ANNEXURE A

CITY OF CAPE TOWN

2014/15 MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT

JANUARY 2015

CONTENTS

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

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 (Convenco)

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.

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.

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.

SDBIP – Service Delivery and Budget Implementation Plan

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 - REPORT OF THE EXECUTIVE MAYOR[1]

1. Mayor's Report

1.1. High level assessment of MFMA S71 monthly statements for the first half of 2014/15

1.1.1. Against annual budget (original approved and latest adjustments)

Revenue by Source

Current revenue[2] is 1.52% or R216 million below the year-to-date budget projections for December 2014.

Reasons for under- and over-recovery reflect against the following categories:

Under-recovery

- Water Sales between the different categories of consumers, where the actual consumption to date is lower than anticipated. The sale of water is demand driven and consumption is influenced by a number of factors, such as water saving initiatives, tariffs, weather conditions, consumer demand etc.
- Refuse Charges, due to the ongoing data-clean-up initiative, resulting in billing corrections and account adjustments.
- Disposal Coupon Fees and Waste Fees, due to lower than planned utilisation of dump sites by consumers. The use of waste dump sites is demand-driven and difficult to predict accurately.
- Interest Earned - Outstanding debtors, due to lower than anticipated interest billed on outstanding rates debtors at the end of December. In addition, there are continuous rates accounts corrections and adjustments resulting in reversal of charges raised in prior periods.
- Gains on disposal of PPE, where the sale of PPE to date is less than anticipated. The actual sale of PPE is linked to demand and routine auctions and is therefore difficult to plan accurately.
- Late receipt of the Fuel Levy payment.
- Income Forgone, due to lower than planned actual rebates to date as applications are still being adjudicated and processed as they are received.

Over-recovery

- Property Rates, due to misalignment of the period budget with the number of days billed for the month. This over-recovery will be used to cover the impact of valuation objections and appeals, which might result in a reduction in rates billed.
- Electricity Sales (Credit Meters) predominantly influenced by consumer demand, resulting in higher than planned sale of electricity to date.

[1] Prepared as per MFMA Section 54 (1)
[2] Table C4 – Total Revenue by Source (excluding capital transfers and contributions)

- Traffic Fines, as a result of stricter law enforcement methods, resulting in an increase in the number of enforcement contraventions identified, more fines issued and paid for the period.
- Licence & Permits, due to higher than anticipated revenue received to date within the Transport for Cape Town (TCT) directorate, as major role players such as Telkom are not opting for trenchless methodology iro the tariffs for way leave permits, resulting in refundable deposits being forfeited.
- Agency Services, due to the July 2014 tariff increase and the increased number of vehicle licence renewals. The unpredictable nature of monthly payments received makes it difficult to accurately plan for monthly/annual receipts.
- Sewerage Sales, between the different categories of consumers. The charges on sewerage are demand driven and linked to water consumption as well as the factors influencing water consumption.

Operating expenditure by type

Current expenditure[3] is 4% or R543 million below the year-to-date budget projections for December 2014.

Under expenditure reflects against the following categories:

- Salaries, Wages & Allowances, due to the turnaround time in the filling of vacancies and appointment of seasonal workers and temporary staff, which is dependent on peak seasons and when departments require additional labour.
- Depreciation & Asset impairment, largely due to the capitalisation rate of assets, which is based on the completion and progress of capital projects. The impact of the extended useful life of assets within the Cape Town Electricity department further contributed to the variance.
- Bulk Purchases, due to delays in submission of the invoice for Raw Water and Water Levy payments.
- Contracted Services, due to:
  - delays in the finalisation of tenders for meter reading and portable toilets projects (Water & Sanitation department),
  - delays in roll-out of the Radio Frequency Identification Device project and implementation of EPWP projects (Solid Waste Management department and Water & Sanitation department),
  - delays in processing of November 2014 MyCiTi VOC invoices (to the value of R30 million), lower than anticipated tender rates for the provision of the MyCiTi Station Management Contracts and reduced operating hours at some MyCiTi stations (TCT),

[3] **Table C4 – Total expenditure by type**

- the late start by two major contractors for resurfacing projects (R&M Contracted Services), and
- incorrect posting of expenditure to General Expenses and the delays in the implementation of EPWP projects.

Capital expenditure

Year-to-date expenditure on the capital budget amounts to R1.74 billion (2014: R1.62 billion), or 27.03% (2014: 28.9%), of the R6.6 billion approved budget[4], which is 1.87% lower than the equivalent achievement of expenditure against budget for the same time last year.

The current expenditure has been funded by means of grants[5] (46.8%), borrowings (37%) and the balance from internally generated funds and public contributions and donations.

Reasons for material variances in capital expenditure:

- Delays in the submission of payment certificates from contractors and/or invoices for work done.
- Final invoices being withheld until matters on snag lists are resolved.
- Contractor handed in a letter of termination of contract.
- Steel industry strike affected some construction projects.
- Completion certificate outstanding from contractor; final payment will be made once received.
- Preliminary investigation revealed significant risk- and cost reductions on a project and it was decided to re-phase the project over two financial years.
- Community interference.
- Quotations exceeding budgets.
- Delays experienced in appointing a contractor.
- Tender appeals.
- Savings, as awarded tender price was lower than initially budgeted.
- Fatal accident at a site, which caused associated projects to be delayed as the largest portion of site was closed for an investigation.

Cash Flow

The City's cash reserves are still strong at this stage and should they remain at the current levels, consideration would only be given to taking up the loan in the 2015/16 financial year to fund the capital expenditure of the current year so as to optimize the cash flow.

[4] **Table C5 – Total capital expenditure (municipal vote, standard classification and funding)**
[5] **Table C5 – Total capital expenditure (municipal vote, standard classification and funding)**

1.2. High level Service Delivery and Budget Implementation Plan (SDBIP) overall performance

The mid-year corporate performance assessment contained in this report is based on the reviewed top level corporate SDBIP for the period 1 July 2014 to 31 December 2014 and is reported under a separate cover as Annexure 1.

The mid-year corporate performance assessment report is discussed under part 3 (Service Delivery Performance) of this report.

1.3. 2013/14 Annual Report

The City received an unqualified audit opinion, as well as a clean audit status, from the Auditor-General of South Africa for the 11th and 2nd consecutive years respectively. The audit report contains no issues for which management comments and corrective actions are required.

The items listed in the audit report under 'emphasis of matters' are self-explanatory and for reader interest only.

For the detailed Audit Report, see pages 108 and 109 of the 2013/14 Annual Report.

1.4. Municipal Entity - Cape Town International Convention Centre (CTICC)

The mid-year CTICC performance assessment for the period 1 July 2014 to 31 December 2014 is reported under separate cover as Annexure 2. The 2013/14 CTICC Annual Report was tabled at Council as legislatively required.

2. Conclusion

The mid-year budget and performance assessment indicates that:

a. an adjustments budget for 2014/15 is required and this adjustments budget must be approved by Council by no later than 28 February 2014; and
b. the revised SDBIP, which forms the basis for the mid-year performance assessment, must include adjustments as a result of the adjustments budget and must be approved by Council.

PART 2 – FINANCIAL PERFORMANCE

The tables below were extracted from the December 2014 in-year monthly budget statement (section 71 report). Full year forecasts have been revised as part of the mid-year assessment. Revised forecasts will inform the adjustments that are tabled for Council approval.

Table C1: Monthly budget statement summary

The table below provides a high-level summation of the City's operating- and capital budgets, actuals to date, financial position and cash flow.

Description	2013/14	Budget Year 2014/15						
R thousands	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance								
Property rates	5,546,774	5,942,513	5,942,513	3,001,251	2,970,649	30,602	1.0%	5,964,279
Service charges	13,903,679	15,262,264	15,198,242	7,448,246	7,351,375	96,871	1.3%	15,184,641
Investment revenue	461,053	275,762	275,762	254,876	167,344	87,532	52.3%	275,762
Transfers recognised - operational	2,399,033	3,498,169	3,539,580	1,618,661	1,690,699	(72,038)	-4.3%	3,460,886
Other own revenue	3,751,219	3,392,277	4,150,741	2,042,906	1,969,557	73,350	3.7%	4,125,803
Total Revenue (excluding capital transfers and contributions)	26,061,758	28,370,984	29,106,838	14,365,940	14,149,624	216,316	1.5%	29,011,371
Employee costs	8,640,854	8,940,483	8,939,329	4,471,412	4,603,804	(132,393)	-2.9%	8,818,467
Remuneration of Councillors	119,709	133,619	133,619	60,819	59,997	822	1.4%	133,619
Depreciation & asset impairment	1,784,970	2,154,335	2,154,335	946,295	1,065,474	(119,179)	-11.2%	2,014,841
Finance charges	807,283	919,232	912,241	374,819	374,508	311	0.1%	912,233
Materials and bulk purchases	6,890,385	7,437,129	7,428,698	3,461,728	3,480,985	(19,257)	-0.6%	7,439,669
Transfers and grants	115,021	125,354	138,609	85,397	82,027	3,369	4.1%	136,839
Other expenditure	8,173,227	8,945,218	9,741,362	3,593,789	3,870,250	(276,460)	-7.1%	9,817,705
Total Expenditure	**26,531,448**	**28,655,369**	**29,448,192**	**12,994,258**	**13,537,045**	**(542,787)**	**-4.0%**	**29,273,373**
Surplus/(Deficit)	(469,690)	(284,384)	(341,354)	1,371,682	612,579	759,103	123.9%	(262,001)
Transfers recognised - capital	2,052,758	2,817,627	3,102,985	1,017,765	977,787	39,977	4.1%	3,184,165
Contributions & Contributed assets	76,408	65,226	65,749	25,225	22,077	3,148	14.3%	52,010
Surplus/(Deficit) after capital transfers & contributions	1,659,476	2,598,469	2,827,380	2,414,672	1,612,444	802,228	49.8%	2,974,175
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	-	–
Surplus/ (Deficit) for the year	**1,659,476**	**2,598,469**	**2,827,380**	**2,414,672**	**1,612,444**	**802,228**	**49.8%**	**2,974,175**
Capital expenditure & funds sources								
Capital expenditure	**4,502,293**	**6,211,315**	**6,613,106**	**1,787,557**	**1,742,411**	**45,146**	**2.6%**	**6,331,619**
Capital transfers recognised	2,053,319	2,809,834	3,095,365	1,017,796	934,657	83,139	8.9%	3,185,453
Public contributions & donations	44,022	73,019	73,369	23,694	20,779	2,915	14.0%	50,723
Borrowing	1,856,889	2,350,301	2,446,723	604,476	617,766	(13,289)	-2.2%	2,277,157
Internally generated funds	548,064	978,161	997,648	141,591	169,210	(27,618)	-16.3%	818,287
Total sources of capital funds	4,502,293	6,211,315	6,613,106	1,787,557	1,742,411	45,146	2.6%	6,331,619
Financial position								
Total current assets	9,904,353	10,530,544	10,739,484	12,124,452				10,422,517
Total non current assets	34,817,677	37,639,154	38,467,186	32,401,571				37,427,251
Total current liabilities	8,155,257	7,321,815	8,491,131	5,439,573				6,844,609
Total non current liabilities	12,450,101	13,001,051	13,001,051	12,613,082				13,881,057
Community wealth/Equity	**24,116,672**	**27,846,832**	**27,714,488**	**26,473,368**				**27,124,102**
Cash flows								
Net cash from (used) operating	4,462,953	5,618,991	5,555,550	2,196,765	2,434,154	237,390	9.8%	5,055,142
Net cash from (used) investing	(6,069,629)	(6,478,138)	(7,436,235)	(2,143,956)	(2,775,869)	(631,913)	22.8%	(7,300,493)
Net cash from (used) financing	(283,067)	1,224,051	1,254,872	(153,203)	(154,628)	(1,426)	0.9%	1,224,443
Cash/cash equivalents at the month/year end	**6,209,623**	**6,968,574**	**5,616,552**	**6,109,229**	**5,746,022**			**5,188,715**

Table C2: Monthly Budget Statement - Financial Performance (standard classification)[6]

The table below is an overview of the budgeted financial performance in relation to revenue and expenditure per standard classification.

Description	2013/14	Budget Year 2014/15						
R thousands	Audited Outcome	Original Budget	Adjusted Budget	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue - Standard								
Governance and administration	**9,725,371**	**10,461,359**	**10,474,840**	**5,997,653**	**5,859,153**	**138,501**	**2.4%**	**10,475,408**
Executive and council	222,571	272,595	278,095	138,135	141,629	(3,494)	-2.5%	293,299
Budget and treasury office	9,325,485	9,890,543	9,897,989	5,754,814	5,620,350	134,464	2.4%	9,896,230
Corporate services	177,315	298,221	298,757	104,704	97,174	7,530	7.7%	285,880
Community and public safety	**2,371,841**	**2,845,189**	**3,809,623**	**1,003,535**	**1,147,715**	**(144,180)**	**-12.6%**	**3,408,861**
Community and social services	83,749	136,417	125,797	53,128	58,473	(5,346)	-9.1%	116,216
Sport and recreation	139,688	119,466	122,602	50,094	53,268	(3,175)	-6.0%	123,554
Public safety	803,168	231,113	991,067	158,691	118,947	39,744	33.4%	994,603
Housing	1,132,956	2,102,760	2,311,010	621,042	799,950	(178,908)	-22.4%	1,917,996
Health	212,279	255,433	259,147	120,581	117,076	3,504	3.0%	256,493
Economic and environmental services	**1,702,432**	**2,182,482**	**2,179,651**	**785,424**	**653,530**	**131,894**	**20.2%**	**2,675,136**
Planning and development	244,648	314,250	256,615	122,354	118,774	3,580	3.0%	255,149
Road transport	1,451,044	1,848,563	1,900,289	648,527	525,156	123,371	23.5%	2,396,077
Environmental protection	6,740	19,669	22,747	14,543	9,600	4,943	51.5%	23,910
Trading services	**14,390,251**	**15,761,551**	**15,808,200**	**7,622,194**	**7,486,790**	**135,405**	**1.8%**	**15,682,884**
Electricity	9,688,895	10,374,795	10,452,912	5,225,177	5,101,711	123,466	2.4%	10,441,383
Water	2,332,377	2,688,261	2,664,604	1,162,327	1,159,421	2,906	0.3%	2,637,633
Waste water management	1,375,489	1,640,951	1,633,140	693,209	671,886	21,323	3.2%	1,564,693
Waste management	993,490	1,057,543	1,057,543	541,482	553,772	(12,290)	-2.2%	1,039,175
Other	**1,030**	**3,258**	**3,258**	**123**	**2,302**	**(2,178)**	**-94.6%**	**5,258**
Total Revenue - Standard	28,190,924	31,253,838	32,275,572	15,408,930	15,149,489	259,441	1.7%	32,247,547
Expenditure - Standard								
Governance and administration	**6,101,339**	**5,450,165**	**5,485,947**	**2,516,654**	**2,566,755**	**(50,101)**	**-2.0%**	**5,519,545**
Executive and council	868,121	818,634	852,014	380,279	397,104	(16,825)	-4.2%	854,122
Budget and treasury office	3,362,374	2,506,777	2,511,429	1,166,557	1,181,334	(14,777)	-1.3%	2,508,567
Corporate services	1,870,844	2,124,754	2,122,503	969,817	988,317	(18,500)	-1.9%	2,156,856
Community and public safety	**5,338,007**	**6,155,784**	**6,910,387**	**2,528,865**	**2,697,883**	**(169,018)**	**-6.3%**	**6,518,359**
Community and social services	469,116	508,334	497,645	251,881	257,648	(5,767)	-2.2%	531,635
Sport and recreation	1,242,113	1,315,435	1,317,186	581,879	619,014	(37,134)	-6.0%	1,332,308
Public safety	1,852,966	1,587,110	2,330,084	771,642	811,535	(39,893)	-4.9%	2,359,105
Housing	1,034,934	1,892,239	1,908,065	502,004	574,834	(72,830)	-12.7%	1,441,252
Health	738,879	852,667	857,407	421,459	434,852	(13,394)	-3.1%	854,060
Economic and environmental services	**2,779,445**	**3,107,880**	**3,086,196**	**1,491,771**	**1,564,127**	**(72,356)**	**-4.6%**	**3,476,706**
Planning and development	620,738	720,507	712,246	361,363	354,961	6,402	1.8%	720,844
Road transport	2,068,358	2,291,386	2,275,580	1,081,041	1,163,055	(82,014)	-7.1%	2,654,843
Environmental protection	90,348	95,987	98,370	49,367	46,112	3,255	7.1%	101,019
Trading services	**12,259,142**	**13,877,328**	**13,902,555**	**6,419,299**	**6,668,544**	**(249,245)**	**-3.7%**	**13,696,420**
Electricity	7,677,729	8,621,654	8,646,304	3,991,465	4,120,901	(129,436)	-3.1%	8,466,356
Water	1,995,569	2,295,850	2,271,093	1,054,309	1,098,707	(44,398)	-4.0%	2,228,074
Waste water management	1,115,782	1,274,995	1,300,403	566,358	602,902	(36,544)	-6.1%	1,288,661
Waste management	1,470,061	1,684,829	1,684,755	807,167	846,033	(38,866)	-4.6%	1,713,329
Other	**53,516**	**64,212**	**63,108**	**37,670**	**39,736**	**(2,066)**	**-5.2%**	**62,342**
Total Expenditure - Standard	26,531,448	28,655,369	29,448,192	12,994,258	13,537,045	(542,787)	-4.0%	29,273,373
Surplus/ (Deficit) for the year	1,659,476	2,598,469	2,827,380	2,414,672	1,612,444	802,228	49.8%	2,974,175

[6] As per GFS classification, Trading Services expenditure above excludes Street lighting provisions (included with Community and public safety).

Table C3: Monthly Budget Statement Financial Performance (revenue and expenditure by municipal vote)

The table below reflects the budgeted financial performance in relation to revenue and expenditure by vote as well as the operating surplus or deficit.

Vote Description R thousands	2013/14 Audited Outcome	Budget Year 2014/15 Original Budget	Adjusted Budget	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue by Vote								
Vote 1 - City Health	432,226	490,743	494,457	243,944	239,846	4,098	1.7%	491,803
Vote 2 - City Manager	128	44	44	60	–	60		154
Vote 3 - Community Services	161,377	238,588	230,854	92,172	103,784	(11,612)	-11.2%	222,237
Vote 4 - Compliance and Auxiliary Services	24,417	14,932	20,991	2,882	4,179	(1,298)	-31.0%	17,428
Vote 5 - Corporate Services	64,914	72,689	73,225	17,547	22,096	(4,549)	-20.6%	60,347
Vote 6 - Economic, Environment & Spatial Planning	108,295	191,146	127,115	62,862	55,797	7,065	12.7%	131,459
Vote 7 - Finance	895,275	785,016	795,877	502,354	375,003	127,351	34.0%	795,577
Vote 8 - Human Settlements	1,132,956	2,102,760	2,311,010	621,042	799,950	(178,908)	-22.4%	1,917,996
Vote 9 - Rates & Other	8,660,739	9,457,542	9,457,542	5,408,519	5,386,570	21,949	0.4%	9,456,145
Vote 10 - Safety & Security	836,091	254,301	1,007,518	174,170	134,559	39,611	29.4%	1,019,912
Vote 11 - Social and Early Childhood Development	126	3,587	3,587	411	2,697	(2,286)	-84.8%	9,193
Vote 12 - Tourism, Events and Marketing	64,688	24,625	24,875	13,891	12,378	1,514	12.2%	26,652
Vote 13 - Transport for Cape Town	1,414,827	1,845,324	1,902,549	645,121	524,245	120,876	23.1%	2,405,489
Vote 14 - Utility Services	14,394,865	15,772,541	15,825,928	7,623,939	7,488,385	135,554	1.8%	15,692,218
Total Revenue by Vote	**28,190,924**	**31,253,838**	**32,275,572**	**15,408,915**	**15,149,489**	**259,426**	**1.7%**	**32,246,608**
Expenditure by Vote								
Vote 1 - City Health	784,947	907,929	907,839	443,358	460,165	(16,807)	-3.7%	904,656
Vote 2 - City Manager	88,982	132,613	133,210	55,654	58,818	(3,164)	-5.4%	163,251
Vote 3 - Community Services	1,371,054	1,507,629	1,503,639	687,880	727,474	(39,594)	-5.4%	1,533,066
Vote 4 - Compliance and Auxiliary Services	511,552	592,374	593,424	270,085	272,496	(2,411)	-0.9%	586,656
Vote 5 - Corporate Services	1,493,422	1,661,637	1,666,815	767,607	781,549	(13,942)	-1.8%	1,669,972
Vote 6 - Economic, Environment & Spatial Planning	485,741	545,065	537,324	276,605	276,014	592	0.2%	550,463
Vote 7 - Finance	1,821,734	2,022,344	2,033,898	921,403	929,883	(8,480)	-0.9%	2,029,153
Vote 8 - Human Settlements	1,034,934	1,892,239	1,908,065	502,004	574,834	(72,830)	-12.7%	1,441,252
Vote 9 - Rates & Other	1,861,654	902,820	901,268	445,997	451,207	(5,210)	-1.2%	900,620
Vote 10 - Safety & Security	1,901,498	1,641,626	2,383,111	795,918	842,597	(46,679)	-5.5%	2,432,289
Vote 11 - Social and Early Childhood Development	99,026	137,782	137,676	58,354	57,392	961	1.7%	127,503
Vote 12 - Tourism, Events and Marketing	530,817	482,822	482,813	241,370	240,827	543	0.2%	491,444
Vote 13 - Transport for Cape Town	2,198,334	2,232,622	2,237,685	1,053,749	1,136,084	(82,336)	-7.2%	2,632,754
Vote 14 - Utility Services	12,347,754	13,995,866	14,021,426	6,474,275	6,727,703	(253,429)	-3.8%	13,810,296
Total Expenditure by Vote	**26,531,448**	**28,655,369**	**29,448,192**	**12,994,258**	**13,537,045**	**(542,787)**	**-4.0%**	**29,273,373**
Surplus/ (Deficit) for the year	**1,659,476**	**2,598,469**	**2,827,380**	**2,414,657**	**1,612,444**	**802,214**	**49.8%**	**2,973,236**

Table C4: Monthly Budget Statement – Financial Performance (revenue by source and expenditure by type)

The table below is a view of the budgeted financial performance in relation to the revenue by source and expenditure by type.

Description	2013/14	Budget Year 2014/15						
R thousands	Audited Outcome	Original Budget	Adjusted Budget	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue By Source								
Property rates	5,546,774	5,942,513	5,942,513	3,001,251	2,970,649	30,602	1.0%	5,964,279
Property rates - penalties & collection charges	–	–	–	–	–	–		–
Service charges - electricity revenue	9,323,160	10,072,265	10,072,265	5,086,448	5,010,996	75,452	1.5%	10,071,811
Service charges - water revenue	2,185,812	2,540,080	2,493,562	1,093,939	1,103,235	(9,296)	-0.8%	2,464,487
Service charges - sanitation revenue	1,188,051	1,338,202	1,327,720	598,904	593,510	5,394	0.9%	1,316,720
Service charges - refuse revenue	920,173	989,912	989,912	482,863	494,956	(12,093)	-2.4%	970,912
Service charges - other	286,484	321,805	314,784	186,093	148,678	37,415	25.2%	360,711
Rental of facilities and equipment	317,890	358,711	358,742	179,088	170,712	8,376	4.9%	358,438
Interest earned - external investments	461,053	275,762	275,762	254,876	167,344	87,532	52.3%	275,762
Interest earned - outstanding debtors	192,312	208,262	212,262	98,442	101,727	(3,285)	-3.2%	197,086
Dividends received	–	–	–	–	–	–		–
Fines	729,139	175,648	916,229	109,186	87,824	21,362	24.3%	916,393
Licences and permits	44,386	40,388	40,378	21,565	19,722	1,844	9.3%	40,988
Agency services	150,256	150,439	153,993	83,246	65,097	18,149	27.9%	153,993
Transfers recognised - operational	2,399,033	3,498,169	3,539,580	1,618,661	1,690,699	(72,038)	-4.3%	3,460,886
Other revenue	2,252,330	2,338,330	2,348,637	1,522,939	1,493,137	29,803	2.0%	2,338,406
Gains on disposal of PPE	64,906	120,500	120,500	28,440	31,338	(2,898)	-9.2%	120,500
Total Revenue (excluding capital transfers and contributions)	26,061,758	28,370,984	29,106,838	14,365,940	14,149,624	216,316	1.5%	29,011,371
Expenditure By Type								
Employee related costs	8,640,854	8,940,483	8,939,329	4,471,412	4,603,804	(132,393)	-2.9%	8,818,467
Remuneration of councillors	119,709	133,619	133,619	60,819	59,997	822	1.4%	133,619
Debt impairment	1,295,526	950,533	1,691,334	475,376	475,376	0	0.0%	1,691,334
Depreciation & asset impairment	1,784,970	2,154,335	2,154,335	946,295	1,065,474	(119,179)	-11.2%	2,014,841
Finance charges	807,283	919,232	912,241	374,819	374,508	311	0.1%	912,233
Bulk purchases	6,591,232	7,050,011	7,046,661	3,296,986	3,316,375	(19,389)	-0.6%	7,086,261
Other materials	299,153	387,117	382,036	164,741	164,610	132	0.1%	353,408
Contracted services	3,312,529	4,205,198	4,201,676	1,411,146	1,597,710	(186,564)	-11.7%	3,999,835
Transfers and grants	115,021	125,354	138,609	85,397	82,027	3,369	4.1%	136,839
Other expenditure	3,563,228	3,789,486	3,848,352	1,707,267	1,797,163	(89,896)	-5.0%	4,126,536
Loss on disposal of PPE	1,944	–	–	–	–	–		–
Total Expenditure	26,531,448	28,655,369	29,448,192	12,994,258	13,537,045	(542,787)	-4.0%	29,273,373
Surplus/(Deficit)	(469,690)	(284,384)	(341,354)	1,371,682	612,579	759,103	123.9%	(262,001)
Transfers recognised - capital	2,052,758	2,817,627	3,102,985	1,017,765	977,787	39,977	4.1%	3,184,165
Contributions recognised - capital	43,022	65,226	65,749	23,725	22,077	1,648	7.5%	52,010
Contributed assets	33,387	–	–	1,500	–	1,500		–
Surplus/(Deficit) after capital transfers & contributions	1,659,476	2,598,469	2,827,380	2,414,672	1,612,444			2,974,175
Taxation	–	–	–	–	–			–
Surplus/(Deficit) after taxation	1,659,476	2,598,469	2,827,380	2,414,672	1,612,444			2,974,175
Attributable to minorities	–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality	1,659,476	2,598,469	2,827,380	2,414,672	1,612,444			2,974,175
Share of surplus/ (deficit) of associate	–	–	–	–	–			–
Surplus/ (Deficit) for the year	1,659,476	2,598,469	2,827,380	2,414,672	1,612,444			2,974,175

Table C5: Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding)

The table below reflects the City's capital programme in relation to capital expenditure by municipal vote; capital expenditure by standard classification; and funding sources required to fund the capital budget, including information on capital transfers from National and Provincial departments.

Vote Description	2013/14	Budget Year 2014/15						
R thousands	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Multi-Year expenditure appropriation								
Vote 1 - City Health	25,185	21,966	26,263	5,514	8,134	(2,620)	-32.2%	22,170
Vote 2 - City Manager	13,070	6,771	7,751	4,104	2,267	1,836	81.0%	14,638
Vote 3 - Community Services	161,422	203,711	254,471	85,656	95,066	(9,409)	-9.9%	249,537
Vote 4 - Compliance and Auxiliary Services	24,044	13,126	18,093	2,119	5,697	(3,578)	-62.8%	7,401
Vote 5 - Corporate Services	286,544	359,474	364,316	68,497	124,388	(55,890)	-44.9%	392,144
Vote 6 - Economic, Environment & Spatial Planning	54,193	119,215	67,760	12,661	18,797	(6,137)	-32.6%	56,078
Vote 7 - Finance	13,315	105,509	109,506	24,055	41,823	(17,768)	-42.5%	92,389
Vote 8 - Human Settlements	564,398	860,855	897,888	330,000	339,129	(9,128)	-2.7%	1,140,780
Vote 9 - Rates & Other	–	–	–	–	–	–		–
Vote 10 - Safety & Security	63,809	70,559	82,264	19,650	34,045	(14,395)	-42.3%	82,247
Vote 11 - Social and Early Childhood Development	7,142	18,010	18,489	3,073	6,490	(3,418)	-52.7%	22,608
Vote 12 - Tourism, Events and Marketing	23,101	37,781	40,753	5,397	16,344	(10,947)	-67.0%	37,235
Vote 13 - Transport for Cape Town	1,113,033	1,603,985	1,739,661	523,119	498,843	24,276	4.9%	1,823,823
Vote 14 - Utility Services	2,153,036	2,790,354	2,985,890	703,712	551,388	152,324	27.6%	2,390,568
Total Capital Expenditure	**4,502,293**	**6,211,315**	**6,613,106**	**1,787,557**	**1,742,411**	**45,146**	**2.6%**	**6,331,619**
Capital Expenditure - Standard Classification								
Governance and administration	**331,690**	**510,823**	**519,812**	**103,113**	**183,446**	**(80,333)**	**-43.8%**	**534,563**
Executive and council	19,286	34,406	34,866	5,464	10,395	(4,931)	-47.4%	30,692
Budget and treasury office	11,085	14,032	15,024	8,143	6,881	1,262	18.3%	16,582
Corporate services	301,319	462,384	469,921	89,506	166,170	(76,664)	-46.1%	487,289
Community and public safety	**860,117**	**1,232,384**	**1,346,943**	**459,640**	**504,623**	**(44,983)**	**-8.9%**	**1,568,156**
Community and social services	48,114	109,187	110,804	30,557	38,105	(7,548)	-19.8%	101,439
Sport and recreation	134,842	130,805	183,029	60,374	72,648	(12,274)	-16.9%	183,019
Public safety	88,074	109,640	128,980	33,195	46,607	(13,412)	-28.8%	120,769
Housing	564,398	860,855	897,888	330,000	339,129	(9,128)	-2.7%	1,140,780
Health	24,690	21,896	26,242	5,514	8,134	(2,620)	-32.2%	22,149
Economic and environmental services	**1,190,510**	**1,726,276**	**1,816,721**	**541,643**	**521,847**	**19,795**	**3.8%**	**1,885,810**
Planning and development	59,776	99,620	52,032	9,613	13,785	(4,172)	-30.3%	41,844
Road transport	1,116,363	1,613,361	1,749,161	529,837	505,610	24,227	4.8%	1,832,831
Environmental protection	14,370	13,295	15,528	2,193	2,453	(260)	-10.6%	11,135
Trading services	**2,119,975**	**2,741,833**	**2,929,630**	**683,161**	**532,495**	**150,667**	**28.3%**	**2,343,091**
Electricity	1,151,286	1,255,722	1,331,726	293,417	187,474	105,943	56.5%	1,021,435
Water	458,746	513,312	520,696	165,765	119,018	46,748	39.3%	543,043
Waste water management	372,281	555,899	639,311	145,885	140,110	5,774	4.1%	549,089
Waste management	136,619	415,875	436,875	77,974	85,270	(7,296)	-8.6%	228,501
Other	**1,043**	**1,025**	**1,023**	**121**	**623**	(502)	-80.6%	**1,023**
Total Capital Expenditure - Standard Classification	**4,502,293**	**6,211,315**	**6,613,106**	**1,787,557**	**1,742,411**	**45,146**	**2.6%**	**6,331,619**
Funded by:								
National Government	1,768,880	2,515,669	2,768,260	848,486	778,853	69,633	8.9%	2,867,300
Provincial Government	283,513	292,065	324,831	169,156	154,505	14,651	9.5%	315,880
District Municipality	–	–	–	–	–	–		–
Other transfers and grants	926	2,100	2,274	153	1,298	(1,145)	-88.2%	2,274
Transfers recognised - capital	**2,053,319**	**2,809,834**	**3,095,365**	**1,017,796**	**934,657**	**83,139**	**8.9%**	**3,185,453**
Public contributions & donations	44,022	73,019	73,369	23,694	20,779	2,915	14.0%	50,723
Borrowing	1,856,889	2,350,301	2,446,723	604,476	617,766	(13,289)	-2.2%	2,277,157
Internally generated funds	548,064	978,161	997,648	141,591	169,210	(27,618)	-16.3%	818,287
Total Capital Funding	**4,502,293**	**6,211,315**	**6,613,106**	**1,787,557**	**1,742,411**	**45,146**	**2.6%**	**6,331,619**

Table C6: Monthly Budget Statement - Financial Position

The table below reflects the performance to date in relation to the financial position of the City.

Description	2013/14	Budget Year 2014/15			
R thousands	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
ASSETS					
Current assets					
Cash	2,266,560	–	–	2,112,721	–
Call investment deposits	2,621,907	5,362,934	5,583,295	6,072,274	5,155,458
Consumer debtors	4,309,649	4,499,300	4,503,300	3,246,669	4,506,736
Other debtors	417,305	351,500	351,500	360,799	459,034
Current portion of long-term receivables	19,650	20,495	18,543	19,650	18,543
Inventory	269,283	296,315	282,846	312,339	282,747
Total current assets	**9,904,353**	**10,530,544**	**10,739,484**	**12,124,452**	**10,422,517**
Non current assets					
Long-term receivables	104,311	91,753	91,753	91,984	99,097
Investments	3,245,041	1,682,069	1,859,632	–	1,859,632
Investment property	–	–	–	–	–
Investments in Associate	–	–	–	–	–
Property, plant and equipment	31,468,325	35,865,333	36,515,801	32,309,587	35,468,522
Agricultural	–	–	–	–	–
Biological assets	–	–	–	–	–
Intangible assets	–	–	–	–	–
Other non-current assets	–	–	–	–	–
Total non current assets	**34,817,677**	**37,639,154**	**38,467,186**	**32,401,571**	**37,427,251**
TOTAL ASSETS	**44,722,030**	**48,169,698**	**49,206,670**	**44,526,024**	**47,849,768**
LIABILITIES					
Current liabilities	–	–	–	–	–
Bank overdraft	–	–	–	–	–
Borrowing	368,325	378,885	378,885	368,325	378,885
Consumer deposits	370,217	372,943	372,943	257,759	407,239
Trade and other payables	6,338,165	5,125,323	5,658,751	3,817,052	4,904,437
Provisions	1,078,550	1,444,665	2,080,552	996,437	1,154,048
Total current liabilities	**8,155,257**	**7,321,815**	**8,491,131**	**5,439,573**	**6,844,609**
Non current liabilities					
Borrowing	6,666,139	7,902,043	7,902,043	6,526,052	7,902,043
Provisions	5,783,962	5,099,008	5,099,008	6,087,030	5,979,014
Total non current liabilities	**12,450,101**	**13,001,051**	**13,001,051**	**12,613,082**	**13,881,057**
TOTAL LIABILITIES	**20,605,358**	**20,322,866**	**21,492,182**	**18,052,655**	**20,725,666**
NET ASSETS	**24,116,672**	**27,846,832**	**27,714,488**	**26,473,368**	**27,124,102**
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)	21,896,756	25,806,310	26,067,413	24,327,336	25,072,172
Reserves	2,219,916	2,040,522	1,647,075	2,146,032	2,051,930
TOTAL COMMUNITY WEALTH/EQUITY	**24,116,672**	**27,846,832**	**27,714,488**	**26,473,368**	**27,124,102**

Table C7: Monthly Budget Statement· Cash Flow

The City's cash flow position and cash/cash equivalent outcome is shown in the table below.

Description	2013/14	Budget Year 2014/15						
R thousands	Audited Outcome	Original Budget	Adjusted Budget	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	22,020,442	23,306,935	23,356,401	13,147,027	12,080,681	1,066,346	8.8%	23,265,803
Government - operating	2,389,432	3,498,169	3,502,470	1,540,085	2,313,582	(773,497)	-33.4%	2,987,675
Government - capital	2,052,758	2,882,853	3,104,572	1,762,587	1,709,172	53,415	3.1%	3,236,176
Interest	729,374	275,762	924,430	269,560	238,747	30,812	12.9%	924,430
Payments								
Suppliers and employees	(21,822,483)	(23,514,982)	(24,502,576)	(14,162,674)	(13,549,637)	613,037	-4.5%	(24,529,196)
Finance charges	(791,549)	(829,746)	(829,746)	(359,819)	(358,391)	1,428	-0.4%	(829,746)
Transfers and Grants	(115,021)	–	–	–	–	–	-	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	4,462,953	5,618,991	5,555,550	2,196,765	2,434,154	237,390	9.8%	5,055,142
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	71,458	40,167	120,500	–	–	–		120,500
Decrease (Increase) in non-current debtors	–	–	–	–	–	–		–
Decrease (increase) other non-current receivables	(1,751)	(4,829)	(51,092)	–	–	–		(110,970)
Decrease (increase) in non-current investments	(1,689,664)	(379,999)	(1,029,558)	(229,998)	(230,000)	3	0.0%	(1,029,558)
Payments								
Capital assets	(4,449,672)	(6,133,477)	(6,476,086)	(1,913,958)	(2,545,869)	(631,910)	24.8%	(6,280,466)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(6,069,629)	(6,478,138)	(7,436,235)	(2,143,956)	(2,775,869)	(631,913)	22.8%	(7,300,493)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	–	–	–	–	–	–		–
Borrowing long term/refinancing	–	1,500,000	1,500,000	–	–	–		1,500,000
Increase (decrease) in consumer deposits	62,000	33,904	64,726	–	–	–		34,296
Payments								
Repayment of borrowing	(345,067)	(309,853)	(309,853)	(153,203)	(154,628)	(1,426)	0.9%	(309,853)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(283,067)	1,224,051	1,254,872	(153,203)	(154,628)	(1,426)	0.9%	1,224,443
NET INCREASE/ (DECREASE) IN CASH HELD	(1,889,743)	364,904	(625,813)	(100,394)	(496,343)			(1,020,908)
Cash/cash equivalents at beginning:	8,099,366	6,603,670	6,242,365	6,209,623	6,242,365			6,209,623
Cash/cash equivalents at month/year end:	6,209,623	6,968,574	5,616,552	6,109,229	5,746,022			5,188,715

Debtors' analysis

The debtor analysis provides an age analysis by revenue source and customer category.

Table SC3 Monthly budget statement Aged Debtors

Description	Budget Year 2014/15											
R thousands	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Days-1 Year	Over 1 Year	Total	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
Debtors Age Analysis By Income Source												
Trade and Other Receivables from Exchange Transactions - Water	291,577	68,737	52,646	51,395	54,131	44,945	295,874	1,421,246	2,280,549	1,867,590	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	583,356	45,323	28,047	11,942	14,123	8,913	40,591	89,038	821,333	164,607	–	–
Receivables from Non-exchange Transactions - Property Rates	438,608	36,430	27,464	70,163	35,356	26,124	147,719	596,732	1,378,596	876,094	–	–
Receivables from Exchange Transactions - Waste Water Management	154,793	35,975	25,064	27,077	25,844	20,397	139,632	633,976	1,062,759	846,926	–	–
Receivables from Exchange Transactions - Waste Management	68,245	15,618	12,178	11,542	11,474	9,121	52,367	215,793	396,338	300,297	–	–
Receivables from Exchange Transactions - Property Rental Debtors	52,814	10,565	10,226	(716)	10,200	489,390	–	–	572,479	498,874	–	–
Interest on Arrear Debtor Accounts	40,290	17,570	18,911	17,200	16,758	19,115	91,035	514,841	735,720	658,949	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–	–	–	–	–	–	–	–	–	–
Other	(97,319)	(59,005)	(93,018)	(24,219)	(14,711)	(8,546)	(40,204)	(165,229)	(502,251)	(252,908)	–	–
Total By Income Source	**1,532,364**	**171,213**	**81,518**	**164,384**	**153,175**	**609,459**	**727,014**	**3,306,397**	**6,745,525**	**4,960,429**	**–**	**–**
2013/14 - totals only												
Debtors Age Analysis By Customer Group												
Organs of State	44,083	(78,772)	(77,039)	(1,540)	8,404	8,617	31,101	42,506	(22,640)	89,089	–	–
Commercial	839,866	87,512	38,896	59,765	26,275	19,041	89,532	344,953	1,505,840	539,566	–	–
Households	787,726	183,886	140,662	124,878	130,741	588,452	629,826	2,959,721	5,545,891	4,433,616	–	–
Other	(139,312)	(21,413)	(21,001)	(18,718)	(12,245)	(6,651)	(23,445)	(40,783)	(283,567)	(101,841)	–	–
Total By Customer Group	**1,532,364**	**171,213**	**81,518**	**164,384**	**153,175**	**609,459**	**727,014**	**3,306,397**	**6,745,525**	**4,960,429**	**–**	**–**

Additional debtor's information

Monthly collection rate			YTD collection rate
Period	Current year	Previous year	
12 Month	96.91%	96.62%	97.16%
6 month	96.80%	97.42%	97.82%
3 month	96.17%	100.76%	97.97%
Monthly	95.48%	87.75%	96.91%

2014/15 Billing vs Receipts		
Month	Billing R	Receipts R
July	1,957,772,594.77	1,930,402,632.45
August	2,253,395,142.71	2,064,186,076.16
September	2,171,870,466.03	2,224,853,509.17
October	2,099,995,541.53	2,216,521,082.71
November	2,171,329,415.03	1,906,365,369.49
December	2,190,493,155.94	2,091,456,281.56

12 month collection ratio per source			
Source	Current year	Previous year	YTD collection rate
Electricity	99.69%	99.25%	99.80%
Water	89.15%	87.13%	89.95%
Sewerage	92.39%	87.38%	92.60%
Refuse	95.17%	91.55%	94.46%
Rates	98.57%	100.35%	98.91%
Other	99.85%	99.38%	99.93%

Creditors' analysis

The creditors' analysis below contains an aged analysis by customer type.

Table SC4 Monthly budget Statement Aged Creditors

Description R thousands	Budget Year 2014/15 0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	Prior year totals (same period)
Creditors Age Analysis By Customer Type										
Bulk Electricity	–	–	–	–	–	–	–	–	–	–
Bulk Water	–	–	–	–	–	–	–	–	–	–
PAYE deductions	–	–	–	–	–	–	–	–	–	–
VAT (output less input)	–	–	–	–	–	–	–	–	–	–
Pensions / Retirement deductions	–	–	–	–	–	–	–	–	–	–
Loan repayments	–	–	–	–	–	–	–	–	–	–
Trade Creditors	175,150	1,076	(2,668)	(75)	17	(5)	170	673	174,337	176,538
Auditor General	–	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–	–
Total By Customer Type	**175,150**	**1,076**	**(2,668)**	**(75)**	**17**	**(5)**	**170**	**673**	**174,337**	**176,538**

Outstanding commitments against Cash and Cash Equivalents

Item R Thousands	Previous Month	Current Month
Closing Cash Balance	**4,995,850**	**6,109,229**
Unspent Conditional Grants	1,903,569	2,096,820
Housing Development	341,002	338,150
MTAB	23,788	22,388
Trust Funds	1,436	1,255
Financial commitments	463,003	283,003
Sinking Funds	-	-
Insurance reserves	501,007	541,786
CRR	1,136,728	1,123,301
TOTAL	**4,370,533**	**4,406,703**
TOTAL cash resources not committed	**625,317**	**1,702,526**

Transfers and grants

Transfers and grant expenditure per allocation or grant is provided in the table below.

Table SC7 Monthly Budget Statement transfers and grants expenditure

Description	2013/14	Budget Year 2014/15						
R thousands	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Operating expenditure of Transfers and Grants								
National Government:	417,462	1,919,255	1,957,266	136,055	157,563	(21,508)	-13.7%	2,297,618
Restructuring	–	1,191	1,191	–	–	–		1,191
Finance Management grant	219	1,250	1,250	96	192	(96)	-49.8%	990
Equitable share	376	1,503,173	1,503,173	1,274	3,173	(1,899)	-59.9%	1,505,392
Urban Settlements Development Grant	57,826	114,142	150,556	41,684	27,367	14,317	52.3%	152,469
Public Transport Network Operations Grant	217,101	217,498	217,498	73,360	105,186	(31,826)	-30.3%	442,968
Energy Efficiency and Demand Side Management Grant	1,728	900	900	–	434	(434)	-100.0%	599
Dept of Environ Affairs and Tourism	2,698	200	565	243	61	182	297.3%	329
Housing Accreditation	57	200	200	14	70	(56)	-80.1%	200
Expanded Public Works Programme	38,192	20,804	20,804	8,936	7,652	1,284	16.8%	23,610
Integrated City Development Grant	864	–	–	–	–	–		9,500
2014 African Nations Championship Host City Operating Grant	45,060	–	–	(112)	–	(112)		87
LGSETA	–	–	536	–	–	–		536
Public Transport Infrastructure & Systems Grant	53,341	7,726	7,726	–	–	–		119,742
Infrastructure Skills Development Grant	–	2,300	2,300	–	–	–		3,201
Municipal Disaster Grant	–	–	–	–	–	–		707
Municipal Human Settlements Capacity Grant	–	49,871	49,871	10,282	12,768	(2,487)	-19.5%	35,401
Department: Water and Sanitation			697	277	660	(383)	-58.0%	697
Provincial Government:	545,969	1,542,400	1,540,538	315,894	360,660	(44,766)	-12.4%	1,113,129
Cultural Affairs and Sport - Provincial library Services	22,008	30,735	30,735	15,700	15,273	427	2.8%	33,580
Human Settlements - Human Settlement Development Grant	300,663	1,097,130	1,095,268	174,520	233,153	(58,632)	-25.1%	648,161
Human Settlements - Municipal Accreditation Assistance	3,690	–	–	–	–	–		8,000
Human Settlement - Settlement Assistance	–	1,000	1,000	–	–	–		1,000
Health - TB	11,807	17,206	17,206	8,502	7,990	512	6.4%	17,206
Health - Global Fund	91,676	37,555	37,555	19,341	19,517	(175)	-0.9%	38,994
Health - ARV	32,233	109,589	109,589	53,213	45,511	7,702	16.9%	109,589
Health - Nutrition	4,385	4,636	4,636	2,613	1,932	681	35.2%	4,636
Health - Vaccines	66,724	70,956	70,956	35,315	35,478	(163)	-0.5%	70,956
Comprehensive Health	–	155,960	155,960	–	–	–		155,960
Transport and Public Works - Provision for persons with special needs	1,895	10,000	10,000	6,054	–	6,054		10,075
Municipal Land Transport Fund	10,888	–	–	–	–	–		5,181
Transport Safety and Compliance - Rail Safety	–	500	500	498	–	498		2,200
Community Development Workers	–	732	732	138	333	(195)	-58.5%	1,390
City of Cape Town - Public access centres	–	500	500	–	–	–		500
Planning, Maintenance and Rehabilitation of Transport Systems and Infrastructure	–	5,900	5,900	–	1,475	(1,475)	-100.0%	5,700
Other grant providers:	36,828	35,826	41,089	9,914	18,045	(8,131)	-45.1%	46,354
Tourism	–	2,190	2,190	–	1,690	(1,690)	-100.0%	4,190
Carnegie	1,583	3,057	3,057	866	958	(92)	-9.6%	3,057
CMTF	27,228	9,777	11,979	5,469	5,564	(95)	-1.7%	14,220
Other	686	–	–	–	–	–		–
CID	2,764	2,969	2,969	1,613	1,613	0	0.0%	2,840
Century City Property Owners Association	438	468	468	87	105	(17)	-16.7%	468
Traffic Free Flow (Pty) Ltd	1,417	–	1,135	654	859	(206)	-23.9%	1,135
Finland Government	112	–	–	–	–	–		–
Cities for Climate Protection	144	–	–	–	–	–		–
ICLEI Carbon Taxes	111	–	–	–	–	–		–
Mamre Fencing	46	–	17	–	–	–		17
ATKV	5	–	–	–	–	–		–
South African Biodiversity Institute (SANBI)	2,244	482	2,391	1,013	787	226	28.8%	3,544
Sustainable Energy Africa	–	424	424	–	–	–		424
University Stellenbosch	51	1,781	1,781	95	742	(647)	-87.1%	1,781
DBSA - Green Fund	–	10,000	10,000	–	4,500	(4,500)	-100.0%	10,000
Agency Francaise de Development (AFD)	–	4,679	4,679	116	1,227	(1,111)	-90.5%	4,679
Total operating expenditure of Transfers and Grants	1,000,259	3,497,481	3,538,892	461,863	536,268	(74,405)	-13.9%	3,457,100

Table continues on next page.

Description R thousands	2013/14 Audited Outcome	Budget Year 2014/15 Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Capital expenditure of Transfers and Grants								
National Government:	1,764,988	2,515,669	2,768,260	848,486	778,853	69,633	8.9%	2,863,620
Mineral Energy: Energy Efficiency and Demand Side Management Grant	7,683	9,100	9,100	954	702	252	35.9%	5,990
Minerals and Energy: Integrated National Electrification Programme (Municipal) Grant	7,276	5,000	5,000	1,137	1,639	(502)	-30.7%	22,224
National Government - Other: Previous years' Dora allocations	–	200	200	7	50	(43)	-86.0%	200
National Treasury: Expanded Public Works Programme	412	400	400	196	50	146	292.2%	400
National Treasury: Intergrated City Development Grant	–	57,171	54,482	16,087	11,226	4,860	43.3%	57,171
National Treasury: Municipal Human Settlements Capacity Grant	14	500	500	–	200	(200)	-100.0%	500
National Treasury: Neighbourhood Development Partnership Grant	24,551	35,470	40,030	2,127	15,429	(13,302)	-86.2%	30,785
National Treasury: Other	15,373	1,902	2,239	182	1,489	(1,307)	-87.8%	2,089
National Treasury: Urban Settlements Development Grant	915,400	1,244,737	1,494,870	465,683	411,600	54,083	13.1%	1,493,157
Sport & Recreation SA: 2010 Fifa Word Cup Stadiums Development Grant	–	–	250	164	250	(86)	-34.3%	250
Transport: Public Transport Infrastructure & Systems Grant	131,296	2,000	2,000	1,496	1,000	496	49.6%	2,000
Transport: Public Transport Infrastructure Grant	654,511	1,159,140	1,159,140	360,454	335,218	25,236	7.5%	1,248,854
Transport: Public Transport Netw ork Operations Grant	1	50	50	–	–	–		–
National Treasury: Municipal Disaster Grant	3,589	–	–	–	–	–		–
National Treasury: Infrastructure Skills Development Grant	99	–	–	–	–	–		–
Sport & Recreation SA: 2014 African Nations Championship Host City Operating Grant	3,942	–	–	–	–	–		–
National Treasury: Local Government Financial Management Grant	841	–	–	–	–	–		–
Provincial Government:	262,722	292,065	324,831	169,156	154,505	14,651	9.5%	310,805
Cultural Affairs and Sport: Development of Sport and Recreation Facilities	874	250	250	–	–	–		250
Cultural Affairs and Sport: Library Services (Conditional Grant)	2,263	10,200	10,808	3,093	1,439	1,654	114.9%	9,365
Economic Development and Tourism: False Bay Ecology	243	–	850	838	850	(12)	-1.4%	850
Economic Development and Tourism: Public Access Centres	–	2,350	2,350	253	2,350	(2,097)	-89.2%	2,350
Housing: Integrated Housing and Human Settlement Development Grant	252,825	263,029	294,335	162,925	145,431	17,494	12.0%	281,224
Provincial Government: Community Development Workers (CDW) Operational Grant Support	–	300	300	–	300	(300)	-100.0%	300
Provincial Government: Fibre Optic Broadband Roll Out	4,860	10,702	10,702	0	2,900	(2,900)	-100.0%	10,923
Transport and Public Works: Other	1,457	234	235	232	235	(3)	-1.3%	343
Transport and Public Works: Planning, Maintenance and Rehabilitation of Transport System and Infratructure	–	5,000	5,000	1,815	1,000	815	81.5%	5,200
Provincial Government: Western Cape Education Department	200	–	–	–	–	–		–
District Municipality:	–	–	–	–	–	–	-	–
Other grant providers:	76,408	75,119	75,643	23,847	22,077	1,770	8.0%	52,996
Other grant providers:	76,408	75,119	75,643	23,847	22,077	1,770	8.0%	52,996
Total capital expenditure of Transfers and Grants	2,104,118	2,882,853	3,168,734	1,041,489	955,436	86,054	9.0%	3,227,421
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	3,104,377	6,380,334	6,707,626	1,503,353	1,491,704	11,649	0.8%	6,684,521

The reasons for revision of the full-year forecasts are:

- Roll-over of the unspent 2013/14 conditional grants approved by National Treasury in terms of Section 21 (2) of the Division of Revenue Act, (Act No. 2 of 2013) dated 21 October 2014 and Provincial Treasury in terms of Section 10(2) of the Western Cape Appropriation Act 2012, (Act No. 5 of 2013) dated 24 November 2014.
- Revised national government allocation published in Government Gazette No.38375 in terms of Division of Revenue Amendment Act (Act No.38 of 2014), dated 31 December 2014.
- Shifting of funding to and from the operating/capital budget.
- Addition/reduction of grant funding on various projects.

Expenditure on councillor allowances and employee benefits

Table SC8 Monthly Budget Statement - councillor and staff benefits

Summary of Employee and Councillor remuneration	2013/14	Budget Year 2014/15						
R thousands	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Councillors (Political Office Bearers plus Other)								
Basic Salaries and Wages	104,001	115,624	115,624	51,587	51,000	587	1.2%	115,624
Pension and UIF Contributions	4,583	–	5,360	2,303	2,680	(377)	-14.1%	5,360
Other benefits and allowances	11,125	17,994	12,634	6,928	6,317	611	9.7%	12,634
Sub Total - Councillors	119,709	133,618	133,618	60,818	59,997	821	1.4%	133,618
% increase		11.6%	11.6%					11.6%
Senior Managers of the Municipality								
Basic Salaries and Wages	17,631	21,182	21,182	10,665	10,591	74	0.7%	21,182
Pension and UIF Contributions	1,273	1,392	1,392	695	696	(1)	-0.1%	1,392
Medical Aid Contributions	237	234	234	108	117	(9)	-7.7%	234
Motor Vehicle Allowance	431	567	567	284	284	–		567
Cellphone Allowance	137	179	179	62	89	(27)	-30.3%	179
Other benefits and allowances	287	88	88	39	44	(5)	-11.4%	88
Payments in lieu of leave	–	–	–	149	–	149		–
Sub Total - Senior Managers of Municipality	20,141	23,642	23,642	12,002	11,821	181	1.5%	23,642
% increase		17.4%	17.4%					17.4%
Other Municipal Staff								
Basic Salaries and Wages	4,634,751	6,181,730	6,181,730	3,199,487	3,253,602	(54,115)	-1.7%	6,043,999
Pension and UIF Contributions	753,113	1,089,465	1,089,465	525,958	542,160	(16,202)	-3.0%	1,017,875
Medical Aid Contributions	439,337	562,394	562,394	260,815	281,395	(20,580)	-7.3%	556,282
Overtime	328,082	329,014	329,014	145,821	146,165	(344)	-0.2%	392,037
Motor Vehicle Allowance	180,012	180,604	180,604	94,715	93,492	1,223	1.3%	196,292
Cellphone Allowance	13,230	13,746	13,746	6,760	6,867	(107)	-1.6%	13,786
Housing Allowances	29,266	26,534	26,534	14,037	15,412	(1,375)	-8.9%	30,836
Other benefits and allowances	172,265	194,824	194,824	93,496	87,034	6,462	7.4%	203,999
Payments in lieu of leave	76,816	100,550	100,550	36,173	51,723	(15,550)	-30.1%	103,629
Long service awards	73,013	66,265	66,265	269	33,091	(32,822)	-99.2%	64,353
Post-retirement benefit obligations	495,852	171,715	171,715	81,879	85,857	(3,978)	-4.6%	171,738
Sub Total - Other Municipal Staff	7,195,737	8,916,841	8,916,841	4,459,410	4,596,798	(137,388)	-3.0%	8,794,826
% increase		23.9%	23.9%					22.2%
Total Parent Municipality	7,335,587	9,074,101	9,074,101	4,532,230	4,668,616	(136,386)	-2.9%	8,952,086

PART 3 - SERVICE DELIVERY PERFORMANCE

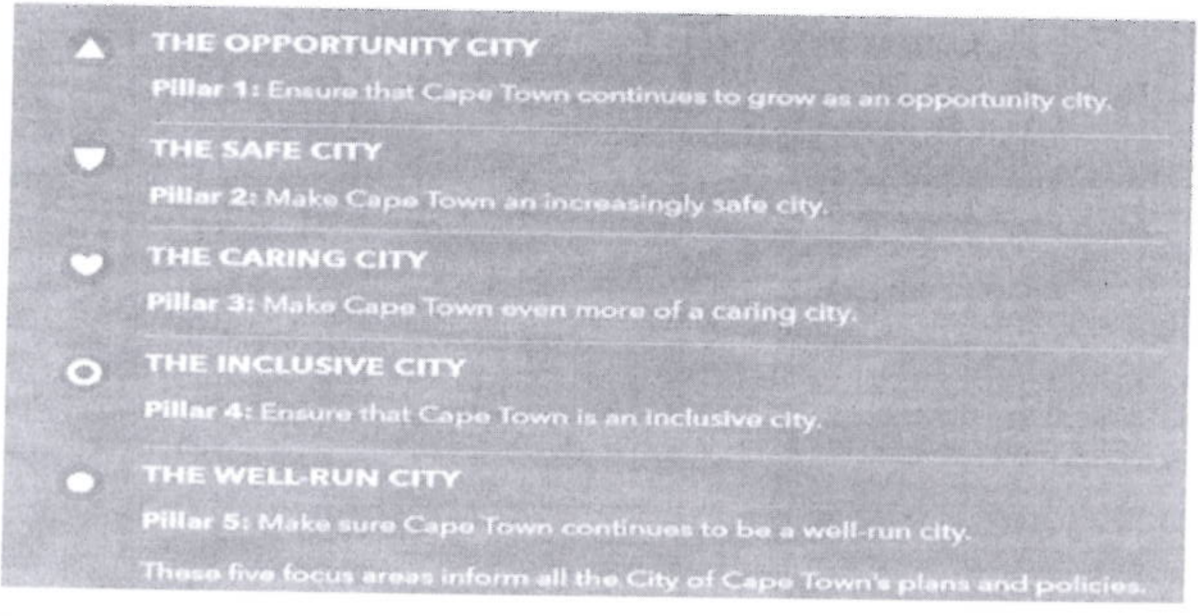
3.1 Introduction

The Service Delivery and Budget Implementation Plan (SDBIP) forms an integral part of the City's strategic planning, implementation, measuring and performance reporting process. The SDBIP functions as the connection between the strategic plan (Integrated Development Plan (IDP)), budget and management performance agreements, and includes detailed information on how the budget will be implemented, by means of forecast cash flows, service delivery targets and performance indicators.

The detail regarding performance management is stipulated in the City's performance management policy framework and guidelines.

3.2 About the Corporate Scorecard

The corporate scorecard offers stakeholders and interested parties a comprehensive overview of the City's performance. As such, the content of the corporate scorecard is aligned with the strategic focus areas and underlying objectives of the City's five-year IDP. To achieve its vision, the City builds on the strategic focus areas that it has identified as the cornerstones of a successful and thriving city, and which form the foundation of its five-year IDP. These are:



The City of Cape Town takes an integrated approach to realising its vision of ensuring that all residents of and visitors to Cape Town experience the best services, facilities and opportunities.

3.3 Service Delivery Performance

3.3.1 Summary of the Corporate Scorecard performance

The full detailed corporate scorecard and entity scorecard are attached as annexure 1 and 2 to this document.

3.3.2 Some highlights from the Corporate Scorecard

3.3.2.1 Creating an enabling environment to attract investment that generates economic growth and job creation

The City is committed to encouraging and enabling the development of Cape Town's built environment. During the period under review, many of the City's development application processes were checked and streamlined. The second quarter of the 2014/15 financial year saw 75.1% of the building development applications submitted to the City finalised within the agreed timeframes. To help meet the steadily growing demand, the City implemented a new electronic management system for the submission of development applications. Known as the development application management system (DAMS), it allows for plans to be submitted electronically on a flash drive or USB memory stick, as well as facilitating online payments. While still in its infancy, DAMS is expected to markedly improve turnaround times for the development proposal process. The next phase of DAMS, or the DAMS deployment phase, involves the inclusion of web submissions and online tracking of applications. The implementation of the DAMS system has caused a sight under-achievement of the indicator (see corporate scorecard).

3.3.2.2 Provide and maintain economic and social infrastructure to ensure infrastructure-led growth and development

The City prioritises the establishment of an enabling economic environment in which to attract investment to Cape Town and ensure job creation. However, given the socio-economic realities of the country, a significant portion of the population still has difficulties accessing employment opportunities. The Expanded Public Works Programme (EPWP) is a means of directly addressing this challenge by providing people with a range of job opportunities in various public-sector programmes and projects. As a result of the City's commitment, the number of job opportunities created via the EPWP has increased significantly. A total of 19 680 EPWP job opportunities were created for the first half of the 2014/15 financial year. In addition to creating work opportunities and helping to directly combat poverty, the success of the EPWP has resulted in a direct improvement in the roll-out of services to all citizens of Cape Town.

3.3.2.3 Ensure mobility through the implementation of an effective public transport system

The City has invested billions in this vital service to the people of Cape Town. The value of this investment is evident from the phenomenal uptake of the service by commuters looking for alternative public transport. MyCiTi passenger numbers show steady increase since the MyCiTi bus service was first implemented. Passenger numbers steadily increased every month; for the first half of the 2014/15 financial year the passenger journeys exceeded the target of 3.6 million and the bus service undertook 7 696 427 passenger journeys. The sale of Myconnect cards has also exceeded expectations and interventions to address bus schedule adherence are yielding results.

3.3.2.4 Ensure financial prudence, with clean audits by the Auditor General

The City received a rating of A1.za from Moody's South Africa. This confirmed that the City has maintained its strong financial position, that its prudent financial policies are working and that it can pay its accounts. A strong rating allows for a lower interest rate on loans from banks and other financial institutions, which means that the cost of servicing the debt is lower. This places the City in a stronger financial position and enables it to continue delivering on its mandate to its citizens. Ultimately, a stronger financial position allows for more resources to be allocated to residents, particularly to those most in need of assistance.

Indicator	Target	Actual	Status	Reason for variance	Remedial action
Opinion of independent rating agency	High investment rating (subject to sovereign rating)	High investment rating - A1.za		Target achieved	Maintain the momentum
Opinion of the Auditor General	Clean Audit for 2013/14	Clean Audit for 2013/14		Target achieved	Maintain the momentum

The City received an unqualified audit opinion, as well as a clean audit status, from the Auditor-General of South Africa for the 11th and 2nd consecutive years, respectively. This confirms the City's substantial adherence to governance laws, regulations and controls that are in place to ensure accountability by political and administrative leadership.

3.4 Conclusion

During the first half of the 2014/15 financial year the City has performed well in achieving its set targets. In the case where targets have not been met, the City has initiated remedial measures to improve the likelihood of achieving its set targets. In some instances targets will also be amended to accommodate changed circumstances.

PART 4 – RECOMMENDATIONS[7]

4.1 Adjustments Budget

It is recommended that an *adjustments budget for 2014/15* be prepared and approved by Council by no later than 28 February 2015. The adjustments budget will take into account inter alia approved roll-overs received from National- and Provincial Treasury for unspent 2013/14 external grant allocations, roll-over 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.

4.2 Mid-year changes to Corporate Scorecard

Following the approval of the adjustments budget, the revised SDBIP, which forms the basis of the mid-year assessment, be approved by Council.

[7] **Required as per MFMA Section 72 (3)**

MUNICIPAL MANAGER'S QUALITY CERTIFICATION

I ACHMAT EBRAHIM, municipal manager of City of Cape Town, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act, and that the annual 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 23.01.2015