015/16 to the following projects:
  - Computer Equipment 2015/16: R718 000 required to safeguard the integrity of valuations master data.
  - Furniture & Equipment GV 2015: R179 400 required for setting up objection venues.
  - IT Equipment: R1.7 million to (i) replace old IT equipment (older than 5 years) in the Revenue directorate and Property Management department and (ii) the acquisition of a server for the Valuations department.

Revenue amendments

- A net decrease of R95.7 million is proposed in 2015/16. The main contributors to this change are:
  - Utility Services directorate for the Rehabilitation of Vissershok North Landfill 2015 project, which has reduced by R34.2 million in 2015/16. In order to be GRAP 17 and GRAP 19 compliant a provision must be made for the Vissershok North landfill Site. This provision is recalculated every 6 months and will be reduced accordingly. This is merely an accounting entry that will be processed in the last 6 months of 2015/16 when the City starts to operate the site.
  - Finance directorate proposes a decrease of R52.9 million on the Land Acquisition for Municipal Purposes project in 2015/16 with a concomitant increase in 2016/17. The land acquisition is subject to the seller obtaining the necessary land-use rights as per the agreed sale agreement and the payment of the purchase price by the City to the seller within 6 months from the date when the land-use rights is approved. To date, no land-use approvals have been obtained resulting in the funding being re-phased to 2016/17.
  - Energy, Environmental & Spatial Planning directorate proposes a decrease of R2.3 million on the Witzands Aquifer Reserve Development project in 2015/16 with a concomitant increase in 2016/17, due to professional staff only being appointed in October 2015 and the project execution plan being revised.
  - Cape Town Electricity department proposes an increase of R2.4 million on Gugulethu Main Substation Upgrade, Koeberg Rd Switching Station Phase 2

and Stikland New Main Substation projects in 2015/16. The contractor was removed from these projects, due to poor performance. A new contractor has been appointed with additional costs to be funded ex guarantee.

- The contingency provision for insurance claims for various directorates' decreased by R9.1 million in 2015/16.

4. *Annual Budget Tables*

The ten primary budget tables, as required in terms of Part 4 of the Municipal Budget and Reporting Regulations (MBRR), are presented on page 15 to page 31. These tables reflect the City's 2015/16 adjustments budget and MTREF to be approved by Council. Each table is accompanied by explanatory notes.

Table 2 MBRR Table B1 – Adjustments Budget Summary

Description	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Financial Performance											
Property rates	6,546,155	6,546,155	–	–	–	–	6,000	6,000	6,552,155	7,041,460	7,572,107
Service charges	17,002,759	17,109,107	–	–	–	–	17,039	17,039	17,126,145	18,926,732	21,079,474
Investment revenue	271,687	271,667	–	–	–	–	309,079	309,079	580,766	286,630	302,108
Transfers recognised - operational	3,579,752	3,467,634	–	–	–	–	541,776	541,776	4,009,410	3,658,622	3,972,647
Other own revenue	4,269,728	4,194,231	–	–	–	–	5,902	5,902	4,200,133	4,454,380	4,675,142
Total Revenue (excluding capital transfers and contributions)	**31,670,081**	**31,588,814**	–	–	–	–	**879,796**	**879,796**	**32,468,610**	**34,367,823**	**37,601,479**
Employee costs	9,847,508	9,935,017	–	–	–	–	(9,634)	(9,634)	9,925,384	10,715,810	11,610,644
Remuneration of councillors	139,311	139,311	–	–	–	–	–	–	139,311	148,366	157,862
Depreciation & asset impairment	2,089,827	2,089,827	–	–	–	–	37,297	37,297	2,127,123	2,227,876	2,383,827
Finance charges	971,133	971,133	–	–	–	–	(208,594)	(208,594)	762,538	1,090,167	1,222,662
Materials and bulk purchases	8,326,560	8,325,803	–	–	–	–	(17,180)	(17,180)	8,308,623	9,441,512	10,704,149
Transfers and grants	120,402	156,849	–	–	–	–	5,966	5,966	162,815	117,538	123,777
Other expenditure	10,595,504	10,391,038	–	–	–	–	800,882	800,882	11,191,920	11,030,397	11,791,613
Total Expenditure	**32,090,246**	**32,008,978**	–	–	–	–	**608,736**	**608,736**	**32,617,714**	**34,771,665**	**37,994,534**
Surplus/(Deficit)	(420,164)	(420,164)	–	–	–	–	271,061	271,061	(149,104)	(403,842)	(393,056)
Transfers recognised - capital	2,223,813	2,754,821	–	–	–	–	11,663	11,663	2,766,484	2,393,837	2,481,389
Contributions recognised - capital & contributed assets	53,761	55,703	–	–	–	–	13,031	13,031	68,734	99,000	103,100
Surplus/(Deficit) after capital transferx & contributions	1,857,410	**2,390,359**	–	–	–	–	**295,755**	**295,755**	**2,686,114**	**2,088,995**	2,191,433
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	**1,857,410**	**2,390,359**	–	–	–	–	**295,755**	**295,755**	2,686,114	**2,088,995**	**2,191,433**
Capital expenditure & funds sources											
Capital expenditure	6,043,985	6,852,988	–	–	–	4,830	(413,632)	(408,802)	6,444,186	6,031,309	5,237,361
Transfers recognised - capital	2,223,813	2,755,162	–	–	–	4,830	6,833	11,663	2,766,825	2,369,206	2,316,861
Public contributions & donations	53,761	55,361	–	–	–	–	13,031	13,031	68,392	98,000	103,100
Borrowing	2,579,264	2,670,077	–	–	–	–	(140,837)	(140,837)	2,529,240	2,543,819	2,295,650
Internally generated funds	1,187,146	1,372,387	–	–	–	–	(292,659)	(292,659)	1,079,728	1,020,284	521,750
Total sources of capital funds	**6,043,985**	**6,852,988**	–	–	–	**4,830**	**(413,632)**	**(408,802)**	**6,444,186**	**6,031,309**	**5,237,361**
Financial position											
Total current assets	9,183,356	9,550,819	–	–	–	–	(893,448)	(893,448)	8,657,371	9,263,687	9,892,353
Total non current assets	42,929,513	43,928,498	–	–	–	–	(1,149,604)	(1,149,604)	42,778,895	46,365,366	49,171,468
Total current liabilities	8,829,527	9,690,997	–	–	–	–	(1,404,762)	(1,404,762)	8,286,234	8,335,585	8,677,558
Total non current liabilities	14,391,843	14,383,873	–	–	–	–	(2,353,779)	(2,353,779)	12,010,093	14,064,534	14,965,897
Community wealth/Equity	**28,891,499**	**29,424,449**	–	–	–	–	**1,715,490**	**1,715,490**	**31,139,938**	**33,228,933**	**35,420,367**
Cash flows											
Net cash from (used) operating	4,184,203	4,681,926	–	–	–	–	239,370	239,370	4,921,296	4,539,567	5,212,491
Net cash from (used) investing	(6,046,623)	(6,839,365)	–	–	–	–	375,979	375,979	(6,463,386)	(5,938,271)	(5,323,326)
Net cash from (used) financing	1,671,793	1,671,793	–	–	–	–	(1,916,667)	(1,916,667)	(244,874)	1,763,581	603,356
Cash/cash equivalents at the year end	**2,074,783**	**2,139,784**	–	–	–	–	**(727,580)**	**(727,580)**	1,412,184	**1,777,060**	2,269,581
Cash backing/surplus reconciliation											
Cash and investments available	7,518,401	8,115,524	–	–	–	–	(1,203,376)	(1,203,376)	6,912,148	7,277,024	7,769,545
Application of cash and investments	5,671,375	6,102,898	–	–	–	–	(2,209,644)	(2,209,644)	4,769,320	4,401,941	4,959,296
Balance - surplus (shortfall)	**1,847,026**	**2,012,626**	–	–	–	–	1,006,268	**1,006,268**	2,142,828	**2,875,083**	**2,810,249**
Asset Management											
Asset register summary (WDV)	38,924,165	39,692,718	–	–	–	–	(947,934)	(947,934)	38,744,784	42,246,652	44,838,317
Depreciation & asset impairment	2,089,827	2,089,827	–	–	–	–	37,297	37,297	2,127,123	2,227,876	2,383,827
Renewal of Existing Assets	2,840,198	3,352,987	–	–	–	700	(276,385)	(275,685)	3,077,301	2,833,470	2,523,349
Repairs and Maintenance	3,582,394	3,595,952	–	–	–	–	(40,851)	(40,851)	3,555,101	3,915,637	4,271,504
Free services											
Cost of Free Basic Services provided	1,984,824	1,984,824	–	–	–	–	(19,602)	(19,602)	1,965,222	2,166,299	2,367,185
Revenue cost of free services provided	2,789,695	2,789,695	–	–	–	–	30,360	30,360	2,820,055	3,000,491	3,258,123
Households below minimum service level											
Water:	–	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–	–
Energy:	32	32	–	–	–	–	–	–	32	31	29
Refuse:	–	–	–	–	–	–	–	–	–	–	–

Explanatory notes to MBRR Table B1 – Adjustments Budget Summary

1. Table B1 represents a high-level summation of the City's budget, providing a view that includes all major components, i.e. operating, capital, financial position, cash flow and MFMA funding compliance.

2. In essence it provides a synopsis of the amounts to be approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance and the City's commitment to eliminate basic service delivery backlogs.

3. The importance of ensuring that a municipal budget is fully funded is stressed in the financial management reforms. The MFMA through section 18 requires that a budget only be funded by realistically anticipated revenue to be collected and cash-backed accumulated funds from previous years, not committed for other purposes.

4. To test whether the City's budget is funded it is required therefore to collectively assess the financial performance, capital budget, financial position and cash flow budgets.

5. The City's key outcomes in this regard are as follows:
   a. The City's Financial Performance (Table B4 – Adjustments Budget Financial Performance) shows deficit positions over the 2015/16 MTREF. National Treasury Circular 42 states that a deficit on the Financial Performance does not mean that the budget is not funded as long as it is funded from uncommitted previous years' surpluses.
   b. The deficit on the Financial Performance is as a result of appropriations, which are included in the Financial Position (Table B6 – Adjustments Budget Financial Position) and not in the financial performance budget. The appropriations include the depreciation reserves (for capital grants), Housing Development Fund, Insurance Fund and contributions to the Capital Replacement Reserve (CRR).
   c. The cash flow budget outcome shows that this deficit is funded from uncommitted, previous years' surpluses. It is consequently viewed as a sustainable position.
   d. The capital budget is funded from the following sources:
      i. Transfers recognised - capital and public contributions & donations which are shown on the financial performance budget;
      ii. Borrowing, which is shown in the cash flow budget as part of the net cash from financing activities; and
      iii. Internally generated funds are financed from previous years' accumulated surpluses, previous years' contributions to CRR and bulk infrastructure levies already collected. The affordability and sustainability of these funds are confirmed by the positive cash flow outcome over the 2015/16 MTREF.

6. The City's cash backing/surplus reconciliation over the 2015/16 MTREF shows a positive outcome, which is an indication that the City will be able to afford its commitments over the next three years.

7. The City's persistent strive to eradicate infrastructure backlogs is evident in the annual increase of investment in the Cost of Free Basic Services and the Revenue Cost of Free Basic Services provided. Backlogs still exist for Electricity Services but are projected to reduce annually.

Table 3 MBRR Table B2 – Adjustments Budget Financial Performance (standard classification)

Standard Description	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Revenue - Standard											
Governance and administration	11,423,542	11,467,380	–	–	–	–	317,921	317,921	11,785,301	12,293,837	13,201,449
Executive and council	294,405	333,253	–	–	–	–	7,862	7,862	341,115	314,639	338,438
Budget and treasury office	10,863,581	10,864,305	–	–	–	–	307,138	307,138	11,171,444	11,690,382	12,553,948
Corporate services	265,556	269,821	–	–	–	–	2,921	2,921	272,742	268,816	311,062
Community and public safety	3,102,900	3,181,739	–	–	–	–	249,111	249,111	3,430,850	2,918,318	3,014,722
Community and social services	101,689	108,041	–	–	–	–	9,224	9,224	117,265	89,024	80,980
Sport and recreation	111,802	96,319	–	–	–	–	6,409	8,409	104,727	110,698	107,302
Public safety	1,071,703	1,123,937	–	–	–	–	(1,405)	(1,405)	1,122,533	1,086,762	1,147,186
Housing	1,538,028	1,588,306	–	–	–	–	239,830	239,830	1,808,138	1,385,829	1,379,194
Health	281,679	283,136	–	–	–	–	(4,947)	(4,947)	278,189	266,005	300,078
Economic and environmental services	2,068,429	2,371,693	–	–	–	–	335,046	335,046	2,706,740	2,218,671	2,281,122
Planning and development	295,983	307,079	–	–	–	–	70,237	70,237	377,316	375,838	380,350
Road transport	1,766,123	2,058,271	–	–	–	–	262,995	262,995	2,321,267	1,838,252	1,898,505
Environmental protection	6,343	6,343	–	–	–	–	1,814	1,814	8,157	6,583	2,267
Trading services	17,350,212	17,375,954	–	–	–	–	3,912	3,912	17,379,866	19,429,759	21,688,595
Electricity	11,421,475	11,422,688	–	–	–	–	12,641	12,641	11,435,329	12,843,819	14,366,314
Water	2,922,748	2,922,964	–	–	–	–	8,938	8,938	2,931,902	3,234,246	3,645,501
Waste water management	1,894,642	1,918,955	–	–	–	–	(16,303)	(16,303)	1,902,652	2,152,304	2,394,218
Waste management	1,111,347	1,111,347	–	–	–	–	(1,385)	(1,385)	1,109,983	1,199,390	1,282,562
Other	2,572	2,572	–	–	–	–	(1,500)	(1,500)	1,072	75	79
Total Revenue - Standard	33,947,655	34,399,338	–	–	–	–	904,490	904,490	35,303,828	36,880,661	40,185,968
Expenditure - Standard											
Governance and administration	6,043,012	6,048,687	–	–	–	–	(173,166)	(173,166)	5,875,521	6,343,581	6,843,881
Executive and council	1,047,793	1,046,069	–	–	–	–	(24,425)	(24,425)	1,021,643	1,039,529	1,118,617
Budget and treasury office	2,713,212	2,717,541	–	–	–	–	(187,666)	(187,666)	2,529,874	2,884,721	3,133,084
Corporate services	2,282,007	2,285,077	–	–	–	–	38,926	38,926	2,324,003	2,419,331	2,592,180
Community and public safety	7,094,791	7,027,656	–	–	–	–	550,101	550,101	7,577,757	7,451,922	7,975,863
Community and social services	566,317	584,878	–	–	–	–	4,248	4,248	589,126	612,166	660,799
Sport and recreation	1,467,195	1,447,687	–	–	–	–	(14,084)	(14,084)	1,433,803	1,538,565	1,837,081
Public safety	2,503,345	2,546,512	–	–	–	–	25,628	25,628	2,572,141	2,656,387	2,847,213
Housing	1,826,880	1,512,502	–	–	–	–	551,037	551,037	2,063,539	1,655,179	1,763,528
Health	931,054	935,876	–	–	–	–	(18,728)	(16,726)	919,148	991,624	1,067,241
Economic and environmental services	3,503,807	3,500,000	–	–	–	–	227,459	227,459	3,727,459	3,840,988	4,098,913
Planning and development	756,326	758,918	–	–	–	–	97,386	97,366	856,305	933,916	991,500
Road transport	2,641,172	2,634,774	–	–	–	–	116,852	116,852	2,751,626	2,807,232	3,002,405
Environmental protection	106,309	106,308	–	–	–	–	13,220	13,220	119,528	99,840	105,007
Trading services	15,385,492	15,371,355	–	–	–	–	4,058	4,058	15,375,413	17,070,152	19,006,835
Electricity	9,441,323	9,427,967	–	–	–	–	(12,178)	(12,178)	9,415,789	10,828,827	11,990,437
Water	2,464,347	2,464,898	–	–	–	–	29,786	29,766	2,494,663	2,705,727	2,950,467
Waste water management	1,507,947	1,506,535	–	–	–	–	(154)	(154)	1,508,381	1,822,621	1,835,114
Waste management	1,971,875	1,971,955	–	–	–	–	(13,375)	(13,375)	1,958,579	2,112,978	2,230,817
Other	63,143	61,281	–	–	–	–	284	284	61,565	65,023	69,043
Total Expenditure - Standard	32,090,246	32,008,978	–	–	–	–	608,736	608,736	32,617,714	34,771,665	37,994,534
Surplus/ (Deficit) for the year	1,857,410	2,390,359	–	–	–	–	295,755	295,755	2,686,114	2,088,995	2,191,433

Explanatory notes to MBRR Table B2 – Adjustments Budget Financial Performance (Standard classification)

1. Table B2 is an overview of the budgeted financial performance in relation to revenue and expenditure per standard classification, which divides the municipal services into 15 functional areas.

2. A surplus of R2 686 million is reflected in this table and includes Capital Grants and Transfers (Capital Grants & Donations) received. The expenditure category excludes these transfers.

3. This table highlights that the revenue for Electricity, Water and Waste Water Management (excluding Waste Management) exceeds its expenditure (it excludes Internal Charges). The deficit in Waste Management is absorbed within Rates Revenue.

4. Other functions within Rates show a deficit when comparing revenue and expenditure, which is financed from Rates Revenue.

Table 4 MBRR Table B3 – Adjustments Budget Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Revenue by Vote											
Vote 1 - City Health	539,593	541,050	–	–	–	–	(2,584)	(2,584)	538,466	544,567	598,108
Vote 2 - City Manager	1,348	1,548	–	–	–	–	71,715	71,715	73,264	51	54
Vote 3 - Community Services	167,052	188,285	–	–	–	–	15,633	15,633	203,918	180,779	168,389
Vote 4 - Corporate Services & Compliance	84,568	90,284	–	–	–	–	1,798	1,798	92,082	81,549	109,547
Vote 5 - Energy, Environmental & Spatial Planning	148,659	155,689	–	–	–	–	602	602	156,291	220,743	212,210
Vote 6 - Finance	768,694	772,726	–	–	–	–	307,388	307,388	1,080,114	826,983	854,655
Vote 7 - Human Settlements	1,536,021	1,568,300	–	–	–	–	239,830	239,830	1,808,130	1,365,822	1,379,186
Vote 8 - Rates & Other	10,426,245	10,426,245	–	–	–	–	0	0	10,426,245	11,229,303	12,068,008
Vote 9 - Safety & Security	1,080,472	1,121,576	–	–	–	–	3,593	3,593	1,125,169	1,101,061	1,164,330
Vote 10 - Social Dev & Early Childhood Development	526	679	–	–	–	–	(37)	(37)	641	132	139
Vote 11 - Tourism, Events & Economic Development	55,086	55,086	–	–	–	–	(1,500)	(1,500)	53,586	25,429	26,728
Vote 12 - Transport for Cape Town	1,760,594	2,073,330	–	–	–	–	266,895	266,895	2,340,225	1,829,342	1,891,577
Vote 13 - Utility Services	17,378,799	17,404,541	–	–	–	–	1,157	1,157	17,405,698	19,454,899	21,713,036
Total Revenue by Vote	**33,947,655**	**34,399,338**	–	–	–	–	**904,490**	**904,490**	**35,303,828**	**36,860,661**	**40,165,968**
Expenditure by Vote											
Vote 1 - City Health	996,804	997,024	–	–	–	–	(7,671)	(7,671)	989,354	1,055,514	1,136,050
Vote 2 - City Manager	210,825	208,296	–	–	–	–	80,497	80,497	288,793	221,460	235,886
Vote 3 - Community Services	1,687,957	1,688,291	–	–	–	–	(6,233)	(6,233)	1,682,059	1,813,036	1,941,072
Vote 4 - Corporate Services & Compliance	2,376,443	2,377,622	–	–	–	–	28,632	28,632	2,406,254	2,528,982	2,712,622
Vote 5 - Energy, Environmental & Spatial Planning	552,947	556,726	–	–	–	–	11,430	11,430	568,156	584,916	620,684
Vote 6 - Finance	2,213,600	2,217,685	–	–	–	–	(197,169)	(197,169)	2,020,516	2,403,056	2,630,687
Vote 7 - Human Settlements	1,586,986	1,472,610	–	–	–	–	551,205	551,205	2,023,814	1,613,060	1,718,035
Vote 8 - Rates & Dther	962,510	965,239	–	–	–	–	7,393	7,393	972,632	955,504	1,006,877
Vote 9 - Safety & Security	2,607,501	2,643,604	–	–	–	–	21,912	21,912	2,665,517	2,750,702	2,951,701
Vote 10 - Social Dev & Early Childhood Development	183,805	184,055	–	–	–	–	(597)	(597)	183,459	275,984	293,788
Vote 11 - Tourism, Events & Economic Development	569,288	569,438	–	–	–	–	4,652	4,652	574,089	573,618	609,616
Vote 12 - Transport for Cape Town	2,718,462	2,719,216	–	–	–	–	110,259	110,259	2,829,475	2,871,816	3,071,247
Vote 13 - Utility Services	15,423,118	15,409,173	–	–	–	–	4,425	4,425	15,413,598	17,124,017	19,066,270
Total Expenditure by Vote	**32,090,246**	**32,008,978**	–	–	–	–	**608,736**	**608,736**	**32,617,714**	**34,771,665**	**37,994,534**
Surplus/ (Deficit) for the year	**1,857,410**	**2,390,359**	–	–	–	–	**295,755**	**295,755**	**2,686,114**	**2,088,995**	**2,191,433**

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

1. Table B3 shows budgeted financial performance in relation to the revenue and expenditure and the operating surplus or deficit per municipal vote.

Table 5 MBRR Table B4 – Adjustments Budget Financial Performance (revenue and expenditure)

Description	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Revenue By Source											
Property rates	6,546,155	6,546,155	–	–	–	–	6,000	6,000	6,552,155	7,041,460	7,572,107
Property rates - penalties & collection charges	–	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	11,127,619	11,127,619	–	–	–	–	–	–	11,127,619	12,472,296	13,968,971
Service charges - water revenue	2,745,181	2,745,181	–	–	–	–	–	–	2,745,181	3,044,560	3,376,714
Service charges - sanitation revenue	1,470,947	1,470,947	–	–	–	–	–	–	1,470,947	1,632,751	1,812,354
Service charges - refuse revenue	1,097,246	1,097,246	–	–	–	–	(192)	(192)	1,097,054	1,184,461	1,266,767
Service charges - other	561,765	668,113	–	–	–	–	17,231	17,231	685,344	592,664	654,668
Rental of facilities and equipment	345,646	345,791	–	–	–	–	19,398	19,398	365,189	365,183	382,216
Interest earned - external investments	271,687	271,687	–	–	–	–	309,079	309,079	580,766	286,630	302,108
Interest earned - outstanding debtors	233,996	234,770	–	–	–	–	(3,504)	(3,504)	231,266	248,181	264,275
Dividends received	–	–	–	–	–	–	–	–	–	–	–
Fines	977,210	997,254	–	–	–	–	(331)	(331)	996,923	1,022,151	1,087,348
Licences and permits	43,028	29,579	–	–	–	–	(135)	(135)	29,444	45,395	47,846
Agency services	153,993	153,993	–	–	–	–	0	–	153,993	162,463	171,236
Transfers recognised - operating	3,579,752	3,467,634	–	–	–	–	541,776	541,776	4,009,410	3,658,622	3,972,647
Other revenue	2,441,185	2,358,175	–	–	–	–	(9,525)	(9,525)	2,348,650	2,515,342	2,637,860
Gains on disposal of PPE	74,669	74,669	–	–	–	–	–	–	74,669	95,666	84,361
Total Revenue (excluding capital transfers and contributions)	**31,670,081**	**31,586,814**	–	–	–	–	**879,796**	**879,796**	**32,468,610**	**34,367,823**	**37,601,479**
Expenditure By Type	–	–	–	–	–	–	–	–	–	–	–
Employee related costs	9,847,508	9,935,017	–	–	–	–	(9,634)	(9,634)	9,925,384	10,715,810	11,610,644
Remuneration of councillors	139,311	139,311	–	–	–	–	–	–	139,311	148,366	157,862
Debt impairment	1,798,371	1,798,493	–	–	–	–	–	–	1,798,493	1,934,804	2,068,185
Depreciation & asset impairment	2,089,827	2,089,827	–	–	–	–	37,297	37,297	2,127,123	2,227,876	2,383,827
Finance charges	971,133	971,133	–	–	–	–	(208,594)	(208,594)	762,538	1,090,167	1,222,662
Bulk purchases	7,967,555	7,959,015	–	–	–	–	–	–	7,959,015	9,051,585	10,285,261
Other materials	359,005	366,788	–	–	–	–	(17,180)	(17,180)	349,608	389,927	418,889
Contracted services	4,818,153	4,329,323	–	–	–	–	292,280	292,280	4,621,603	4,940,399	5,276,534
Transfers and grants	120,402	156,849	–	–	–	–	5,966	5,966	162,815	117,538	123,777
Other expenditure	3,978,981	4,263,222	–	–	–	–	508,602	508,602	4,771,824	4,155,193	4,446,895
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure	**32,090,246**	**32,008,978**	–	–	–	–	**608,736**	**608,736**	**32,617,714**	**34,771,665**	**37,994,534**
Surplus/(Deficit)	(420,164)	**(420,164)**	–	–	–	–	**271,061**	**271,061**	**(149,104)**	**(403,842)**	**(393,056)**
Transfers recognised - capital	2,223,813	2,754,821	–	–	–	–	11,663	11,663	2,766,484	2,393,837	2,481,389
Contributions recognised - capital	53,761	55,703	–	–	–	–	13,031	13,031	68,734	99,000	103,100
Contributed assets	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) before taxation	**1,857,410**	**2,390,359**	–	–	–	–	**295,755**	**295,755**	**2,686,114**	**2,088,995**	**2,191,433**
Taxation	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation	1,857,410	**2,390,359**	–	–	–	–	**295,755**	**295,755**	**2,686,114**	2,088,995	**2,191,433**
Attributable to minorities	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality	**1,857,410**	**2,390,359**	–	–	–	–	**295,755**	**295,755**	2,686,114	**2,088,995**	**2,191,433**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	**1,857,410**	**2,390,359**	–	–	–	–	**295,755**	**295,755**	**2,686,114**	**2,088,995**	**2,191,433**

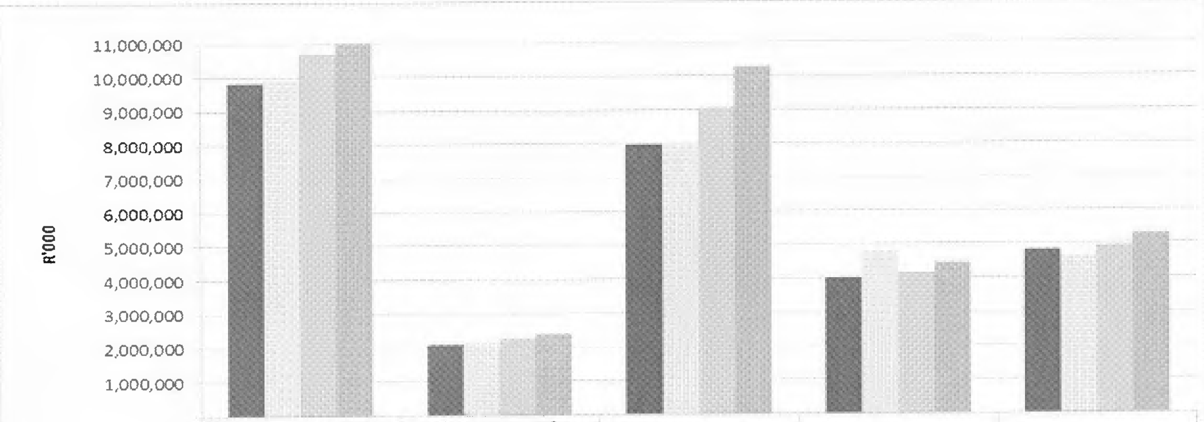
Explanatory notes to MBRR Table B4 – Adjustments Budget Financial Performance (revenue and expenditure)

1. Table B4 is a view of the budgeted financial performance in relation to the revenue by source and expenditure by type. Total revenue is R32 468 million (excluding accumulated surplus allocation) in 2015/16 and escalates to R37 601 million in 2017/18.

2. Interest earned – external investments increases by R309 million, due to the growth in the outsourced investment portfolio.

3. Transfers Recognised – Operating increases by R542 million, due to roll-over of unspent 2014/15 grant allocations, interest revenue from trust funds and additional grant allocations from the Provincial Government and the private sector.

4. The following graph illustrates the major expenditure by major type:



	Employee related costs	Depreciation & asset impairment	Bulk purchases	Other expenditure	Contracted services
Budget year 2015/16 Original Budget	9,847,508	2,089,827	7,967,555	3,978,981	4,818,153
Budget year 2015/16 Adjusted Budget	9,925,384	2,127,123	7,959,015	4,771,824	4,621,603
Budget Year +1 2016/17	10,715,810	2,227,876	9,051,585	4,155,193	4,940,399
Budget Year +2 2017/18	11,610,644	2,383,827	10,285,261	4,446,895	5,276,534

Figure 1 Expenditure by major type

5. Finance Charges decreases by R209 million, due to a loan that was not taken up resulting from the City's favourable cash flow position.

6. Contracted services increases from R4 329 million to R4 621 million, due to additional allocations on Repairs & Maintenance and budgetary realignments.

7. Other expenditure increases from R4 263 million and R4 772 million, due to additional allocations to the various expenditure items within this category, the mSCOA retrofit exercise and budgetary realignments.

Table 6 MBRR Table B5 – Adjustments Budget Capital Expenditure by vote, standard classification and funding source

Description	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Capital expenditure - Vote											
Multi-year expenditure to be adjusted	–	–	–	–	–	–	–	–	–	–	–
Vote 1 - City Health	15,673	20,105	–	–	–	–	1,183	1,183	21,288	24,980	39,566
Vote 2 - City Manager	14,954	15,148	–	–	–	–	18,125	18,125	33,274	4,100	934
Vote 3 - Community Services	160,331	206,801	–	–	–	4,830	10,084	14,914	221,715	147,009	142,148
Vote 4 - Corporate Services & Compliance	425,013	440,232	–	–	–	–	18,948	18,948	459,180	352,633	333,273
Vote 5 - Energy, Environmental & Spatial Planning	80,064	78,295	–	–	–	–	1,564	1,564	79,859	115,637	107,557
Vote 6 - Finance	141,379	142,717	–	–	–	–	(102,531)	(102,531)	40,186	128,165	8,681
Vote 7 - Human Settlements	420,835	582,162	–	–	–	–	(165,169)	(165,169)	416,993	363,545	310,137
Vote 8 - Rates & Other	–	–	–	–	–	–	–	–	–	–	–
Vote 9 - Safety & Security	105,163	133,593	–	–	–	–	16,364	16,364	149,957	70,789	60,127
Vote 10 - Social Dev & Early Childhood Development	11,971	17,944	–	–	–	–	(2,184)	(2,184)	15,760	12,860	10,860
Vote 11 - Tourism, Events & Economic Development	41,098	42,583	–	–	–	–	(1,180)	(1,180)	41,403	34,450	33,750
Vote 12 - Transport for Cape Town	1,399,805	1,785,655	–	–	–	–	169,422	169,422	1,955,077	1,520,370	1,346,942
Vote 13 - Utility Services	3,227,699	3,387,752	–	–	–	–	(378,258)	(378,258)	3,009,494	3,256,771	2,843,383
Total Capital Expenditure - Vote	6,043,985	6,852,988	–	–	–	4,830	(413,632)	(408,802)	6,444,186	8,031,309	5,237,361
Capital Expenditure - Standard	–	–	–	–	–	–	–	–	–	–	–
Governance and administration	587,509	615,954	–	–	–	–	(81,778)	(81,778)	534,178	502,215	363,251
Executive and council	21,193	38,865	–	–	–	–	9,809	9,809	48,674	54,272	51,845
Budget and treasury office	14,495	14,670	–	–	–	–	1,080	1,080	15,750	12,882	8,382
Corporate services	551,820	562,419	–	–	–	–	(92,667)	(92,667)	469,752	435,061	303,025
Community and public safety	799,473	1,022,687	–	–	–	4,830	(143,005)	(138,175)	884,511	688,027	640,982
Community and social services	69,196	93,257	–	–	–	4,830	1,084	5,914	99,172	54,831	49,842
Sport and recreation	124,613	148,507	–	–	–	–	8,079	8,079	156,586	115,428	121,456
Public safety	169,157	179,387	–	–	–	–	10,803	10,803	190,190	130,744	121,481
Housing	420,904	582,231	–	–	–	–	(164,884)	(164,884)	417,347	363,614	310,206
Health	15,603	19,305	–	–	–	–	1,913	1,913	21,218	23,410	37,996
Economic and environmental services	1,502,183	1,899,475	–	–	–	–	187,451	187,451	2,086,926	1,654,137	1,460,783
Planning and development	83,570	79,324	–	–	–	–	10,887	10,887	90,211	109,610	93,736
Road transport	1,408,046	1,807,096	–	–	–	–	172,414	172,414	1,979,510	1,529,011	1,355,583
Environmental protection	10,567	13,054	–	–	–	–	4,150	4,150	17,204	15,516	11,465
Trading services	3,154,319	3,314,372	–	–	–	–	(376,300)	(376,300)	2,938,072	3,186,931	2,772,343
Electricity	1,343,939	1,411,824	–	–	–	–	(289,350)	(289,350)	1,122,474	1,339,116	996,799
Water	786,494	800,198	–	–	–	–	53,552	53,552	853,749	693,512	720,550
Waste water management	726,171	763,635	–	–	–	–	(71,892)	(71,892)	691,744	834,555	857,988
Waste management	297,715	338,715	–	–	–	–	(68,610)	(68,610)	270,105	319,748	197,006
Other	500	500	–	–	–	–	–	–	500	–	–
Total Capital Expenditure - Standard	6,043,985	6,852,988	–	–	–	4,830	(413,832)	(408,802)	6,444,186	6,031,309	5,237,361
Funded by:	–	–	–	–	–	–	–	–	–	–	–
National Government	2,137,367	2,632,659	–	–	–	–	(46,388)	(46,388)	2,586,270	2,323,242	2,299,570
Provincial Government	86,446	122,163	–	–	–	4,830	53,221	58,051	180,214	45,964	17,290
District Municipality	–	–	–	–	–	–	–	–	–	–	–
Other transfers and grants	–	341	–	–	–	–	–	–	341	–	–
Total Capital transfers recognised	2,223,813	2,755,162	–	–	–	4,830	6,833	11,663	2,766,825	2,369,206	2,316,881
Public contributions & donations	53,761	55,361	–	–	–	–	13,031	13,031	68,392	98,000	103,100
Borrowing	2,579,264	2,670,077	–	–	–	–	(140,837)	(140,837)	2,529,240	2,543,819	2,295,650
Internally generated funds	1,187,146	1,372,387	–	–	–	–	(292,659)	(292,659)	1,079,728	1,020,284	521,750
Total Capital Funding	6,043,985	6,852,988	–	–	–	4,830	(413,632)	(408,802)	6,444,186	8,031,309	5,237,361

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

1. Table B5 reflects the City's capital programme in relation to capital expenditure by municipal vote (directorate); capital expenditure by standard classification; and funding sources required to fund the Capital budget, including information on capital transfers from National and Provincial Departments.

2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. The City has revised its multi-year appropriations to R6 444 million for 2015/16, R6 031 million in 2016/17 and R5 237 million in 2017/18.

3. The capital budget is funded from allocations in the form of grants, public contributions, donations, borrowings and internally-generated funds. Capital transfers from National Government, Provincial Government Western Cape (PGWC), other transfers and grants and public contributions amount to R2 835 million (44%) in 2015/16, R2 467 million and R2 420 million in 2016/17 and 2017/18 respectively. Internally generated funds have been provided for in the MTREF amounting to R1 080 million, R1 020 million and R522 million for each of the respective financial years. Borrowings amount to R2 529 million, R2 544 million and R2 296 million for each of the respective financial years.

Table 7 MBRR Table B6 – Adjustments Budget Financial Position

Description	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
ASSETS											
Current assets	–	–	–	–	–	–	–	–	–	–	–
Cash	–	–	–	–	–	–	–	–	–	–	–
Call investment deposits	3,607,195	3,973,885	–	–	–	–	(1,001,706)	(1,001,706)	2,972,179	3,247,745	3,521,358
Consumer debtors	4,740,731	4,741,505	–	–	–	–	108,258	108,258	4,849,763	5,097,943	5,362,219
Other debtors	504,938	504,938	–	–	–	–	–	–	504,938	555,432	610,975
Current portion of long-term receivables	19,470	19,470	–	–	–	–	–	–	19,470	20,443	21,466
Inventory	311,022	311,022	–	–	–	–	–	–	311,022	342,124	376,336
Total current assets	9,183,356	9,550,819	–	–	–	–	(893,448)	(893,448)	8,657,371	9,263,687	9,892,353
Non current assets	–	–	–	–	–	–	–	–	–	–	–
Long-term receivables	94,142	94,142	–	–	–	–	–	–	94,142	89,435	84,963
Investments	3,911,206	4,141,639	–	–	–	–	(201,670)	(201,670)	3,939,969	4,029,279	4,248,187
Investment property	–	–	–	–	–	–	–	–	–	–	–
Investment in Associate	–	–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	38,924,165	39,692,718	–	–	–	–	(947,934)	(947,934)	38,744,784	42,246,652	44,838,318
Agricultural	–	–	–	–	–	–	–	–	–	–	–
Biological	–	–	–	–	–	–	–	–	–	–	–
intangible	–	–	–	–	–	–	–	–	–	–	–
Other non-current assets	–	–	–	–	–	–	–	–	–	–	–
Total non current assets	42,929,513	43,928,498	–	–	–	–	(1,149,604)	(1,149,604)	42,778,895	46,365,366	49,171,468
TOTAL ASSETS	52,112,868	53,479,318	–	–	–	–	(2,043,052)	(2,043,052)	51,436,266	55,629,053	59,063,821
LIABILITIES	–	–	–	–	–	–	–	–	–	–	–
Current liabilities	–	–	–	–	–	–	–	–	–	–	–
Bank overdraft	–	–	–	–	–	–	–	–	–	–	–
Borrowing	498,690	498,690	–	–	–	–	(24,591)	(24,591)	474,099	481,359	476,948
Consumer deposits	447,963	447,963	–	–	–	–	–	–	447,963	492,759	542,035
Trade and other payables	6,907,829	7,769,299	–	–	–	–	(1,515,745)	(1,515,745)	6,253,554	6,139,787	6,314,726
Provisions	975,045	975,045	–	–	–	–	135,574	135,574	1,110,619	1,221,681	1,343,849
Total current liabilities	8,829,527	9,690,997	–	–	–	–	(1,404,762)	(1,404,762)	8,286,234	8,335,585	8,677,558
Non current liabilitias	–	–	–	–	–	–	–	–	–	–	–
Borrowing	8,032,745	8,032,745	–	–	–	–	(2,000,001)	(2,000,001)	6,032,744	7,768,286	8,361,524
Provisions	6,359,098	6,331,128	–	–	–	–	(353,778)	(353,778)	5,977,349	6,276,248	6,604,373
Total non current liablities	14,391,843	14,363,873	–	–	–	–	(2,353,779)	(2,353,779)	12,010,093	14,064,534	14,985,897
TOTAL LIABILITIES	23,221,369	24,054,869	–	–	–	–	(3,758,541)	(3,758,541)	20,296,328	22,400,120	23,643,455
NET ASSETS	28,891,499	29,424,449	–	–	–	–	1,715,490	1,715,490	31,139,938	33,228,933	35,420,367
COMMUNITY WEALTH/EQUITY	–	–	–	–	–	–	–	–	–	–	–
Accumulated Surplus/(Deficit)	27,044,035	27,748,592	–	–	–	–	1,096,753	1,096,753	28,845,345	30,977,822	32,939,595
Reserves	1,847,464	1,675,856	–	–	–	–	618,736	618,736	2,294,593	2,251,112	2,480,772
Minorities' interests	–	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	28,891,499	29,424,449	–	–	–	–	1,715,490	1,715,490	31,139,938	33,228,933	35,420,367

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Explanatory notes to Table B6 – Adjustment Budget Financial Position

1. The budgeted Statement of Financial Position of the City has been prepared on a basis consistent with GRAP 1 and international accounting standards and as such makes it comparable with the present Statement of Financial Position and those of previous years, to enable all stakeholders to interpret the impact of the budget as such on the Statement of Financial Position.

2. The assets are in the order of relative liquidity and liabilities according to their priority of being met with cash.

3. Movements on the Budgeted Statement of Financial Performance will impact on the Budgeted Statement of Financial Position. Assumptions made on the collection rate for instance, will affect the budgeted cash position of the City and the budgeted impairment of debtors. As such the assumptions form a critical link in determining the applicability and relevance of the budget, the determination of financial indicators, the assessment of funding compliance and the general viability of the municipality.

Table 8 MBRR Table B7 – Adjustments Budget Cash Flow Statement

Description	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts	–	–	–	–	–	–	–	–	–	–	–
Property rates, penalties & collection charges	6,440,048	6,444,815	–	–	–	–	(53)	(53)	6,444,762	6,921,895	7,444,555
Service charges	15,773,011	15,893,761	–	–	–	–	21,019	21,019	15,914,780	17,602,542	19,671,102
Other revenue	3,107,198	3,019,877	–	–	–	–	3,949	3,949	3,023,826	3,207,815	3,362,815
Government - operating	3,579,752	3,229,633	–	–	–	–	779,777	779,777	4,009,410	3,658,622	3,972,647
Government - capital	2,277,574	2,810,524	–	–	–	–	24,694	24,694	2,835,218	2,467,206	2,419,961
Interest	442,109	442,109	–	–	–	–	138,670	138,670	580,779	248,721	785,653
Dividends	–	–	–	–	–	–	–	–	–	–	–
Payments	–	–	–	–	–	–	–	–	–	–	–
Suppliers and employees	(26,548,109)	(26,271,414)	–	–	–	–	(912,987)	(912,987)	(27,184,401)	(28,755,116)	(31,520,915)
Finance charges	(887,380)	(887,380)	–	–	–	–	184,301	184,301	(703,079)	(812,118)	(923,327)
Transfers and Grants	–	–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	**4,184,203**	**4,681,926**	–	–	–	–	**239,370**	**239,370**	**4,921,296**	**4,539,567**	**5,212,491**
CASH FLOWS FROM INVESTING ACTIVITIES	–	–	–	–	–	–	–	–	–	–	–
Receipts	–	–	–	–	–	–	–	–	–	–	–
Proceeds on disposal of PPE	74,669	74,669	–	–	–	–	–	–	74,669	95,666	84,361
Decrease (Increase) in non-current debtors	–	–	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables	4,955	4,955	–	–	–	–	–	–	4,955	4,707	4,472
Decrease (increase) in non-current investments	(170,422)	(170,422)	–	–	–	–	(15,931)	(15,931)	(186,352)	(89,310)	(218,908)
Payments	–	–	–	–	–	–	–	–	–	–	–
Capital assets	(5,955,826)	(6,748,567)	–	–	–	–	391,909	391,909	(6,356,658)	(5,949,334)	(5,193,251)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(6,046,623)**	**(6,839,365)**	–	–	–	–	**375,979**	**375,979**	(6,463,386)	**(5,938,271)**	(5,323,326)
CASH FLOWS FROM FINANCING ACTIVITIES	–	–	–	–	–	–	–	–	–	–	–
Receipts	–	–	–	–	–	–	–	–	–	–	–
Short term loans	–	–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing	2,000,000	2,000,000	–	–	–	–	(2,000,000)	(2,000,000)	–	2,200,000	1,000,000
Increase (decrease) in consumer deposits	40,724	40,724	–	–	–	–	–	–	40,724	44,796	49,276
Payments	–	–	–	–	–	–	–	–	–	–	–
Repayment of borrowing	(368,931)	(368,931)	–	–	–	–	83,333	83,333	(285,598)	(481,216)	(445,919)
NET CASH FROM/(USED) FINANCING ACTIVITIES	1,671,793	**1,671,793**	–	–	–	–	**(1,916,667)**	(1,916,667)	(244,874)	**1,763,581**	**603,356**
NET INCREASE/ (DECREASE) IN CASH HELD	**(190,628)**	(485,646)	–	–	–	–	**(1,301,318)**	**(1,301,318)**	**(1,786,964)**	**364,877**	**492,521**
Cash/cash equivalents at the year begin:	2,265,410	2,625,410	–	–	–	–	573,738	573,738	3,199,148	1,412,184	1,777,060
Cash/cash equivalents at the year end:	2,074,783	2,139,764	–	–	–	–	(727,580)	(727,580)	1,412,184	1,777,060	2,269,581

Explanatory notes to Table B7 – Adjustments budget Cash Flow Statement

1. The table shows the cash and cash equivalents of the City with the approved 2015/16 to 2017/18 MTREF.

2. For the 2015/16 MTREF, the budget has been prepared to ensure sufficient levels of cash and cash equivalents over the medium-term with cash levels anticipated to exceed R1 412 million by 2015/16, R1 777 million in 2016/17 and R2 269 million by 2017/18.

Table 9 MBRR Table B8 - Cash Backed Reserves / Accumulated Surplus Reconciliation

Description	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Cash and investments available											
Cash/cash equivalents at the year end	2,074,783	2,139,764	–	–	–	–	(727,580)	(727,580)	1,412,184	1,777,060	2,269,581
Other current investments > 90 days	1,532,412	1,834,121	–	–	–	–	(274,126)	(274,126)	1,559,995	1,470,685	1,251,777
Non current assets - Investments	3,911,206	4,141,639	–	–	–	–	(201,670)	(201,670)	3,939,969	4,029,279	4,248,187
Cash and investments available:	7,518,401	8,115,524	–	–	–	–	(1,203,376)	(1,203,376)	6,912,148	7,277,024	7,769,545
Applications of cash and investments	–	–	–	–	–	–	–	–	–	–	–
Unspent conditional transfers	1,640,961	1,623,728	–	–	–	–	17,232	17,232	1,640,960	1,763,203	1,672,544
Unspent borrowing	–	–	–	–	–	–	–	–	–	–	–
Statutory requirements	–	–	–	–	–	–	–	–	–	–	–
Other working capital requirements	302,275	302,275	–	–	–	–	(755,455)	(755,455)	(453,180)	(970,725)	(1,012,901)
Other provisions	–	–	–	–	–	–	–	–	–	–	–
Long term investments committed	2,045,502	2,045,502	–	–	–	–	–	–	2,045,502	2,014,640	2,353,720
Reserves to be backed by cash/investments	1,682,637	2,131,393	–	–	–	–	(595,355)	(595,355)	1,536,038	1,594,824	1,945,933
Total Application of cash and investments:	5,671,375	6,102,898	–	–	–	–	(2,209,644)	(2,209,644)	4,769,320	4,401,941	4,959,296
Surplus(shortfall)	1,847,026	2,012,626	–	–	–	–	1,006,268	1,006,268	2,142,828	2,875,083	2,810,249

Explanatory notes to Table B8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.

2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".

4. From the table it can be seen that for the City remains in a surplus net cash flow position for 2015/16 MTREF.

5. Considering the requirements of section 18 of the MFMA, it can be concluded that the 2015/16 MTREF is fully funded.

6. As part of the budgeting and planning guidelines that informed the compilation of the 2015/16 MTREF, the end objective of the medium-term framework was to ensure the budget is funded / aligned to section 18 of the MFMA.

7. Table B8 reflects a surplus of R2 143 million in 2015/16 increasing to R2 810 million by 2017/18.

Table 10 MBRR Table B9 - Asset Management

Description	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
CAPITAL EXPENDITURE											
Total New Assets to be adjusted	3,203,787	3,500,001	–	–	–	4,130	(137,246)	(133,116)	3,366,885	3,197,839	2,714,012
Infrastructure - Road transport	835,679	990,628	–	–	–	–	4,347	4,347	994,974	1,000,197	953,775
Infrastructure - Electricity	657,076	667,284	–	–	–	–	(125,985)	(125,985)	541,299	611,062	453,828
Infrastructure - Water	277,745	279,958	–	–	–	–	(63,040)	(63,040)	216,917	334,363	323,747
Infrastructure - Sanitation	241,784	268,651	–	–	–	–	(51,673)	(51,673)	216,978	266,969	264,596
Infrastructure - Other	381,318	335,706	–	–	–	–	(36,135)	(36,135)	299,571	269,189	247,464
Infrastructure	2,393,602	2,542,226	–	–	–	–	(272,487)	(272,487)	2,269,739	2,481,780	2,243,411
Community	83,712	104,724	–	–	–	–	16,175	16,175	120,899	103,118	81,064
Heritage assets	–	–	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–	–	–
Other assets	726,473	853,051	–	–	–	4,130	118,065	122,195	975,247	612,941	389,537
Agricultural Assets	–	–	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–	–	–
Intangibles	–	–	–	–	–	–	1,000	1,000	1,000	–	–
Total Renewal of Existing Assets to be adjusted	2,840,198	3,352,987	–	–	–	700	(276,385)	(275,685)	3,077,301	2,833,470	2,523,349
Infrastructure - Road transport	438,645	624,338	–	–	–	–	13,819	13,819	638,157	406,306	250,679
Infrastructure - Electricity	569,583	575,935	–	–	–	–	(138,862)	(138,862)	437,073	605,488	537,386
Infrastructure - Water	263,000	288,957	–	–	–	–	32,742	32,742	321,699	256,582	325,789
Infrastructure - Sanitation	509,003	530,611	–	–	–	–	(38,021)	(38,021)	492,590	591,829	630,899
Infrastructure - Other	197,032	310,195	–	–	–	–	(73,605)	(73,605)	236,590	162,750	231,400
Infrastructure	1,977,263	2,330,036	–	–	–	–	(203,927)	(203,927)	2,126,109	2,022,955	1,976,153
Community	209,396	292,871	–	–	–	700	37,900	38,600	331,471	151,089	173,617
Heritage assets	29,140	29,805	–	–	–	–	(23,428)	(23,428)	6,377	35,208	2,230
Investment properties	–	–	–	–	–	–	–	–	–	–	–
Other assets	624,398	700,275	–	–	–	–	(86,931)	(86,931)	613,344	624,219	371,349
Agricultural Assets	–	–	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–	–	–
Intangibles	–	–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure to be adjusted											
Infrastructure - Road transport	1,274,324	1,614,966	–	–	–	–	18,166	18,166	1,633,132	1,406,504	1,204,455
Infrastructure - Electricity	1,226,659	1,243,219	–	–	–	–	(264,846)	(264,846)	978,372	1,216,550	991,214
Infrastructure - Water	540,745	568,914	–	–	–	–	(30,298)	(30,298)	538,616	590,945	649,536
Infrastructure - Sanitation	750,787	799,262	–	–	–	–	(89,694)	(89,694)	709,568	858,798	895,495
Infrastructure - Other	578,350	645,901	–	–	–	–	(109,740)	(109,740)	536,160	431,939	478,864
Infrastructure	4,370,864	4,872,262	–	–	–	–	(476,414)	(476,414)	4,395,848	4,504,735	4,219,564
Community	293,109	397,595	–	–	–	700	54,075	54,775	452,370	254,207	254,681
Heritage assets	29,140	29,805	–	–	–	–	(23,428)	(23,428)	6,377	35,208	2,230
Investment properties	–	–	–	–	–	–	–	–	–	–	–
Other assets	1,350,871	1,553,326	–	–	–	4,130	31,134	35,264	1,588,590	1,237,159	760,886
Agricultural Assets	–	–	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–	–	–
Intangibles	–	–	–	–	–	–	1,000	1,000	1,000	–	–
TOTAL CAPITAL EXPENDITURE to be adjusted	6,043,985	6,852,988	–	–	–	4,830	(413,632)	(408,802)	6,444,186	6,031,309	5,237,361

Table continues on next page.

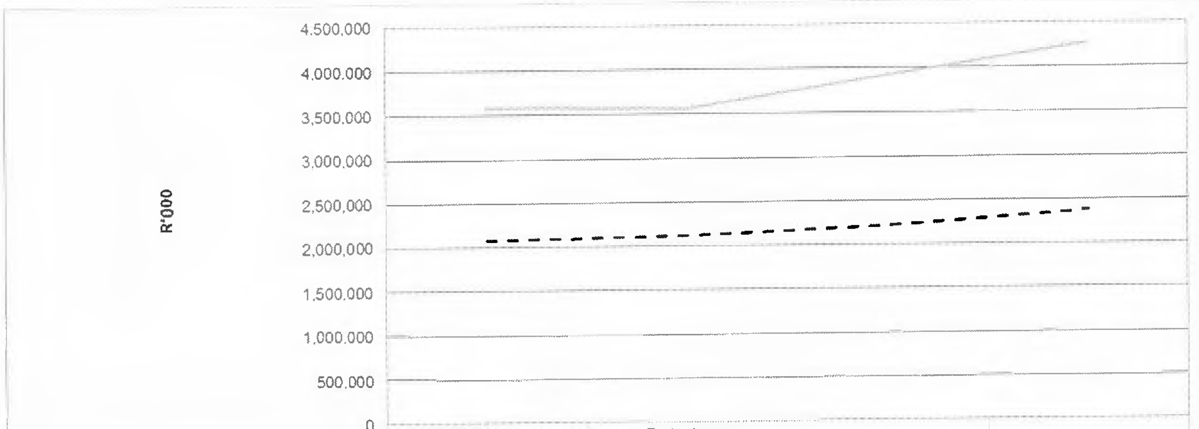
Description	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
ASSET REGISTER SUMMARY - PPE (WDV)											
Infrastructure - Road transport	9,096,250	9,462,807	–	–	–	–	221,505	221,505	9,684,312	10,453,611	11,026,224
Infrastructure - Electricity	6,531,648	6,596,139	–	–	–	–	(713,270)	(713,270)	5,882,869	6,940,785	7,655,007
Infrastructure - Water	2,575,704	2,588,893	–	–	–	–	(14,199)	(14,199)	2,574,695	3,037,370	3,482,005
Infrastructure - Sanitation	2,891,083	2,926,503	–	–	–	–	(324,263)	(324,263)	2,602,241	3,154,465	3,742,104
Infrastructure - Other	1,725,269	1,725,269	–	–	–	–	969,917	969,917	2,695,186	2,850,707	2,879,237
Infrastructure	22,819,953	23,299,611	–	–	–	–	139,691	139,691	23,439,302	26,436,937	28,784,577
Community	7,388,399	7,620,389	–	–	–	–	(965,111)	(965,111)	6,655,278	6,780,493	6,788,702
Heritage assets	9,111	9,111	–	–	–	–	(49)	(49)	9,062	9,062	9,062
Investment properties	–	–	–	–	–	–	–	–	–	–	–
Other assets	8,706,702	8,763,607	–	–	–	–	(122,464)	(122,464)	8,641,142	9,020,160	9,255,977
Agricultural Assets	–	–	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–	–	–
Intangibles	–	–	–	–	–	–	–	–	–	–	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	**38,924,165**	**39,692,718**	**–**	**–**	**–**	**–**	**(947,934)**	**(947,934)**	**38,744,784**	**42,246,652**	**44,838,317**
EXPENDITURE OTHER ITEMS											
Depreciation & asset impairment	2,089,827	2,089,827	–	–	–	–	37,297	37,297	2,127,123	2,227,876	2,383,827
Repairs and Maintenance by asset class	**3,582,394**	**3,595,952**	**–**	**–**	**–**	**–**	**(40,851)**	**(40,851)**	**3,555,101**	**3,915,637**	**4,271,504**
Infrastructure - Road transport	520,456	520,455	–	–	–	–	(54,620)	(54,620)	465,834	564,782	612,105
Infrastructure - Electricity	432,859	432,749	–	–	–	–	27,457	27,457	460,206	469,684	509,103
Infrastructure - Water	44,828	44,770	–	–	–	–	7,097	7,097	51,866	48,640	52,724
Infrastructure - Sanitation	110,833	110,833	–	–	–	–	195	195	111,029	120,257	130,356
Infrastructure - Other	39,310	39,310	–	–	–	–	17,033	17,033	56,343	42,651	46,233
Infrastructure	1,148,286	1,148,117	–	–	–	–	(2,838)	(2,838)	1,145,278	1,246,013	1,350,522
Community	59,931	59,789	–	–	–	–	13,031	13,031	72,820	65,086	70,488
Heritage assets	15,027	13,752	–	–	–	–	(7)	(7)	13,745	16,305	17,674
Investment properties	–	–	–	–	–	–	–	–	–	–	–
Other assets	2,359,150	2,374,295	–	–	–	–	(51,037)	(51,037)	2,323,258	2,588,234	2,832,820
TOTAL EXPENDITURE OTHER ITEMS to be adjusted	**5,672,221**	**5,685,779**	**–**	**–**	**–**	**–**	**(3,555)**	**(3,555)**	**5,682,225**	**8,143,513**	**6,655,331**
***Renewal of Existing Assets** as % of total capex*	*47.0%*	*48.9%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*47.8%*	*47.0%*	*48.2%*
***Renewal of Existing Assets** as % of deprecn"*	*135.9%*	*160.4%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*144.7%*	*127.2%*	*105.9%*
R&M as a % of PPE	*9.2%*	*9.1%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*9.2%*	*9.3%*	*9.5%*
Renewal and R&M as a % of PPE	*16.5%*	*17.5%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*17.1%*	*16.0%*	*15.2%*

Explanatory notes to Table B9 – Asset Management

1. Table B9 provides an overview of municipal capital allocations for new assets and renewal of existing assets, as well as spending on repairs and maintenance by asset class.

2. At this stage spending on repairs and maintenance cannot be reflected by asset class due to the misalignment of the existing asset classes with the plant maintenance asset classes on the financial system. To ensure compliance the City will embark on an asset creation project which will be finalised over a couple of years.

3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the City's strategy to address the maintenance backlog.



	Budget year 2015/16 Original Budget	Budget year 2015/16 Adjusted Budget	Budget Year +1 2016/17	Budget Year +2 2017/18
Depreciation & asset impairment	2,089,827	2,127,123	2,227,876	2,383,827
Repairs and Maintenance by asset class	3,582,394	3,555,101	3,915,637	4,271,504

Figure 2 Depreciation in relation to Repairs & Maintenance over the MTREF

Table 11 MBRR Table B10 - Basic Service Delivery Measurement

Description	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Household service targets											
Water:											
Piped water inside dwelling	978,170	978,170	0	0	0	0	0	–	978,170	988,643	998,593
Piped water inside yard (but not in dwelling)	–	–	0	0	0	0	0	–	–	–	–
Using public tap (at least min.service level)	156,755	156,755	0	0	0	0	0	–	156,755	158,433	160,044
Other water supply (at least min.service level)	0	0	0	0	0	0	0	–	–	–	–
Minimum Service Level and Above sub-total	1,134,925	1,134,925	–	–	–	–	–	–	1,134,925	1,147,076	1,158,737
Using public tap (< min.service level)	0	0	0	0	0	0	0	–	–	0	0
Other water supply (< min.service level)	0	0	0	0	0	0	0	–	–	0	0
No water supply	0	0	0	0	0	0	0	–	–	0	0
Below Minimum Servic Level sub-total	–	–	–	–	–	–	–	–	–	–	–
Total number of households	1,134,925	1,134,925	–	–	–	–	–	–	1,134,925	1,147,076	1,158,737
Sanitation/sewerage:											
Flush toilet (connected to sewerage)	1,044,323	1,044,323	0	0	0	0	0	–	1,044,323	1,050,398	1,056,229
Flush toilet (with septic tank)	–	–	0	0	0	0	0	–	–	–	–
Chemical toilet	29,955	29,955	0	0	0	0	0	–	29,955	29,955	29,955
Pit toilet (ventilated)	–	–	0	0	0	0	0	–	–	–	–
Other toilet provisions (> min.service level)	60,647	60,647	0	0	0	0	0	–	60,647	66,723	72,553
Minimum Service Level and Above sub-total	1,134,925	1,134,925	–	–	–	–	–	–	1,134,925	1,147,076	1,158,737
Bucket toilet	0	–	0	0	0	0	0	–	–	0	0
Other toilet provisions (< min.service level)	0	0	0	0	0	0	0	–	–	0	0
No toilet provisions	0	0	0	0	0	0	0	–	–	0	0
Below Minimum Servic Level sub-total	–	–	–	–	–	–	–	–	–	–	–
Total number of households	**1,134,925**	**1,134,925**	–	–	–	–	–	–	**1,134,925**	**1,147,076**	**1,158,737**
Energy:											
Electricity (at least min. service level)	821,119	821119	0	0	0	0	0	–	821,119	822,619	824,119
Electricity - prepaid (> min.service level)	0	0	0	0	0	0	0	–	–	0	0
Minimum Service Level and Above sub-total	821,119	821,119	–	–	–	–	–	–	821,119	822,619	824,119
Electricity (< min.service level)	32,341	32,341	0	0	0	0	0	–	32,341	30,841	29,341
Electricity - prepaid (< min. service level)	0	0	0	0	0	0	0	–	–	0	0
Other energy sources	0	0	0	0	0	0	0	–	–	0	0
Below Minimum Servic Level sub-total	32,341	32,341	–	–	–	–	–	–	32,341	30,841	29,341
Total number of households	853,460	853,460	–	–	–	–	–	–	853,460	853,460	853,460
Refuse:											
Removed at least once a week (min.service)	965,781	965,781	0	0	0	0	0	–	965,781	985097	1004799
Minimum Service Level and Above sub-total	965,781	965,781	–	–	–	–	–	–	965,781	985,097	1,004,799
Removed less frequently than once a week	0	0	0	0	0	0	0	–	–	0	0
Using communal refuse dump	0	0	0	0	0	0	0	–	–	0	0
Using own refuse dump	0	0	0	0	0	0	0	–	–	0	0
Other rubbish disposal	0	0	0	0	0	0	0	–	–	0	0
No rubbish disposal	0	0	0	0	0	0	0	–	–	0	0
Below Minimum Servic Level sub-total	–	–	–	–	–	–	–	–	–	–	–
Total number of households	**965,781**	**965,781**	–	–	–	–	–	–	**965,781**	**985,097**	**1,004,799**

Table continues on next page.

Description	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Households receiving Free Basic Service											
Water (6 kilolitres per household per month)	1,134,925	1,134,925	0	0	0	0	0	–	1,134,925	1147076	1158737
Sanitation (free minimum level service)	1,134,925	1,134,925	0	0	0	0	0	–	1,134,925	1147076	1158737
Electricity/other energy (50kwh per household per month)	382,028	382,028	0	0	0	0	0	–	382,028	382,028	382028
Refuse (removed at least once a week)	445,882	445,882	0	0	0	0	0	–	445,882	454800	463896
Cost of Free Basic Services provided (R'000)											
Water (6 kilolitres per household per month)	730,125	730,125	–	–	–	–	–	–	730,125	818,543	917,669
Sanitation (free sanitation service)	605,330	605,330,037	–	–	–	–	(19,602)	(19,602)	585,728	667,129	735,722
Electricity/other energy (50kwh per household per month)	295,425	295,425	–	–	–	–	–	–	295,425	319,604	345,550
Refuse (removed once a week)	353,944	353,944	–	–	–	–	–	–	353,944	361,023	368,245
Total cost of FBS provided (minimum social package)	1,984,824	1,984,824	–	–	–	–	(19,602)	(19,602)	1,965,222	2,166,299	2,367,185
Highest level of free service provided											
Property rates (R'000 value threshold)	0	0	0	0	0	0	0	–	–	0	0
Water (kilolitres per household per month)	6	6	0	0	0	0	0	–	6	6	6
Sanitation (kilolitres per household per month)	4.2	4.2	0	0	0	0	0	–	4	4.2	4.2
Sanitation (Rand per household per month)	75.2	75.2	0	0	0	0	0	–	75	83.46	92.64
Electricity (kw per household per month)	60	60	0	0	0	0	0	–	60	60	60
Refuse (average litres per week)	240	240	0	0	0	0	0	–	240	240	240
Revenue cost of free services provided (R'000)											
Property rates (R15 000 threshold rebate)	69,874	69,874	–	–	–	–	2,000	2,000	71,874	74,646	80,581
Property rates (other exemptions, reductions and rebates)	1,178,248	1,178,248	–	–	–	–	41,000	41,000	1,219,248	1,258,722	1,358,791
Water	592,313	592,313	–	–	–	–	–	–	592,313	664,042	744,457
Sanitation	417,009	417,009	–	–	–	–	–	–	417,009	467,509	524,124
Electricity/other energy	151,688	151,688	–	–	–	–	–	–	151,688	160,790	170,437
Refuse	342,924	342,924	–	–	–	–	–	–	342,924	349,782	356,778
Municipal Housing - rental rebates	37,640	37,640	–	–	–	–	(12,640)	(12,640)	25,000	25,000	22,955
Housing - top structure subsidies	–	–	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–	–	–
Total revenue cost of free services provided (total social	**2,789,695**	**2,789,695**			–	–	**30,360**	**30,360**	**2,820,055**	**3,000,491**	**3,258,123**

- **The following should be noted in respect of the highest level of free services provided for electricity, water and sanitation:**

  Electricity
  - Average monthly consumptions up to 250 kWh per month receive the first 60 kWh free.
  - Average monthly consumptions between 250 kWh and 450 kWh per month receive the first 25 kWh free.

  Water
  - Free basic 6 kiloliters per month for all.
  - Additional "free" 4.5 kiloliters per month for indigent customers.

  Sanitation
  - Free basic 4.2 kiloliters per month for all.
  - Additional 'free' 3.15 kiloliters per month for indigent customers.

Explanatory notes to Table B10 – Basic Service Delivery Measurement

1. Table B10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

2. The City is persistently striving to eradicate backlogs. The City's backlog status are as follows:
   a. Water services – Cape Town's population, both formal and informal settlements, receives potable water in accordance with the National minimum standards as required by the Water Services Act 108 (of 1997).
   b. Sanitation services – Cape Town's population, both formal and informal settlements, receives sanitation services in accordance with the National minimum standards.
   c. Electricity services – The electrification strategy is to reduce the backlog by 1 500 annually. The electricity backlog is expected to reduce from 32 341 in 2015/16 to 29 341 in 2017/18. Refuse services – This service does not have any backlogs.

3. Households receiving free basic services are expected to increase by an average of 1% over the 2015/16 MTREF.

4. The annual increase in households receiving free basic services consequently increases the cost for providing the services. The associated cost of providing the free basic services is projected to escalate from R1 965 million in 2015/16, R2 166 million in 2016/17 and R2 367 million in 2017/18. The City's cost of free basic services as a ratio of the City's Equitable Share allocation equals 109%, 106% and 105%, respectively, over the 2015/16 MTREF.

5. *Adjustments to budget assumptions*

The budget assumptions with regards to salary increases were adjusted in accordance with the South African Local Government Bargaining Council (SALGBC) Salary and Wage Collective Agreement for the period 2015 to 2018, which was signed in August 2015. The salary increase for the 2015/16 financial year was adjusted downwards from 8.14% to 7%.

Other budget assumptions underpinning the 2015/16 budget e.g. CPI, collection rates and interest levels etc. remain unchanged and does not require any adjustments at this stage.

6. *Adjustments to budget funding*

a. Narrative summary of the impact of the adjustments budget on:

- **Funding of operating and capital expenditure**
  The Capital expenditure remains fully funded from both internal (i.e. EFF, CRR & Revenue) and external sources (National- and Provincial Government and other public contributions).
- **Financial plans**
  The financial plan will be revisited considering the longer term effects of the adjustments. The impacts flowing from the adjusted budget will be incorporated in the compilation of the 2016/17 MTREF to ensure affordability and sustainability.

b. Reconciliation showing that operating and capital expenditure remain funded in accordance with MFMA section 18

See Table 2 on page 15.

c. Adjustments related to allocations and grants to the municipality

Refer to paragraph 1.1.b Allocation and grant adjustments.

7. *Adjustments to transfers and grants made by the City*

Budgetary re-alignments and virements amounting to R5.4 million were processed to top-up the budget for various events and to cater for new allocations as approved by the Special Events Committee. An additional allocation for the City Festival - Art Africa Centre Event of R500 000 is also proposed for inclusion to the 2015/16 operating budget. See annexure 1.2 for details.

8. *Adjustments to service delivery and budget implementation plan*

No adjustments to be made.

9. *Adjustments to capital expenditure*

Full disclosure on adjustments to the Capital budget is provided in Annexure 2.2.

PART 2 - ADJUSTMENTS BUDGET: CONSOLIDATED TABLES

The consolidated tables of the City and its entity (Cape Town International Convention Centre) are presented on page 35 to page 38.

Table 12 Consolidated Adjustments Budget – Statement Summary

Description	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Financial Performance											
Property rates	6,546,155	6,546,155	–	–	–	–	6,000	6,000	6,552,155	7,041,460	7,572,107
Service charges	17,002,759	17,109,107	–	–	–	–	17,039	17,039	17,126,145	18,926,732	21,079,474
Investment revenue	294,255	271,687	–	–	–	–	313,623	313,623	607,878	296,336	306,715
Transfers recognised - operational	3,579,752	3,467,634	–	–	–	–	541,776	541,776	4,009,410	3,658,622	3,972,647
Other own revenue	4,462,718	4,194,231	–	–	–	–	7,902	7,902	4,395,123	4,702,323	4,953,004
Total Revenue (excluding capital transfers and contributions)	**31,885,639**	**31,588,814**	–	–	–	–	**886,340**	**886,340**	**32,690,712**	**34,625,472**	**37,883,948**
Employee costs	9,900,936	9,935,017	–	–	–	–	(7,574)	(7,574)	9,980,872	10,795,468	11,691,846
Remuneration of councillors	139,311	139,311	–	–	–	–	–	–	139,311	148,366	157,862
Remuneration of Board Members	873	–	–	–	–	–	–	–	873	926	981
Depreciation & asset impairment	2,119,616	2,089,827	–	–	–	–	37,297	37,297	2,156,913	2,259,402	2,416,077
Finance charges	971,133	971,133	–	–	–	–	(208,594)	(208,594)	762,538	1,090,167	1,222,662
Materials and bulk purchases	8,326,560	8,325,803	–	–	–	–	(17,180)	(17,180)	8,308,623	9,441,512	10,704,149
Transfers and grants	120,402	156,849	–	–	–	–	5,966	5,966	162,815	117,538	123,777
Other expenditure	10,708,617	10,391,038	–	–	–	–	799,644	799,644	11,303,795	11,202,392	11,976,678
Total Expenditure	**32,287,449**	**32,008,978**	–	–	–	–	**609,558**	**609,558**	**32,815,740**	**35,055,771**	**38,294,033**
Surplus/(Deficit)	**(401,811)**	**(420,164)**	–	–	–	–	**276,783**	**276,783**	**(125,028)**	**(430,299)**	**(410,085)**
Transfers recognised - capital	2,223,813	2,754,821	–	–	–	–	11,663	11,663	2,766,484	2,393,837	2,481,389
Contributions recognised - capital & contributed assets	53,761	55,703	–	–	–	–	13,031	13,031	68,734	99,000	103,100
Surplus/(Deficit) after capital transfers & contributions	**1,875,763**	**2,390,359**	–	–	–	–	**301,477**	**301,477**	**2,710,190**	**2,062,538**	**2,174,404**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–	–
Taxation	5,139	–	–	–	–	–	1,602	1,602	6,741	–	–
Surplus/(Deficit) after taxation	**1,870,624**	**2,390,359**	–	–	–	–	**299,875**	**299,875**	**2,703,449**	**2,062,538**	**2,174,404**
Attributable to minorities	3,976	–	–	–	–	–	–	–	5,216	(7,744)	(4,984)
Surplus/ (Deficit) for the year	**1,866,648**	**2,390,359**	–	–	–	–	**299,875**	**299,875**	**2,698,233**	**2,070,282**	**2,179,389**
Financial position											
Total current assets	8,804,945	9,550,819	–	–	–	–	(812,268)	(812,268)	8,360,140	8,886,520	9,508,005
Total non current assets	43,765,828	43,928,498	–	–	–	–	(1,251,045)	(1,251,045)	43,513,769	47,239,151	50,049,044
Total current liabilities	8,883,546	9,690,997	–	–	–	–	(1,376,283)	(1,376,283)	8,368,733	8,435,041	8,790,653
Total non current liabilities	14,394,044	14,363,873	–	–	–	–	(2,355,980)	(2,355,980)	12,010,093	14,064,534	14,965,897
Community wealth/Equity	**29,293,183**	**29,424,449**	–	–	–	–	**1,668,951**	**1,668,951**	**31,495,083**	**33,626,096**	**35,800,500**
Cash flows											
Net cash from (used) operating	4,229,326	4,681,926	–	–	–	–	251,390	251,390	4,978,439	4,560,569	5,239,644
Net cash from (used) investing	(6,541,942)	(6,839,365)	–	–	–	–	370,754	370,754	(6,963,930)	(6,108,709)	(5,359,050)
Net cash from (used) financing	1,710,001	1,671,793	–	–	–	–	(1,916,667)	(1,916,667)	(206,665)	2,043,582	603,356
Cash/cash equivalents at the year end	**2,332,986**	**2,397,968**	–	–	258,204	–	**(462,582)**	**(462,582)**	**1,265,195**	**1,760,638**	**2,244,588**

Table 13 Consolidated Adjustments Budget Statement – Financial Performance (revenue and expenditure)

Description	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Revenue By Source											
Property rates	6,546,155	6,546,155	–	–	–	–	6,000	6,000	6,552,155	7,041,460	7,572,107
Property rates - penalties & collection charges	–	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	11,127,619	11,127,619	–	–	–	–	–	–	11,127,619	12,472,296	13,968,971
Service charges - water revenue	2,745,181	2,745,181	–	–	–	–	–	–	2,745,181	3,044,560	3,376,714
Service charges - sanitation revenue	1,470,947	1,470,947	–	–	–	–	–	–	1,470,947	1,632,751	1,812,354
Service charges - refuse revenue	1,097,246	1,097,246	–	–	–	–	(192)	(192)	1,097,054	1,184,461	1,266,767
Service charges - other	561,765	668,113	–	–	–	–	17,231	17,231	685,344	592,664	654,668
Rental of facilities and equipment	437,014	345,791	–	–	–	–	20,398	20,398	457,557	490,663	522,283
Interest earned - external investments	294,255	271,687	–	–	–	–	313,623	313,623	607,878	296,336	306,715
Interest earned - outstanding debtors	233,996	234,770	–	–	–	–	(3,504)	(3,504)	231,266	248,181	264,275
Dividends received	–	–	–	–	–	–	–	–	–	–	–
Fines	977,210	997,254	–	–	–	–	(331)	(331)	996,923	1,022,151	1,087,348
Licences and permits	43,028	29,579	–	–	–	–	(135)	(135)	29,444	45,395	47,846
Agency services	153,993	153,993	–	–	–	–	–	–	153,993	162,463	171,236
Transfers recognised - operating	3,579,752	3,467,634	–	–	–	–	541,776	541,776	4,009,410	3,658,622	3,972,647
Other revenue	2,542,807	2,358,175	–	–	–	–	(8,525)	(8,525)	2,451,272	2,637,804	2,775,656
Gains on disposal of PPE	74,669	74,669	–	–	–	–	–	–	74,669	95,666	84,361
Total Revenue (excluding capital transfers and contributions)	**31,885,639**	**31,588,814**	–	–	–	–	**886,340**	**886,340**	**32,690,712**	**34,625,472**	**37,883,948**
Expenditure By Type											
Employee related costs	9,900,936	9,935,017	–	–	–	–	(7,574)	(7,574)	9,980,872	10,795,468	11,691,846
Remuneration of councillors	139,311	139,311	–	–	–	–	–	–	139,311	148,366	157,862
Remuneration of board members	873	–	–	–	–	–	–	–	873	926	981
Debt impairment	1,798,371	1,798,493	–	–	–	–	–	–	1,798,493	1,934,804	2,068,185
Collection costs	–	–	–	–	–	–	–	–	–	–	–
Depreciation & asset impairment	2,119,616	2,089,827	–	–	–	–	37,297	37,297	2,156,913	2,259,402	2,416,077
Finance charges	971,133	971,133	–	–	–	–	(208,594)	(208,594)	762,538	1,090,167	1,222,662
Bulk purchases	7,967,555	7,959,015	–	–	–	–	–	–	7,959,015	9,051,585	10,285,261
Other materials	359,005	366,788	–	–	–	–	(17,180)	(17,180)	349,608	389,927	418,889
Contracted services	4,818,153	4,329,323	–	–	–	–	292,280	292,280	4,621,603	4,940,399	5,276,534
Transfers and grants	120,402	156,849	–	–	–	–	5,966	5,966	162,815	117,538	123,777
Other expenditure	4,092,093	4,263,222	–	–	–	–	507,364	507,364	4,883,699	4,327,189	4,631,960
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure	**32,287,449**	**32,008,978**	–	–	–	–	**609,558**	**609,558**	**32,815,740**	**35,055,771**	**38,294,033**
Surplus/(Deficit)	**(401,811)**	**(420,164)**	–	–	–	–	**276,783**	**276,783**	**(125,028)**	**(430,299)**	**(410,085)**
Transfers recognised - capital	2,223,813	2,754,821	–	–	–	–	11,663	11,663	2,766,484	2,393,837	2,481,389
Contributions	53,761	55,703	–	–	–	–	13,031	13,031	68,734	99,000	103,100
Contributed assets	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) before taxation	**1,875,763**	**2,390,359**	–	–	–	–	**301,477**	301,477	2,710,190	**2,062,538**	**2,174,404**
Taxation	5,139	–	–	–	–	–	1,602	1,602	6,741	–	–
Surplus/(Deficit) after taxation	1,870,624	**2,390,359**	–	–	–	–	299,875	**299,875**	**2,703,449**	**2,062,538**	2,174,404
Attributable to minorities	3,976								5,216	(7,744)	(4,984)
Surplus/(Deficit) attributable to municipality	**1,866,648**	2,390,359	–	–	–	–	299,875	**299,875**	**2,698,233**	**2,070,282**	**2,179,389**
Share of surplus/ (deficit) of associate											
Surplus/ (Deficit) for the year	1,866,648	**2,390,359**	–	–	–	–	299,875	299,875	**2,698,233**	2,070,282	**2,179,389**

Table 14 Consolidated Adjustments Budget Statement – Financial Position

Description	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
ASSETS											
Current assets											
Cash	–	–	–	–	–	–	–	–	–	–	–
Call investment deposits	3,211,841	3,973,885	–	–	–	–	(909,485)	(909,485)	2,669,046	2,863,651	3,128,694
Consumer debtors	4,740,731	4,741,505	–	–	–	–	108,258	108,258	4,849,763	5,097,943	5,362,219
Other debtors	519,686	504,938	–	–	–	–	(10,848)	(10,848)	508,838	559,980	616,532
Current portion of long-term receivables	19,470	19,470	–	–	–	–	–	–	19,470	20,443	21,466
Inventory	313,217	311,022	–	–	–	–	(193)	(193)	313,024	344,502	379,095
Total current assets	**8,804,945**	**9,550,819**	**–**	**–**	**–**	**–**	**(812,268)**	**(812,268)**	**8,360,140**	**8,886,520**	**9,508,005**
Non current assets											
Long-term receivables	94,142	94,142	–	–	–	–	5	5	94,146	89,439	84,967
Investments	3,911,206	4,141,639	–	–	–	–	(201,670)	(201,670)	3,939,969	4,029,279	4,248,187
Investment property	–	–	–	–	–	–	–	–	–	–	–
Investment in Associate	–	–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	39,760,480	39,692,718	–	–	–	–	(1,049,379)	(1,049,379)	39,479,654	43,120,433	45,715,890
Agricultural	–	–	–	–	–	–	–	–	–	–	–
Biological	–	–	–	–	–	–	–	–	–	–	–
Intangible	–	–	–	–	–	–	–	–	–	–	–
Other non-current assets	–	–	–	–	–	–	–	–	–	–	–
Total non current assets	**43,765,828**	**43,928,498**	**–**	**–**	**–**	**–**	**(1,251,045)**	**(1,251,045)**	**43,513,769**	**47,239,151**	**50,049,044**
TOTAL ASSETS	**52,570,773**	**53,479,318**	**–**	**–**	**–**	**–**	**(2,063,313)**	**(2,063,313)**	**51,873,909**	**56,125,671**	**59,557,050**
LIABILITIES											
Current liabilities											
Bank overdraft	–	–	–	–	–	–	–	–	–	–	–
Borrowing	498,690	498,690	–	–	–	–	(24,591)	(24,591)	474,099	481,359	476,948
Consumer deposits	459,542	447,963	–	–	–	–	23,519	23,519	483,061	533,694	592,050
Trade and other payables	6,946,451	7,769,299	–	–	–	–	(1,510,614)	(1,510,614)	6,297,307	6,194,354	6,373,521
Provisions	978,863	975,045	–	–	–	–	135,403	135,403	1,114,266	1,225,634	1,348,134
Total current liabilities	**8,883,546**	**9,690,997**	**–**	**–**	**–**	**–**	**(1,376,283)**	**(1,376,283)**	**8,368,733**	**8,435,041**	**8,790,653**
Non current liabilities											
Borrowing	8,032,745	8,032,745	–	–	–	–	(2,000,001)	(2,000,001)	6,032,744	7,788,286	8,361,524
Provisions	6,361,299	6,331,128	–	–	–	–	(355,979)	(355,979)	5,977,349	6,276,248	6,604,373
Total non current liabilities	**14,394,044**	**14,363,873**	**–**	**–**	**–**	**–**	**(2,355,980)**	**(2,355,980)**	**12,010,093**	**14,064,534**	**14,965,897**
TOTAL LIABILITIES	**23,277,590**	**24,054,869**	**–**	**–**	**–**	**–**	**(3,732,264)**	**(3,732,264)**	**20,378,826**	**22,499,575**	**23,756,550**
NET ASSETS	**29,293,183**	**29,424,449**	**–**	**–**	**–**	**–**	**1,668,951**	**1,668,951**	**31,495,083**	**33,626,096**	**35,800,500**
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)	27,128,197	27,748,592	–	–	–	–	1,120,066	1,120,066	28,952,820	31,064,353	33,014,081
Reserves	1,847,464	1,675,856	–	–	–	–	618,736	618,736	2,294,593	2,251,112	2,480,772
Share capital	–	–	–	–	–	–		–	–	–	–
Non-controlling interest	317,522	–	–	–	–	–	(69,851)	(69,851)	247,671	310,631	305,647
TOTAL COMMUNITY WEALTH/EQUITY	**29,293,183**	**29,424,449**	**–**	**–**	**–**	**–**	**1,668,951**	**1,668,951**	**31,495,083**	**33,626,096**	**35,800,500**

Table 15 Consolidated Adjustments Budget Statement – Cash Flow

Description	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other	25,512,310	25,358,454	–	–	–	–	50,165	50,165	25,600,672	28,003,893	30,769,656
Government - operating	3,579,752	3,229,633	–	–	–	–	779,777	779,777	4,009,410	3,658,622	3,972,647
Government - capital	2,277,574	2,810,524	–	–	–	–	24,694	24,694	2,835,218	2,467,206	2,419,961
Interest	464,676	442,109	–	–	–	–	143,214	143,214	607,890	258,427	790,260
Dividends	–	–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees	(26,717,606)	(26,271,414)	–	–	–	–	(930,761)	(930,761)	(27,371,673)	(29,015,461)	(31,789,553)
Finance charges	(887,380)	(887,380)	–	–	–	–	184,301	184,301	(703,079)	(812,118)	(923,327)
Dividends paid	–	–	–	–	–	–	–	–	–	–	–
Transfers and Grants	–	–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	**4,229,326**	**4,681,926**	–	–	–	–	**251,390**	251,390	**4,978,439**	4,560,569	**5,239,644**
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE	74,669	74,669	–	–	–	–	–	–	74,669	95,666	84,361
Decrease (Increase) in non-current debtors	–	–	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables	4,955	4,955	–	–	–	–	–	–	4,955	4,707	4,472
Decrease (increase) in non-current investments	(170,422)	(170,422)	–	–	–	–	(15,931)	(15,931)	(186,352)	(89,310)	(218,908)
Payments											
Capital assets	(6,451,145)	(6,748,567)	–	–	–	–	386,684	386,684	(6,857,202)	(6,119,772)	(5,228,975)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(6,541,942)**	**(6,839,365)**	–	–	–	–	**370,754**	**370,754**	**(6,963,930)**	**(6,108,709)**	**(5,359,050)**
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing	2,038,209	2,000,000	–	–	–	–	(2,000,000)	(2,000,000)	38,209	2,480,001	1,000,000
Increase (decrease) in consumer deposits	40,724	40,724	–	–	–	–	–	–	40,724	44,796	49,276
Payments											
Repayment of borrowing	(368,931)	(368,931)	–	–	–	–	83,333	83,333	(285,598)	(481,216)	(445,919)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**1,710,001**	**1,671,793**	–	–	–	–	**(1,916,667)**	**(1,916,667)**	**(206,665)**	**2,043,582**	**603,356**
NET INCREASE/ (DECREASE) IN CASH HELD	**(602,614)**	**(485,646)**	–	–	–	–	**(1,294,523)**	**(1,294,523)**	**(2,192,156)**	**495,443**	483,950
Cash/cash equivalents at the year begin:	2,935,601	2,883,614	–	–	258,204	–	831,941	831,941	3,457,352	1,265,195	1,760,638
Cash/cash equivalents at the year end:	2,332,986	2,397,968	–	–	258,204	–	(462,582)	(462,582)	1,265,195	1,760,638	2,244,588

PART 3 - ADJUSTMENTS BUDGET: MUNICIPAL ENTITY - CAPE TOWN INTERNATIONAL CONVENTION CENTRE (CTICC)

The entity's budget tables, as required in terms of Part 4 of the MBRR, are presented on page 39 to page 43.

Table 16 MBRR Table E1 - Adjustments Budget Summary

Description	Budget Year 2015/16								Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands	Original Budget	Prior Adjusted	Downward adjusts	Parent muni.	Unfore. Unavoid.	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Financial Performance										
Property rates	–	–	–	–	–	–	–	–	–	–
Service charges	–	–	–	–	–	–	–	–	–	–
Investment revenue	22,568	–	–	–	–	4,544	4,544	27,112	9,706	4,607
Transfers recognised - operational	–	–	–	–	–	–	–	–	–	–
Other own revenue	192,990	–	–	–	–	2,000	2,000	194,990	247,943	277,862
Total Revenue (excluding capital transfers and contributions)	**215,558**	–	–	–	–	**6,544**	6,544	**222,101**	**257,649**	**282,469**
Employee costs	53,428	–	–	–	–	2,060	2,060	55,488	79,658	81,202
Remuneration of Board Members	873	–	–	–	–	–	–	873	926	981
Depreciation and debt impairment	29,790	–	–	–	–	–	–	29,790	31,527	32,250
Finance charges	–	–	–	–	–	–	–	–	–	–
Materials and bulk purchases	–	–	–	–	–	–	–	–	–	–
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	113,113	–	–	–	–	(1,238)	(1,238)	111,875	171,996	185,065
Total Expenditure	**197,204**	–	–	–	–	**822**	**822**	**198,026**	**284,106**	**299,498**
Surplus/(Deficit)	**18,354**	–	–	–	–	**5,722**	**5,722**	**24,076**	(26,457)	(17,029)
Transfers recognised - capital	–	–	–	–	–	–	–	–	–	–
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	18,354	–	–	–	–	**5,722**	5,722	**24,076**	**(26,457)**	**(17,029)**
Taxation	**5,139**	–	–	–	–	**1,602**	**1,602**	6,741	–	–
Surplus/ (Deficit) for the year	**13,215**	–	–	–	–	**4,120**	**4,120**	**17,335**	**(26,457)**	**(17,029)**
Capital expenditure & funds sources										
Capital expenditure	495,319	–	–	–	–	5,225	5,225	500,544	170,438	35,724
Transfers recognised - capital	467,975	–	–	–	–	–	–	467,975	141,453	5,000
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	27,344	–	–	–	–	5,225	5,225	32,569	28,985	30,724
Total sources of capital funds	**495,319**	–	–	–	–	**5,225**	**5,225**	**500,544**	**170,438**	**35,724**
Financial position										
Total current assets	275,146	–	–	–	–	(119,805)	(119,805)	155,341	286,932	279,751
Total non current assets	836,315	–	–	–	–	(101,441)	(101,441)	734,874	873,785	877,577
Total current liabilities	54,020	–	–	–	–	28,479	28,479	82,499	99,455	113,095
Total non current liabilities	2,201	–	–	–	–	(2,201)	(2,201)	–	–	–
Community wealth/Equity	1,055,241	–	–	–	–	(247,524)	(247,524)	807,717	1,061,262	1,044,233
Cash flows										
Net cash from (used) operating	45,124	–	–	–	–	12,019	12,019	57,143	21,002	27,154
Net cash from (used) investing	(495,319)	–	–	–	–	(5,225)	(5,225)	(500,544)	(170,438)	(35,724)
Net cash from (used) financing	38,209	–	–	–	–	–	–	38,209	280,001	–
Cash/cash equivalents at the year end	258,204	–	–	–	–	–	**(108,764)**	**149,439**	**280,005**	**271,435**

Table 17 MBRR Table E2 Adjustments Budget - Financial Performance (revenue and expenditure)

Description	Budget Year 2015/16								Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands	Original Budget	Prior Adjusted	Downward adjusts	Parent muni.	Unfore. Unavoid.	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Revenue By Source										
Property rates	–	–	–	–	–	–	–	–	–	–
Property rates - penalties & collection charges	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	–	–	–	–	–	–	–	–	–	–
Service charges - other	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	91,367	–	–	–	–	1,000	1,000	92,367	125,481	140,067
Interest earned - external investments	22,568	–	–	–	–	4,544	4,544	27,112	9,706	4,607
Interest earned - outstanding debtors	–	–	–	–	–	–	–	–	–	–
Dividends received	–	–	–	–	–	–	–	–	–	–
Fines	–	–	–	–	–	–	–	–	–	–
Licences and permits	–	–	–	–	–	–	–	–	–	–
Agency services	–	–	–	–	–	–	–	–	–	–
Transfers recognised - operational	–	–	–	–	–	–	–	–	–	–
Other revenue	101,622	–	–	–	–	1,000	1,000	102,622	122,462	137,796
Gains on disposal of PPE	–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	**215,558**	**–**	**–**	**–**	**–**	**6,544**	**6,544**	**222,101**	**257,649**	**282,469**
Expenditure By Type	–	–	–	–	–	–	–	–	–	–
Employee related costs	53,428	–	–	–	–	2,060	2,060	55,488	79,658	81,202
Remuneration of board members	873	–	–	–	–	–	–	873	926	981
Debt impairment	–	–	–	–	–	–	–	–	–	–
Collection costs	–	–	–	–	–	–	–	–	–	–
Depreciation & asset impairment	29,790	–	–	–	–	–	–	29,790	31,527	32,250
Finance charges	–	–	–	–	–	–	–	–	–	–
Bulk purchases	–	–	–	–	–	–	–	–	–	–
Other materials	–	–	–	–	–	–	–	–	–	–
Contracted services	–	–	–	–	–	–	–	–	–	–
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	113,113	–	–	–	–	(1,238)	(1,238)	111,875	171,996	185,065
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–	–
Total Expenditure	**197,204**	**–**	**–**	**–**	**–**	**822**	**822**	**198,026**	**284,106**	**299,498**
Surplus/(Deficit)	18,354	–	–	–	–	5,722	5,722	24,076	(26,457)	(17,029)
Transfers recognised - capital	–	–	–	–	–	–	–	–	–	–
Contributions recognised - capital	–	–	–	–	–	–	–	–	–	–
Contributions of PPE	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) before taxation	**18,354**	**–**	**–**	**–**	**–**	**5,722**	**5,722**	**24,076**	**(26,457)**	**(17,029)**
Taxation	5,139	–	–	–	–	1,602	1,602	6,741	–	–

Explanatory notes to Table E2 – Adjustments budget Financial Performance (revenue and expenditure)

The CTICC's original budget has been adjusted with various amendments to better reflect the reality of the CTICC at present and offer a better measure of performance measurement.

- Venue rental - R1 million proposed increase based on current actual events on the booking system.
- Other income - R1 million proposed increase, due to higher than expected parking, concessionaire and subcontracted services income.
- Interest received - R4.5 million proposed increase based on actual receipts to date and the updated expected cash flow of the CTICC East expansion. The actual expansion capital expenditure in the beginning of the year was slower than expected, resulting in higher than expected cash on hand earning interest.
- Total personnel cost - R2.06 million proposed increase as a result of the realignment of the salaries of 64 permanent employees and 15 new positions not included in the original budget.
- Other Expenditure - R1.24 million proposed decrease, due to insourcing of services, potential savings on utility services and other sundry savings.

Table 18 MBRR Table E3 - Adjustments Capital Expenditure Budget by vote and funding

Vote Description	Budget Year 2015/16								Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands	Original Budget	Prior Adjusted	Downward adjusts	Parent muni.	Unfore. Unavoid.	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Single Year expenditure										
Building enhancements	11,995	–	–	–	–	4,500	4,500	16,495	12,715	13,478
IT & electronic infrastructure	10,849	–	–	–	–	–	–	10,849	11,500	12,190
Kitchen enhancements	1,050	–	–	–	–	–	–	1,050	1,113	1,180
Catering furniture & equipment	3,450	–	–	–	–	725	725	4,175	3,657	3,876
CTICC EAST	467,975	–	–	–	–	–	–	467,975	141,453	5,000
Capital single-year expenditure sub-total	495,319	–	–	–	–	5,225	5,225	500,544	170,438	35,724
Total Capital expenditure	495,319	–	–	–	–	5,225	5,225	500,544	170,438	35,724
Funded by:										
National Government	–	–	–	–	–	–	–	–	–	–
Provincial Government	–	–	–	–	–	–	–	–	–	–
Parent Municipality	467,975	–	–	–	–	–	–	467,975	141,453	5,000
District Municipality	–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	467,975	–	–	–	–	–	–	467,975	141,453	5,000
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	27,344	–	–	–	–	5,225	5,225	32,569	28,985	30,724
Total Capital Funding	495,319	–	–	–	–	5,225	5,225	32,569	170,438	35,724

Explanatory notes to Table E3 – Capital Expenditure Budget by vote and funding

- Building Enhancements – R4.5 million proposed increase for electricity generators to ensure uninterrupted power supply during Eskom load shedding.

Table 19 MBRR Table E4 Adjustments Budget - Financial Position

Description	Budget Year 2015/16								Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands	Original Budget	Prior Adjusted	Downward adjusts	Parent muni.	Unfore. Unavoid.	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
ASSETS										
Current assets										
Cash	–	–	–	–	–	–	–	–	–	–
Call investment deposits	258,204	–	–	–	–	(108,764)	(108,764)	149,439	280,005	271,435
Consumer debtors	–	–	–	–	–	–	–	–	–	–
Other debtors	14,748	–	–	–	–	(10,848)	(10,848)	3,900	4,548	5,557
Current portion of long-term receivables	–	–	–	–	–	–	–	–	–	–
Inventory	2,195	–	–	–	–	(193)	(193)	2,002	2,378	2,759
Total current assets	**275,146**	–	–	–	–	**(119,805)**	(119,805)	155,341	**286,932**	279,751
Non current assets										
Long-term receivables	–	–	–	–	–	5	5	5	5	5
Investments	–	–	–	–	–	–	–	–	–	–
Investment property	–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	836,315	–	–	–	–	(101,446)	(101,446)	734,870	873,781	877,572
Agricultural assets	–	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–	–
Intangible assets	–	–	–	–	–	–	–	–	–	–
Total non current assets	**836,315**	–	–	–	–	**(101,441)**	(101,441)	**734,874**	**873,785**	**877,577**
TOTAL ASSETS	**1,111,462**	–	–	–	–	(221,246)	(221,246)	890,216	**1,160,717**	**1,157,328**
Current liabilities										
Bank overdraft	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Consumer deposits	11,579	–	–	–	–	23,519	23,519	35,098	40,935	50,015
Trade and other payables	38,622	–	–	–	–	5,131	5,131	43,753	54,567	58,795
Provisions	3,818	–	–	–	–	(171)	(171)	3,647	3,954	4,286
Total current liabilities	54,020	–	–	–	–	**28,479**	28,479	**82,499**	**99,455**	**113,095**
Borrowing	–	–	–	–	–	–	–	–	–	–
Provisions	2,201	–	–	–	–	(2,201)	(2,201)	–	–	–
Total non current liabilities	**2,201**	–	–	–	–	**(2,201)**	**(2,201)**	–	–	–
TOTAL LIABILITIES	**56,221**	–	–	–	–	**26,278**	**26,278**	**82,499**	**99,455**	**113,095**
NET ASSETS	**1,055,241**	–	–	–	–	**(247,524)**	**(247,524)**	807,717	**1,061,262**	**1,044,233**
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	(230,396)	–	–	–	–	32,478	32,478	(197,919)	(224,376)	(241,405)
Reserves	–	–	–	–	–	–	–	–	–	–
Share capital	1,285,638	–	–	–	–	(280,001)	(280,001)	1,005,636	1,285,638	1,285,638
TOTAL COMMUNITY WEALTH/EQUITY	**1,055,241**	–	–	–	–	**(247,524)**	**(247,524)**	**807,717**	**1,061,262**	**1,044,233**

Explanatory notes to Table E4 – Adjustments budget Financial Position

- Share capital – R280 million proposed reduction, due to shareholders not taking up additional shareholding as a result of the revised cash flow projections of the expansion project resulting from delayed expenditure. The result of this revised contribution can be seen in the reduction of R108 million on cash on hand and investments and the reduction in Property, Plant and equipment of R101 million.

- Consumer deposits – R23.5 million proposed increase, due to the receipt of deposits by consumers who pay deposits way in advance of the actual conferences/exhibitions.

Table 20 MBRR Table E5 Adjustments Budget - Cash Flows

Description	Budget Year 2015/16								Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands	Original Budget	Prior Adjusted	Downward adjusts	Parent muni.	Unfore. Unavoid.	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other	192,053	–	–	–	–	25,250	25,250	217,303	271,641	291,184
Government - operating	–	–	–	–	–	–	–	–	–	–
Government - capital	–	–	–	–	–	–	–	–	–	–
Interest	22,568	–	–	–	–	4,544	4,544	27,112	9,706	4,607
Dividends	–	–	–	–	–	–	–	–	–	–
Payments	–	–	–	–	–	–	–	–	–	–
Suppliers and employees	(169,497)	–	–	–	–	(17,774)	(17,774)	(187,272)	(260,345)	(268,638)
Finance charges	–	–	–	–	–	–	–	–	–	–
Dividends paid	–	–	–	–	–	–	–	–	–	–
Transfers and Grants	–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	**45,124**	–	–	–	–	**12,019**	**12,019**	**57,143**	**21,002**	**27,154**
CASH FLOWS FROM INVESTING ACTIVITIES	–	–	–	–	–	–	–	–	–	–
Receipts	–	–	–	–	–	–	–	–	–	–
Proceeds on disposal of PPE	0	–	–	–	–	–	–	0	–	–
Decrease (Increase) in non-current debtors	–	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables	–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–	–	–	–	–	–	–
Payments	–	–	–	–	–	–	–	–	–	–
Capital assets	(495,319)	–	–	–	–	(5,225)	(5,225)	(500,544)	(170,438)	(35,724)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(495,319)**	–	–	–	–	**(5,225)**	(5,225)	**(500,544)**	**(170,438)**	**(35,724)**
CASH FLOWS FROM FINANCING ACTIVITIES	–	–	–	–	–	–	–	–	–	–
Receipts	–	–	–	–	–	–	–	–	–	–
Short term loans	–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing	38,209	–	–	–	–	–	–	38,209	280,001	–
Increase (decrease) in consumer deposits	–	–	–	–	–	–	–	–	–	–
Payments	–	–	–	–	–	–	–	–	–	–
Repayment of borrowing	–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES	**38,209**	–	–	–	–	–	–	**38,209**	**280,001**	–
NET INCREASE/ (DECREASE) IN CASH HELD	**(411,987)**	–	–	–	–	**6,795**	**6,795**	**(405,192)**	**130,566**	**(8,570)**
Cash/cash equivalents at the year begin:	670,190						(115,559)	554,632	149,439	280,005
Cash/cash equivalents at the year end:	258,204						(108,764)	149,439	280,005	271,435

MUNICIPAL MANAGER'S QUALITY CERTIFICATION

I ACHMAT EBRAHIM, municipal manager of the City of Cape Town hereby certify, that the 2015/16 adjustments budget (January 2016) and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the adjustments budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name ACHMAT EBRAHIM

Municipal Manager of City of Cape Town (CPT)

Signature

Date 12-01-2016