CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

ANNEXURE A

2017/18 MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT

JANUARY 2018

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 statements for the first half of 2017/18

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

Revenue by Source

Current revenue[2] is 2.9% or R587 million below the year-to-date budget projection for December 2017.

Reasons for under-recovery in the revenue budget

- **Service charges – Water & Sanitation Revenue**, mainly due to Level 4b water restrictions and level 5 additional measures that have been implemented. Projections at the end of the first quarter indicate that the Water & Sanitation department will under-recover against the level 4b revenue budget. This is predominantly due to the additional restriction measures implemented flowing from the severity of the drought, above what was reasonably expected during the preparation of the 2017/18 original budget. The Water & Sanitation department has re-aligned the period budget with anticipated trends for the budgeted level 4b restriction level.

- **Transfers Recognised**, mainly within the Transport & Urban Development Authority directorate, due to inter alia Top Structures payments, where there are delays with 5 major projects, due to vandalism/robberies, tender prices higher than subsidy quantum and delayed access to a provincial site; and Fewer Top Structures payments in respect of the full subsidy per beneficiary as these are dependent on the actual building of housing units, which occurs in phases.

Operating expenditure by type

Current expenditure[3] is 3.9% or R686.6 million below the year-to-date budget projection for December 2017.

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

Reasons for under expenditure in the operating budget

- **Employee related costs**, due to:
  - The turnaround time in filling vacancies and the internal filling of vacancies within the City;
  - Appointment of seasonal workers and temporary staff, which is dependent on when departments require additional capacity during peak seasons; and
  - Medical aid increases for 2018 not yet implemented.

- **Depreciation & asset impairment**, which is largely influenced by the capitalisation rate of assets based on progress and completion of capital projects.

- **Bulk purchases**, where demand for water is lower than planned as a result of the current drought and the implemented water restrictions.

- **Contracted services**, due to:
  - Delays in re-awarding the High Mast tender (R&M);
  - Late commencement of security services as well as delays in payment for cleaning contracts and transportation for shift workers' contracts, which is only paid once invoices are verified and reconciled;
  - Incorrect postings during the payment process;
  - Slower than expected implementation of programmes, due to delays in the finalisation of scope of work related to these programmes;
  - The impact of drought and consequential water restrictions on grass cutting services; and
  - Termination of contracts, due to inter alia:
    - Non-performance of contractor;
    - Vandalism and armed robberies experienced on site;
    - Delays in awarding the tender for the Delft The Hague Phase 2 as the price of the preferred bidder was higher than the allowed subsidy; and
    - Delays with Morkel's Cottage project as the City had to obtain access to the site via Provincial Department of Public Works.

- **Other Expenditure,** on various expenditure items in this category:
  - Subsidy on Home-owners Redemption, which is linked to the number of applications received.
  - Electricity, where electricity usage is lower than anticipated, due to the reduction in water consumption and consequential transporting of wastewater to the treatment plants.
  - Indigent Relief, largely due to fewer than anticipated applications received.

Capital expenditure

Year-to-date expenditure[4] on the capital budget amounts to R2.15 billion (Dec 2016: R2.19 billion) or 24.9% (Dec 2016: 33%), of the R8.6 billion[5] approved budget, which is higher by 8.1% when compared to the expenditure against budget for the same time last year.

The year-to-date expenditure has been funded by means of grants (28.77%), borrowings (71.22%) and the balance from internally-generated funds and public contributions and donations.

The year-to-date expenditure is below the year-to-date target by 8.5% or R200 million.

Reasons for material positive variances in capital expenditure

- Early than anticipated delivery and installation of equipment;
- Good contractor performance; and
- Revised implementation plans, which brought about fast-tracking of projects.

It should also be noted that under-expenditure was recorded on certain projects, mainly due to:

- Changes in specifications and delays in delivery;
- Unavailability of vehicle- and IT equipment stock;
- Late award of tender;
- High water table in area delaying demolition work;
- Tender appeal periods;
- Suppliers closed over festive season;
- Delays in re-prioritisation of needs;
- Renegotiation of scope of work;
- Unavailability of roofing and ceiling tenders for implementation as planned;
- Delays in revised concept plans;
- Review of corridor implementation plan needed to ensure enhanced fiscal and financial sustainability;
- Homologation testing of electric buses finalised subject to regulatory approval by the National Department of Transport (DOT);
- Plant breakdown on certain road rehabilitation projects;
- Poor contractor performance on non-motorised transport projects; and
- Delays in large human settlement projects, due to the need for relocation of households.

[4] Refer Table C5 – Total capital expenditure (municipal vote, standard classification and funding)
[5] December 2017 adjustments budget (includes additional water resilience projects amounting to R1.5 billion)

Cash Flow

The City's cash reserves are still strong at this stage and should they remain at the current levels, the taking up of loans will be deferred to the next financial year with an increased loan funded capital programme.

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 2017 to 31 December 2017. The 2017/18 Second Quarter SDBIP (Draft) is included as Annexure 1 to this report.

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

1.3. 2016/17 Annual Report

The City's 2016/17 Annual Report will be tabled at Council by 31 January 2018 as legislatively required.

The Auditor-General is currently still in the process of completing and submitting the Audit Report for the period under review (2016/17).

The detailed Audit Report will be tabled at Council as part of the 2016/17 Annual Report.

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

The CTICC's mid-year review and performance assessment for the period 1 July 2017 to 31 December 2017 is reported in Annexure 2 to this report.

The CTICC's 2016/17 Annual Report will be tabled at Council on 31 January 2018.

2. Conclusion

The mid-year budget and performance assessment indicates that:

a. an adjustments budget for 2017/18 is required and this adjustments budget must be approved by Council by no later than 28 February 2018; and
b. the revised SDBIP, which forms the basis for the mid-year review and performance assessment, must include adjustments resulting from the adjustments budget and must be approved by Council.

PART 2 – FINANCIAL PERFORMANCE

The tables below were extracted from the December 2017 (M06 2018) in-year monthly budget statement (Section 71 report). Full year forecasts were revised as part of the mid-year review and performance assessment. Revised forecasts will inform the adjustments budget tabled at Council for 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	2016/17	Budget Year 2017/18						
R thousands	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance								
Property rates	8,249,086	8,662,350	8,662,350	4,271,956	4,294,286	(22,330)	-0.5%	9,056,736
Service charges	18,815,086	19,310,141	19,310,141	8,890,938	9,701,780	(810,842)	-8.4%	17,485,952
Investment revenue	768,215	773,657	773,657	419,088	387,386	31,702	8.2%	893,657
Transfers and subsidies	5,864,445	6,455,942	6,930,716	4,006,601	4,062,576	(55,976)	-1.4%	7,032,299
Other own revenue	2,720,105	2,806,001	2,806,001	1,790,229	1,338,271	451,959	33.8%	2,911,471
Total Revenue (excluding capital transfers and contributions)	**36,416,936**	**38,008,091**	**38,482,865**	**19,378,812**	**19,784,300**	**(405,488)**	**-2.0%**	**37,380,115**
Employee costs	9,659,300	12,050,690	12,090,134	6,112,592	6,207,524	(94,932)	-1.5%	11,521,793
Remuneration of Councillors	138,374	155,787	155,497	71,428	77,748	(6,320)	-8.1%	155,565
Depreciation & asset impairment	2,313,471	2,574,607	2,574,607	1,225,069	1,287,508	(62,439)	-4.8%	2,520,137
Finance charges	731,823	1,131,010	1,172,049	416,841	532,322	(115,481)	-21.7%	1,091,551
Materials and bulk purchases	8,914,151	9,730,312	9,990,285	4,443,283	4,571,274	(127,991)	-2.8%	9,916,631
Transfers and subsidies	111,829	140,985	405,062	175,394	161,662	13,732	8.5%	413,950
Other expenditure	10,988,767	11,574,725	11,217,170	4,456,837	4,749,997	(293,160)	-6.2%	11,479,863
Total Expenditure	**32,857,715**	**37,358,116**	**37,604,805**	**16,901,444**	**17,588,035**	**(686,591)**	**-3.9%**	**37,099,490**
Surplus/(Deficit)	**3,559,221**	**649,975**	**878,060**	**2,477,368**	**2,196,265**	**281,104**	**12.8%**	**280,625**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2,005,297	2,268,835	2,289,647	585,247	769,013	(183,766)	-23.9%	2,140,517
Contributions & Contributed assets	88,397	84,900	84,900	34,414	32,467	1,947	6.0%	96,585
Surplus/(Deficit) after capital transfers & contributions	**5,652,915**	**3,003,710**	**3,252,608**	**3,097,029**	**2,997,744**	**99,285**	**3.3%**	**2,517,726**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**5,652,915**	**3,003,710**	**3,252,608**	**3,097,029**	**2,997,744**	**99,285**	**3.3%**	**2,517,726**
Capital expenditure & funds sources								
Capital expenditure	**5,904,621**	**6,975,220**	**8,619,028**	**2,153,728**	**2,353,603**	**(199,875)**	**-8.5%**	**7,351,619**
Capital transfers recognised	2,055,507	2,268,835	2,289,647	585,247	726,052	(140,805)	-19.4%	1,928,474
Public contributions & donations	71,882	84,900	84,900	34,414	30,050	4,364	14.5%	77,800
Borrowing	2,739,196	2,894,482	4,431,956	1,079,124	1,035,720	43,404	4.2%	3,994,175
Internally generated funds	**1,038,037**	**1,727,003**	**1,812,524**	**454,943**	**561,781**	**(106,838)**	**-19.0%**	**1,351,170**
Total sources of capital funds	**5,904,621**	**6,975,220**	**8,619,028**	**2,153,728**	**2,353,603**	**(199,875)**	**-8.5%**	**7,351,619**
Financial position								
Total current assets	12,250,660	13,804,580	13,358,736	10,774,352	–	–	–	14,495,069
Total non current assets	46,570,423	49,655,980	52,039,763	49,080,975	–	–	–	51,294,626
Total current liabilities	8,766,303	10,811,468	10,955,059	5,112,981	–	–	–	9,361,474
Total non current liabilities	11,898,945	14,514,129	16,055,379	13,499,870	–	–	–	15,764,660
Community wealth/Equity	**38,155,835**	**38,134,963**	**38,388,061**	**41,242,476**	**–**	**–**	**–**	**40,663,560**
Cash flows								
Net cash from (used) operating	6,601,206	5,500,155	5,793,918	2,169,141	2,688,472	519,331	19.3%	4,789,518
Net cash from (used) investing	(6,102,676)	(7,059,015)	(8,456,251)	(1,812,678)	(2,262,156)	(449,478)	19.9%	(6,828,830)
Net cash from (used) financing	(380,806)	2,103,124	3,603,124	864,987	863,561	(1,426)	-0.2%	3,597,199
Cash/cash equivalents at the month/year end	**3,450,193**	**4,425,075**	**4,390,984**	**4,671,643**	**4,740,070**	**68,427**	**1.4%**	**5,008,079**

Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis								
Total By Income Source	1,927,363	168,249	52,243	246,895	207,200	1,245,317	4,305,761	8,373,042
Creditors Age Analysis	–	–	–	–	–	–	–	–
Total Creditors	309,887	439	40	0	(5)	2	(7,201)	303,168

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 R thousands	2016/17 Audited Outcome	Budget Year 2017/18 Original Budget	Adjusted Budget	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue - Functional								
Governance and administration	**14,214,769**	**14,882,934**	**14,888,279**	**8,475,853**	**8,268,111**	**207,742**	**2.5%**	**14,151,478**
Executive and council	1,400	3,126	3,594	218	458	(241)	-52.5%	3,594
Finance and administration	14,213,367	14,879,801	14,884,678	8,475,620	8,267,649	207,971	2.5%	14,147,877
Internal audit	2	8	8	15	3	12	356.1%	8
Community and public safety	**1,833,670**	**1,956,529**	**2,248,240**	**687,102**	**767,129**	**(80,028)**	**-10.4%**	**2,348,251**
Community and social services	105,631	120,972	116,766	39,805	43,896	(4,091)	-9.3%	122,745
Sport and recreation	106,624	114,329	113,659	28,493	28,422	71	0.3%	112,500
Public safety	25,134	22,293	22,293	8,804	7,607	1,197	15.7%	25,945
Housing	1,279,471	1,328,591	1,624,728	422,641	510,823	(88,182)	-17.3%	1,700,865
Health	316,810	370,343	370,794	187,358	176,380	10,978	6.2%	386,197
Economic and environmental services	**3,246,512**	**3,224,458**	**3,402,177**	**1,449,273**	**1,471,077**	**(21,804)**	**-1.5%**	**3,309,790**
Planning and development	330,357	342,034	342,034	178,942	170,420	8,522	5.0%	348,279
Road transport	2,899,417	2,880,418	3,058,137	1,269,498	1,299,655	(30,156)	-2.3%	2,952,434
Environmental protection	16,739	2,006	2,006	833	1,003	(170)	-17.0%	9,077
Trading services	**19,212,744**	**20,291,096**	**20,311,908**	**9,382,354**	**10,075,069**	**(692,715)**	**-6.9%**	**19,800,888**
Energy sources	12,189,439	12,256,796	12,256,796	6,203,333	6,195,431	7,902	0.1%	12,535,609
Water management	3,708,469	4,123,369	4,130,482	1,666,284	2,051,945	(385,661)	-18.8%	3,752,501
Waste water management	2,082,078	2,547,543	2,561,243	853,141	1,146,656	(293,516)	-25.6%	1,758,072
Waste management	1,232,757	1,363,387	1,363,387	659,596	681,037	(21,441)	-3.1%	1,754,706
Other	**2,958**	**6,809**	**6,809**	**3,892**	**4,393**	**(501)**	**-11.4%**	**6,809**
Total Revenue - Functional	**38,510,653**	**40,361,826**	**40,857,413**	**19,998,473**	**20,585,779**	**(587,306)**	**-2.9%**	**39,617,217**
Expenditure - Functional								
Governance and administration	**6,365,494**	**8,555,458**	**8,290,457**	**3,879,708**	**4,016,063**	**(136,355)**	**-3.4%**	**7,358,910**
Executive and council	359,348	443,599	433,178	214,721	218,344	(3,623)	-1.7%	421,705
Finance and administration	5,968,906	8,061,212	7,807,450	3,640,724	3,771,930	(131,206)	-3.5%	6,890,964
Internal audit	37,240	50,646	49,828	24,263	25,789	(1,526)	-5.9%	46,242
Community and public safety	**4,789,292**	**5,318,872**	**5,584,654**	**2,440,648**	**2,530,833**	**(90,185)**	**-3.6%**	**5,469,966**
Community and social services	847,987	931,712	910,156	424,071	449,361	(25,290)	-5.6%	892,463
Sport and recreation	1,088,036	1,212,821	1,170,963	542,469	551,504	(9,035)	-1.6%	1,129,401
Public safety	508,298	600,875	585,511	277,839	283,342	(5,503)	-1.9%	580,975
Housing	1,340,014	1,498,817	1,841,263	639,877	704,176	(64,299)	-9.1%	1,776,724
Health	1,004,957	1,074,647	1,076,760	556,393	542,450	13,943	2.6%	1,090,403
Economic and environmental services	**5,681,165**	**6,351,857**	**6,419,501**	**2,948,572**	**3,075,773**	**(127,201)**	**-4.1%**	**6,393,203**
Planning and development	785,632	1,042,799	1,017,682	493,548	517,610	(24,062)	-4.6%	973,796
Road transport	4,779,345	5,186,599	5,277,283	2,398,488	2,499,508	(101,020)	-4.0%	5,286,570
Environmental protection	116,188	122,458	124,536	56,536	58,655	(2,119)	-3.6%	132,837
Trading services	**15,886,407**	**17,026,865**	**17,209,282**	**7,584,793**	**7,920,627**	**(335,834)**	**-4.2%**	**17,781,163**
Energy sources	9,573,670	9,929,327	9,842,422	4,584,593	4,665,152	(80,559)	-1.7%	9,911,388
Water management	3,067,938	3,225,897	3,597,138	1,410,645	1,560,789	(150,144)	-9.6%	4,150,531
Waste water management	1,643,752	1,990,882	1,923,063	755,733	850,482	(94,748)	-11.1%	1,650,529
Waste management	1,601,046	1,880,759	1,846,659	833,821	844,204	(10,383)	-1.2%	2,068,715
Other	**135,357**	**105,064**	**100,911**	**47,722**	**44,739**	**2,983**	**6.7%**	**96,247**
Total Expenditure - Functional	**32,857,715**	**37,358,116**	**37,604,805**	**16,901,444**	**17,588,035**	**(686,591)**	**-3.9%**	**37,099,490**
Surplus/ (Deficit) for the year	**5,652,938**	**3,003,710**	**3,252,608**	**3,097,029**	**2,997,744**	**99,285**	**3.3%**	**2,517,726**

[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 resulting operating surplus/deficit.

Vote Description	2016/17	Budget Year 2017/18						
R thousands	Audited Outcome	Original Budget	Adjusted Budget	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue by Vote								
Vote 1 - Area-Based Service Delivery	181,834	204,290	204,758	107,178	101,140	6,038	6.0%	204,758
Vote 2 - Assets & Facilities Management	415,932	453,587	453,587	213,505	230,621	(17,116)	-7.4%	462,260
Vote 3 - Corporate Services	64,836	68,073	68,073	31,471	20,681	10,790	52.2%	64,698
Vote 4 - City Manager	0	–	–	–	–	–	-	–
Vote 5 - Directorate of the Mayor	853	3,324	3,324	2,368	2,623	(255)	-9.7%	17,824
Vote 6 - Energy	12,189,845	12,256,918	12,256,918	6,203,359	6,195,492	7,867	0.1%	12,297,019
Vote 7 - Finance	13,705,875	14,307,250	14,307,250	8,203,491	7,979,944	223,547	2.8%	14,828,763
Vote 8 - Informal Settlements, Water & Waste Services	7,132,629	8,212,622	8,242,211	3,264,282	3,950,999	(686,717)	-17.4%	6,565,978
Vote 9 - Safety & Security	1,405,748	1,267,627	1,271,667	683,122	582,048	101,074	17.4%	1,282,465
Vote 10 - Social Services	790,953	904,664	905,115	403,485	408,778	(5,293)	-1.3%	901,457
Vote 11 - Transport & Urban Development Authority	2,622,125	2,683,471	3,144,510	886,211	1,113,454	(227,243)	-20.4%	2,991,994
Total Revenue by Vote	**38,510,630**	**40,361,826**	**40,857,413**	**19,998,473**	**20,585,779**	**(587,306)**	**-2.9%**	**39,617,217**
Expenditure by Vote								
Vote 1 - Area-Based Service Delivery	412,259	547,009	525,876	248,454	255,349	(6,895)	-2.7%	524,668
Vote 2 - Assets & Facilities Management	1,564,514	1,851,509	1,791,309	895,436	890,482	4,954	0.6%	1,740,588
Vote 3 - Corporate Services	1,437,795	1,741,551	1,634,695	775,393	751,141	24,253	3.2%	1,600,840
Vote 4 - City Manager	21,436	22,198	22,098	16,682	16,986	(304)	-1.79%	22,043
Vote 5 - Directorate of the Mayor	406,474	557,664	523,275	277,869	269,119	8,750	3.3%	512,993
Vote 6 - Energy	9,885,010	10,355,750	10,251,965	4,778,422	4,867,141	(88,719)	-1.8%	10,213,592
Vote 7 - Finance	2,417,454	3,370,596	3,364,966	1,505,071	1,697,204	(192,133)	-11.3%	3,296,011
Vote 8 - Informal Settlements, Water & Waste Services	6,807,396	7,739,299	8,087,259	3,415,350	3,624,380	(209,030)	-5.8%	7,934,466
Vote 9 - Safety & Security	2,832,243	3,148,512	3,088,875	1,534,873	1,521,861	13,012	0.9%	3,066,594
Vote 10 - Social Services	2,956,947	3,463,150	3,374,069	1,556,086	1,628,684	(72,598)	-4.5%	3,322,921
Vote 11 - Transport & Urban Development Authority	4,116,187	4,560,879	4,940,418	1,897,807	2,065,688	(167,881)	-8.1%	4,864,774
Total Expenditure by Vote	**32,857,715**	**37,358,116**	**37,604,805**	**16,901,444**	**17,588,035**	**(686,591)**	**-3.9%**	**37,099,490**
Surplus/ (Deficit) for the year	**5,652,915**	**3,003,710**	**3,252,608**	**3,097,029**	**2,997,744**	**99,285**	**3.3%**	**2,517,726**

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 R thousands	2016/17 Audited Outcome	Budget Year 2017/18 Original Budget	Adjusted Budget	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue By Source								
Property rates	8,249,086	8,662,350	8,662,350	4,271,956	4,294,286	(22,330)	-0.5%	9,056,736
Service charges - electricity revenue	11,861,711	11,942,587	11,942,587	6,065,788	6,052,786	13,002	0.21%	11,942,587
Service charges - water revenue	3,493,012	3,933,401	3,933,401	1,468,557	1,951,762	(483,205)	-24.8%	2,815,761
Service charges - sanitation revenue	1,631,918	2,092,272	2,092,272	709,853	1,026,291	(316,438)	-30.8%	1,385,722
Service charges - refuse revenue	1,096,500	1,341,882	1,341,882	646,739	670,941	(24,202)	-3.6%	1,341,882
Service charges - other	731,945	–	–	–	–	–		–
Rental of facilities and equipment	358,680	418,011	418,011	205,174	211,736	(6,562)	-3.1%	418,011
Interest earned - external investments	768,215	773,657	773,657	419,088	387,386	31,702	8.2%	893,657
Interest earned - outstanding debtors	277,880	284,131	284,131	146,575	145,167	1,408	1.0%	284,131
Dividends received	–	–	–	–	–	–		–
Fines, penalties and forfeits	1,243,685	1,146,414	1,146,414	896,718	523,482	373,236	71.3%	1,243,623
Licences and permits	48,141	43,749	43,749	23,954	24,604	(650)	-2.6%	43,749
Agency services	188,238	162,771	162,771	101,925	82,378	19,547	23.7%	162,771
Transfers and subsidies	5,864,445	6,455,942	6,930,716	4,006,601	4,062,576	(55,976)	-1.38%	7,032,299
Other revenue	416,695	709,425	709,425	413,957	331,653	82,304	24.8%	719,686
Gains on disposal of PPE	186,785	41,500	41,500	1,925	19,250	(17,325)	-90.0%	39,500
Total Revenue (excluding capital transfers and contributions)	**36,416,936**	**38,008,091**	**38,482,865**	**19,378,812**	**19,784,300**	**(405,488)**	**-2.0%**	**37,380,115**
Expenditure By Type								
Employee related costs	9,659,300	12,050,690	12,090,134	6,112,592	6,207,524	(94,932)	-1.5%	11,521,793
Remuneration of councillors	138,374	155,787	155,497	71,428	77,748	(6,320)	-8.1%	155,565
Debt impairment	2,323,482	2,508,738	2,463,738	1,119,321	1,094,423	24,897	2.3%	2,491,185
Depreciation & asset impairment	2,313,471	2,574,607	2,574,607	1,225,069	1,287,508	(62,439)	-4.85%	2,520,137
Finance charges	731,823	1,131,010	1,172,049	416,841	532,322	(115,481)	-21.7%	1,091,551
Bulk purchases	8,438,102	8,540,135	8,844,893	3,867,614	4,020,988	(153,374)	-3.8%	8,742,293
Other materials	476,049	1,190,177	1,145,393	575,669	550,286	25,383	4.6%	1,174,338
Contracted services	4,171,039	6,086,610	6,016,533	2,174,431	2,342,675	(168,244)	-7.2%	6,121,703
Transfers and subsidies	111,829	140,985	405,062	175,394	161,662	13,732	8.5%	413,950
Other expenditure	4,486,870	2,978,990	2,736,512	1,162,623	1,312,724	(150,101)	-11.4%	2,866,513
Loss on disposal of PPE	7,376	387	387	461	174	287	165.5%	462
Total Expenditure	**32,857,715**	**37,358,116**	**37,604,805**	**16,901,444**	**17,588,035**	**(686,591)**	**-3.9%**	**37,099,490**
Surplus/(Deficit)	**3,559,221**	**649,975**	**878,060**	**2,477,368**	**2,196,265**	**281,104**	**12.8%**	**280,625**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2,005,297	2,268,835	2,289,647	585,247	769,013	(183,766)	12.8%	2,140,517
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	71,882	84,900	84,900	34,414	32,467	1,947	6.0%	96,585
Transfers and subsidies - capital (in-kind - all)	16,516	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**5,652,915**	**3,003,710**	**3,252,608**	**3,097,029**	**2,997,744**			**2,517,726**
Taxation	–	–	–	–	–			–
Surplus/(Deficit) after taxation	**5,652,915**	**3,003,710**	**3,252,608**	**3,097,029**	**2,997,744**			**2,517,726**
Attributable to minorities	–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality	**5,652,915**	**3,003,710**	**3,252,608**	**3,097,029**	**2,997,744**			**2,517,726**
Share of surplus/ (deficit) of associate	–	–	–	–	–			–
Surplus/ (Deficit) for the year	**5,652,915**	**3,003,710**	**3,252,608**	**3,097,029**	**2,997,744**			**2,517,726**

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 of the capital budget, including information on capital transfers from National and Provincial departments.

Vote Description	2016/17	Budget Year 2017/18						
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 - Area-Based Service Delivery	12,384	39,430	39,843	1,874	5,045	(3,171)	-62.9%	39,653
Vote 2 - Assets & Facilities Management	358,089	395,019	437,104	117,325	136,130	(18,805)	-13.8%	427,628
Vote 3 - Corporate Services	244,883	351,686	358,010	140,722	30,867	109,855	355.9%	352,537
Vote 4 - City Manager	321	222	222	16	49	(33)	-66.8%	172
Vote 5 - Directorate of the Mayor	22,022	17,108	17,132	7,750	7,437	313	4.2%	17,523
Vote 6 - Energy	1,248,887	1,292,814	1,366,034	439,250	504,101	(64,851)	-12.9%	1,184,856
Vote 7 - Finance	23,989	17,136	17,136	6,513	6,384	129	2.0%	13,418
Vote 8 - Informal Settlements, Water & Waste Services	1,828,616	2,445,238	3,898,701	793,304	858,031	(64,727)	-7.5%	3,274,815
Vote 9 - Safety & Security	114,816	191,120	191,488	54,594	57,391	(2,797)	-4.9%	156,071
Vote 10 - Social Services	243,958	283,413	286,073	60,508	73,332	(12,825)	-17.5%	250,806
Vote 11 - Transport & Urban Development Authority	1,806,655	1,942,035	2,007,284	531,873	674,836	(142,962)	-21.2%	1,634,138
Total Capital Expenditure	**5,904,621**	**6,975,220**	**8,619,028**	**2,153,728**	**2,353,603**	**(199,875)**	**-8.5%**	**7,351,619**
Capital Expenditure - Standard Classification								
Governance and administration	**1,073,026**	**1,244,434**	**1,283,712**	**489,520**	**424,769**	**64,751**	**15.2%**	**1,197,942**
Executive and council	9,164	3,594	24,979	674	535	139	26.0%	24,930
Finance and administration	1,063,731	1,239,881	1,257,774	488,751	423,894	64,857	15.3%	1,172,054
Internal audit	131	959	959	95	341	(246)	-72.0%	959
Community and public safety	**773,993**	**955,697**	**922,545**	**218,186**	**276,567**	**(58,381)**	**-21.1%**	**785,137**
Community and social services	127,329	151,270	148,496	34,691	39,306	(4,615)	-11.7%	134,987
Sport and recreation	127,927	105,711	116,227	27,522	24,600	2,922	11.9%	104,317
Public safety	18,865	46,799	46,799	4,164	12,280	(8,116)	-66.1%	23,045
Housing	476,876	606,733	566,104	140,363	184,987	(44,624)	-24.1%	477,869
Health	22,996	45,183	44,919	11,446	15,394	(3,948)	-25.6%	44,919
Economic and environmental services	**1,578,032**	**1,662,703**	**1,789,948**	**513,924**	**625,018**	**(111,094)**	**-17.8%**	**1,484,872**
Planning and development	70,697	44,786	45,297	14,551	20,007	(5,456)	-27.3%	36,382
Road transport	1,495,384	1,599,888	1,726,623	488,548	594,684	(106,135)	-17.8%	1,430,882
Environmental protection	11,951	18,028	18,028	10,825	10,328	497	4.8%	17,608
Trading services	**2,474,957**	**3,104,956**	**4,615,390**	**929,346**	**1,023,469**	**(94,123)**	**-9.2%**	**3,876,236**
Energy sources	1,131,636	1,183,872	1,225,172	377,366	434,281	(56,916)	-13.1%	1,073,280
Water management	608,426	853,967	2,300,601	322,288	404,637	(82,349)	-20.4%	1,996,748
Waste water management	659,092	684,576	705,595	176,060	126,368	49,692	39.3%	614,797
Waste management	75,803	382,541	384,022	53,632	58,183	(4,550)	-7.8%	191,411
Other	**4,613**	**7,432**	**7,432**	**2,752**	**3,779**	(1,027)	-27.2%	**7,431**
Total Capital Expenditure - Standard Classification	**5,904,621**	**6,975,220**	**8,619,028**	**2,153,728**	**2,353,603**	**(199,875)**	**-8.5%**	**7,351,619**
Funded by:								
National Government	2,009,376	2,189,832	2,210,645	577,061	707,748	(130,688)	-18.5%	1,901,648
Provincial Government	46,130	79,002	79,002	8,186	18,304	(10,117)	-55.3%	26,826
District Municipality	–	–	–	–	–	–	-	–
Other transfers and grants	–	–	–	–	–	–	-	–
Transfers recognised - capital	**2,055,507**	**2,268,835**	**2,289,647**	**585,247**	**726,052**	**(140,805)**	**-19.4%**	**1,928,474**
Public contributions & donations	71,882	84,900	84,900	34,414	30,050	4,364	14.5%	77,800
Borrowing	2,739,196	2,894,482	4,431,956	1,079,124	1,035,720	43,404	4.2%	3,994,175
Internally generated funds	1,038,037	1,727,003	1,812,524	454,943	561,781	(106,838)	-19.0%	1,351,170
Total Capital Funding	**5,904,621**	**6,975,220**	**8,619,028**	**2,153,728**	**2,353,603**	**(199,875)**	**-8.5%**	**7,351,619**

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 R thousands	2016/17	Budget Year 2017/18			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
ASSETS					
Current assets					
Cash	506,037	103,918	103,918	107,512	103,918
Call investment deposits	4,603,568	6,599,932	6,154,088	4,603,568	6,771,183
Consumer debtors	5,724,864	5,635,475	5,635,475	4,325,082	6,008,994
Other debtors	1,077,455	1,135,110	1,135,110	1,327,794	1,239,073
Current portion of long-term receivables	14,201	18,845	18,845	14,201	14,911
Inventory	324,536	311,300	311,300	396,194	356,990
Total current assets	**12,250,660**	**13,804,580**	**13,358,736**	**10,774,352**	**14,495,069**
Non current assets					
Long-term receivables	40,973	46,655	46,655	32,191	38,924
Investments	4,877,663	3,842,589	4,664,755	6,468,338	4,664,755
Investment property	586,427	586,473	586,473	586,427	584,713
Investments in Associate	–	–	–	–	–
Property, plant and equipment	40,377,585	44,648,942	46,210,559	41,306,244	45,467,384
Agricultural	–	–	–	–	–
Biological assets	–	–	–	–	–
Intangible assets	678,871	522,272	522,272	678,871	529,946
Other non-current assets	8,904	9,049	9,049	8,904	8,904
Total non current assets	**46,570,423**	**49,655,980**	**52,039,763**	**49,080,975**	**51,294,626**
TOTAL ASSETS	**58,821,083**	**63,460,560**	**65,398,499**	**59,855,327**	**65,789,695**
LIABILITIES					
Current liabilities					
Bank overdraft	5,298	–	–	–	–
Borrowing	334,185	428,372	428,372	334,185	428,372
Consumer deposits	351,710	392,806	392,806	374,471	386,881
Trade and other payables	7,110,818	8,766,074	8,909,666	3,447,419	7,514,429
Provisions	964,293	1,224,215	1,224,215	956,907	1,031,792
Total current liabilities	**8,766,303**	**10,811,468**	**10,955,059**	**5,112,981**	**9,361,474**
Non current liabilities					
Borrowing	5,789,616	7,770,349	9,311,599	6,706,035	9,311,597
Provisions	6,109,330	6,743,780	6,743,780	6,793,835	6,453,063
Total non current liabilities	**11,898,945**	**14,514,129**	**16,055,379**	**13,499,870**	**15,764,660**
TOTAL LIABILITIES	**20,665,248**	**25,325,597**	**27,010,438**	**18,612,851**	**25,126,135**
NET ASSETS	**38,155,835**	**38,134,963**	**38,388,061**	**41,242,476**	**40,663,560**
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)	34,382,649	35,341,724	35,306,490	37,817,305	37,173,919
Reserves	3,773,186	2,793,239	3,081,570	3,425,172	3,489,642
TOTAL COMMUNITY WEALTH/EQUITY	**38,155,835**	**38,134,963**	**38,388,061**	**41,242,476**	**40,663,560**

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	2016/17	Budget Year 2017/18						
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								
Property rates	8,105,126	8,344,028	8,353,028	4,219,905	4,236,385	(16,480)	-0.4%	8,757,479
Service charges	18,619,105	17,459,005	17,486,005	8,272,988	8,999,022	(726,034)	-8.1%	15,691,681
Other revenue	617,854	1,357,994	1,366,994	1,142,924	652,164	490,761	75.3%	1,406,761
Government - operating	3,633,883	6,455,942	6,930,717	4,435,321	4,195,187	240,135	5.7%	7,032,299
Government - capital	2,014,869	2,353,735	2,374,547	1,227,114	1,244,777	(17,663)	-1.4%	2,227,102
Interest	999,822	773,657	773,657	320,057	316,257	3,800	1.2%	893,657
Dividends	–	–	–	–	–	–	-	–
Payments								
Suppliers and employees	(26,611,461)	(30,121,395)	(30,509,203)	(17,129,744)	(16,638,083)	491,661	-3.0%	(30,286,034)
Finance charges	(666,163)	(981,827)	(981,827)	(319,425)	(317,237)	2,188	-0.7%	(933,427)
Transfers and Grants	(111,829)	(140,985)	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES	**6,601,206**	**5,500,155**	**5,793,918**	**2,169,141**	**2,688,472**	**519,331**	**19.3%**	**4,789,518**
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	198,742	41,500	41,500	–	–	–		39,500
Decrease (Increase) in non-current debtors	–	–	–	–	–	–		–
Decrease (increase) other non-current receivables	13,614	2,456	2,456	–	–	–		10,186
Decrease (increase) in non-current investments	(410,412)	(212,908)	(212,908)	–	–	–		(212,908)
Payments								
Capital assets	(5,904,620)	(6,890,062)	(8,287,299)	(1,812,678)	(2,262,156)	(449,478)	19.9%	(6,665,608)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(6,102,676)**	**(7,059,015)**	**(8,456,251)**	**(1,812,678)**	**(2,262,156)**	**(449,478)**	**19.9%**	**(6,828,830)**
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	–	–	–	–	–	–	-	–
Borrowing long term/refinancing	–	2,500,000	4,000,000	1,000,000	1,000,000	–		4,000,000
Increase (decrease) in consumer deposits	27,077	35,710	35,710	–	–	–		29,785
Payments								
Repayment of borrowing	(407,883)	(432,586)	(432,586)	(135,013)	(136,439)	(1,426)	1.0%	(432,586)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**(380,806)**	**2,103,124**	**3,603,124**	**864,987**	**863,561**	**(1,426)**	**-0.2%**	**3,597,199**
NET INCREASE/ (DECREASE) IN CASH HELD	**117,724**	**544,264**	**940,791**	**1,221,450**	**1,289,877**			**1,557,886**
Cash/cash equivalents at beginning:	3,332,469	3,880,811	3,450,193	3,450,193	3,450,193			3,450,193
Cash/cash equivalents at month/year end:	3,450,193	4,425,075	4,390,984	4,671,643	4,740,070			5,008,079

Debtors' Analysis

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

Table SC3 Monthly Budget Statement - Aged Debtors

Description R thousands	Budget Year 2017/18											
	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	379,003	119,932	135,085	136,077	122,077	106,943	627,548	1,542,015	3,168,679	2,534,659	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	671,302	31,076	9,971	9,744	17,373	(738)	69,194	165,715	973,637	261,288	–	–
Receivables from Non-exchange Transactions - Property Rates	554,081	60,689	39,383	48,448	39,567	36,332	160,148	628,835	1,567,484	913,330	–	–
Receivables from Exchange Transactions - Waste Water Management	143,720	32,167	40,264	37,294	34,867	26,691	177,230	665,231	1,157,463	941,313	–	–
Receivables from Exchange Transactions - Waste Management	82,096	18,308	15,514	14,547	13,802	11,793	70,660	280,332	507,054	391,135	–	–
Receivables from Exchange Transactions - Property Rental Debtors	74,339	11,219	(1,271)	12,808	11,054	10,422	67,893	526,739	713,203	628,916	–	–
Interest on Arrear Debtor Accounts	58,425	26,071	23,729	24,182	22,405	22,371	113,628	611,056	901,867	793,642	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–	–	–	–	–	–	–	–	–	–
Other	(35,604)	(131,213)	(210,432)	(63,084)	(14,252)	(6,613)	(40,984)	(114,163)	(616,345)	(239,096)	–	–
Total By Income Source	**1,927,363**	**168,249**	**52,243**	**220,016**	**246,895**	**207,200**	**1,245,317**	**4,305,761**	**8,373,042**	**6,225,188**	**–**	**–**
2016/17 - totals only	**1,949,537**	**217,273**	**109,352**	**151,307**	**194,838**	**174,647**	**978,598**	**3,801,597**	**7,577,148**	**5,300,986**	**–**	**–**
Debtors Age Analysis By Customer Group												
Organs of State	76,862	(60,733)	(159,270)	(28,794)	9,039	7,349	29,863	35,468	(90,217)	52,924	–	–
Commercial	1,022,807	56,146	34,755	31,252	32,925	23,576	86,272	378,810	1,666,543	552,835	–	–
Households	930,461	248,117	230,113	240,400	211,000	185,381	1,111,458	3,812,114	6,969,044	5,560,353	–	–
Other	(102,767)	(75,281)	(53,355)	(22,843)	(6,069)	(9,105)	17,724	79,369	(172,327)	59,076	–	–
Total By Customer Group	**1,927,363**	**168,249**	**52,243**	**220,016**	**246,895**	**207,200**	**1,245,317**	**4,305,761**	**8,373,042**	**6,225,188**	**–**	**–**

Additional debtor's information

Monthly Collection Rate			YTD Collection Rate
Period	**Current year**	**Previous year**	
12 Months	**95.49%**	**95.30%**	**95.30%**
6 Months	**96.30%**	**96.20%**	**96.86%**
3 Months	**96.08%**	**95.07%**	**97.57%**
Monthly	**96.52%**	**89.78%**	**96.24%**

12 Months Collection Ratio per Services			
Services	**Current year**	**Previous year**	**YTD collection Rate**
Electricity	**99.34%**	**99.72%**	**100.60%**
Water	**78.36%**	**83.19%**	**78.25%**
Sewerage	**93.56%**	**89.20%**	**91.67%**
Refuse	**94.99%**	**91.53%**	**95.21%**
Rates	**102.85%**	**96.21%**	**100.74%**
Other	**100.31%**	**101.85%**	**102.74%**

2017/18 Billings vs Receipts		
Month	**Billing R**	**Receipts R**
July	**R 2,776,513,112.51**	**R 2,468,302,548.41**
August	**R 2,916,408,489.06**	**R 3,063,456,683.06**
September	**2,932,688,115.57**	**2,793,654,602.90**
October	**2,800,878,347.87**	**2,760,220,593.37**
November	**2,799,265,983.16**	**2,608,601,000.22**
December	**2,608,292,570.10**	**2,517,631,027.15**

Creditors' Analysis

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

Table SC4 Monthly Budget Statement - Aged Creditors

Description R thousands	Budget Year 2017/18 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	309,887	439	40	7	0	(5)	2	(7,201)	**303,168**	256,654
Auditor General	–	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–	–
Total By Customer Type	**309,887**	**439**	**40**	**7**	**0**	**(5)**	**2**	**(7,201)**	**303,168**	**256,654**

Outstanding commitments against Cash and Cash Equivalents

Item	**Previous Month R'000**	**Current Month R'000**
Closing Cash Balance	**8,868,746**	**8,909,431**
Unspent Conditional Grants	1,467,667	1,293,328
Housing Development	295,338	296,827
MTAB	14,221	14,111
Trust Funds	749	749
Financial commitments	104,500	104,500
Sinking Funds	-	-
Insurance reserves	487,414	487,274
CRR	2,597,824	2,515,755
TOTAL	4,967,713	4,712,544
TOTAL cash resources - committed working capital	3,901,033	4,196,887

Transfers and Grants

Transfers and grant expenditure per allocation/grant is reflected in the table below.

Table SC7 Monthly Budget Statement - Transfers and Grants Expenditure

Description R thousands	2016/17	Budget Year 2017/18						
	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:	**353,550**	**2,849,944**	**2,849,944**	**171,632**	**158,018**	**13,613**	**8.6%**	**2,849,944**
Equitable share	–	2,292,908	2,292,908	–	–	–	-	2,292,908
Finance Management grant	1,050	1,050	1,050	610	596	14	2.3%	1,050
Urban Settlements Development Grant	41,560	215,798	215,798	13,879	16,793	(2,914)	-17.4%	215,798
Energy Efficiency and Demand Side Management Grant	568	400	400	122	250	(128)	-51.1%	400
Dept. of Environ Affairs and Tourism	5,868	–	–	–	–	–		–
Expanded Public Works Programme	31,340	13,783	13,783	13,783	6,478	7,305	112.8%	13,783
Integrated City Development Grant	6,290	8,944	8,944	–	1,827	(1,827)	-100.0%	8,944
Public Transport Infrastructure & Systems Grant	32,413	19,636	19,636	5,898	9,496	(3,598)	-37.9%	19,636
Infrastructure Skills Development	7,365	9,393	9,393	4,770	4,150	621	15.0%	9,393
Public Transport Network Grant	232,093	288,032	288,032	132,570	118,429	14,140	11.9%	288,032
Dept Public Service: Tirelo Bosha Programme	190	–	–	–	–	–		–
LGSETA: Post Graduate Internship Programme	(3)	–	–	–	–	–		–
Public Transport Network Operations Grant	(5,183)	–	–	–	–	–		–
Provincial Government:	**801,687**	**1,176,026**	**1,639,519**	**393,925**	**478,232**	**(84,307)**	**-17.6%**	**1,639,519**
Cultural Affairs and Sport - Provincial Library Services	37,626	37,449	37,449	17,479	18,263	(785)	-4.3%	37,449
Human Settlements - Human Settlement Development Grant	424,143	592,286	1,055,311	188,658	285,951	(97,293)	-34.0%	1,055,311
Human Settlements - Municipal Accreditation Assistance	6,111	5,000	5,000	3,184	2,500	684	27.4%	5,000
Human Settlement - Settlement Assistance	697	1,500	1,500	432	750	(318)	-42.4%	1,500
Health - TB	25,626	27,112	27,112	11,649	9,600	2,049	21.3%	27,112
Health - ARV	179,967	217,701	217,701	122,581	109,247	13,333	12.2%	217,701
Health - Nutrition	4,733	5,572	5,572	2,965	2,784	181	6.5%	5,572
Health - Vaccines	80,874	82,134	82,134	39,792	41,067	(1,275)	-3.1%	82,134
Comprehensive Health	–	188,146	188,146	–	–	–		188,146
Transport and Public Works - Provision for persons with special needs	10,089	10,000	10,000	7,052	4,000	3,052	76.3%	10,000
Community Development Workers	469	886	1,354	1	–	1	100.0%	1,354
Planning, Maintenance and Rehabilitation of Transport Systems and Infrastructure	5,674	–	–	–	–	–		–
Community Safety - Law Enforcement Auxiliary Services	25,620	3,500	3,500	–	1,700	(1,700)	-100.0%	3,500
Finance Management Capacity Building Grant	–	240	240	–	120	(120)	-100.0%	240
Transport Safety and Compliance - Rail Safety	56	–	–	–	–	–		–
Finance Management Support Grant	4	–	–	–	–	–		–
Provincial Government: Commercial Mediation Training	–	–	–	–	–	–		–
Library Services: Transfer funding to enable City of Cape Town to procure periodicals and newspapers	–	4,500	4,500	132	2,250	(2,118)	-94.1%	4,500
Other grant providers:	**34,632**	**12,337**	**23,472**	**6,155**	**10,290**	**(4,135)**	**-40.2%**	**23,472**
Tourism	–	2,000	2,000	2,000	2,000	–		2,000
CMTF	1,811	2,575	2,575	1,455	2,038	(583)	-28.6%	2,575
CID	4,224	3,572	3,572	1,649	1,769	(121)	-6.8%	3,572
Century City Property Owners Association	782	837	837	387	425	(38)	-8.9%	837
Traffic Free Flow	644	–	–	–	–	–		–
V & A Waterfront Holdings	291	772	772	62	386	(324)	-84.0%	772
DBSA - Green Fund	24,110	–	6,790	–	1,000	(1,000)	-100.0%	6,790
Rustenberg Girls	38	41	41	14	20	(7)	-32.7%	41
Westcott Primary	38	41	41	17	20	(3)	-17.1%	41
Rockefeller Philanthropy Advisor's Inc	–	1,166	1,166	225	557	(332)	-59.5%	1,166
University of Connecticut	–	–	451	–	180	(180)	-100.0%	451
Stellenbosch University: POPART	244	–	–	–	–	–		–
Airports Company South Africa SOC Ltd	1,333	1,333	1,333	347	667	(320)	-47.9%	1,333
Big Bay Master Property Owners Association	–	–	–	–	–	–		–
The South African Breweries	–	–	3,894	–	1,228	(1,228)	-100.0%	3,894
Sustainable Energy Africa	187	–	–	–	–	–		–
Stellenbosch University: POPART	929	–	–	–	–	–		–
Total operating expenditure of Transfers and Grants:	**1,189,869**	**4,038,307**	**4,512,935**	**571,712**	**646,541**	**(74,829)**	**-11.6%**	**4,512,935**

Table continues on next page.

Description R thousands	2016/17 Audited Outcome	Budget Year 2017/18 Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Capital expenditure of Transfers and Grants								
National Government:	**1,959,166**	**2,189,832**	**2,210,645**	**577,061**	**707,748**	**(130,688)**	**-18.5%**	**1,901,648**
Cooperative Governance: Emergency Disaster Relief Grant	–	–	20,812	10,014	20,812	(10,798)	-51.9%	20,812
Minerals and Energy: Energy Efficiency and Demand Side Management Grant	14,400	9,600	9,600	5,090	500	4,590	917.9%	9,600
Minerals and Energy: Integrated National Electrification Programme (Municipal) Grant	–	5,000	5,000	132	2,100	(1,968)	-93.7%	5,000
National Treasury: Expanded Public Works Programme	400	400	400	115	220	(105)	-47.8%	400
National Treasury: Infrastructure Skills Development Grant	989	1,000	1,000	51	–	51	100.0%	1,103
National Treasury: Integrated City Development Grant	35,756	52,319	52,319	15,790	15,360	431	2.8%	36,381
National Treasury: Local Government Restructuring Grant	–	50	50	31	50	(19)	-37.1%	50
National Treasury: Neighbourhood Development Partnership Grant	23,802	2,109	2,109	–	–	–		2,109
National Treasury: Urban Settlements Development Grant	1,252,464	1,278,988	1,278,988	312,949	363,443	(50,493)	-13.9%	1,125,201
Urban Renewal	2,194	–	–	–	–	–		–
Transport: Public Transport Infrastructure & Systems Grant	22,681	128,875	128,875	(0)	18,000	(18,000)	-100.0%	128,875
Transport: Public Transport Infrastructure Grant	(33,331)	–	–	(0)	–	(0)		–
Transport: Public Transport Network Grant	639,812	711,492	711,492	232,887	287,264	(54,376)	-18.9%	572,116
Provincial Government:	**46,130**	**79,002**	**79,002**	**8,186**	**18,304**	**(10,117)**	**-55.3%**	**26,826**
Cultural Affairs and Sport: Library Services (Conditional Grant)	14,078	15,850	15,850	7,907	3,025	4,882	161.4%	15,850
Cultural Affairs and Sport: Library Services: Metro Library Grant	8,512	10,000	10,000	279	886	(607)	-68.5%	10,000
Planning, Maintenance and Rehabilitation of Transport Systems and Infrastructure	15,219	–	–	–	–	–		–
Transport Safety and Compliance - Rail Safety	256	–	–	–	–	–		–
Cultural Affairs and Sport: Delft Sportsfield Development	20	–	–	–	–	–		–
Macassar Treatment Works	5,500	–	–	–	–	–		–
Integrated Community Access Network	127	–	–	–	–	–		–
Housing: Integrated Housing and Human Settlement Development Grant	2,268	53,002	53,002	(0)	14,278	(14,278)	-100.0%	826
Provincial Government: Community Development Workers	150	150	150	–	115	(115)	-100.0%	150
Other grant providers:	**71,882**	**84,900**	**84,900**	**34,414**	**30,050**	**4,364**	**14.5%**	**77,800**
Other: Other	71,882	84,900	84,900	34,414	30,050	4,364	14.5%	77,800
Total capital expenditure of Transfers and Grants	**2,077,178**	**2,353,735**	**2,374,547**	**619,661**	**756,102**	**(136,441)**	**-18.0%**	**2,006,274**
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	**3,267,048**	**6,392,042**	**6,887,483**	**1,191,373**	**1,402,643**	**(211,270)**	**-15.1%**	**6,519,209**

Reasons for revision of the full-year forecasts on transfers and grants

- Roll-over of unspent 2016/17 conditional grants approved by National Treasury in terms of Section 22 (2) of the Division of Revenue Act (DORA) (3 of 2016), dated 16 October 2017.
- Roll-over of unspent 2016/17 conditional grants approved by Provincial Treasury in terms of Section 10 (2) of the Western Cape Appropriation Act 2015 (3 of 2016), dated 10 November 2017.
- Additional Provincial Treasury allocations published in the Provincial Gazette 7848, dated 23 November 2017.
- 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).
- Shifting of funding to/from the operating-/capital budget.
- Addition/reduction of other grant funding i.e. private sector.

Expenditure on Councillor Allowances and Employee Benefits

Table SC8 Monthly Budget Statement - Councillor and Staff Benefits

Summary of Employee and Councillor remuneration R thousands	2016/17	Budget Year 2017/18						
	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	122,846	138,588	138,588	62,571	69,294	(6,723)	-9.7%	142,984
Pension and UIF Contributions	4,115	–	–	2,311	–	2,311	100.0%	–
Cellphone Allowance	4,903	5,640	5,640	2,627	2,770	(143)	-5.2%	5,853
Other benefits and allowances	6,510	11,558	11,558	3,919	5,684	(1,765)	-31.1%	6,729
Sub Total - Councillors	**138,374**	**155,786**	**155,786**	**71,428**	**77,748**	**(6,320)**	**-8.1%**	**155,565**
% increase		**12.6%**	**12.6%**					**12.4%**
Senior Managers of the Municipality								
Basic Salaries and Wages	30,689	27,665	27,665	13,417	13,832	(415)	-3.0%	27,665
Pension and UIF Contributions	1,499	1,580	1,580	1,004	791	213	26.9%	1,580
Medical Aid Contributions	160	151	151	70	75	(5)	-6.7%	151
Motor Vehicle Allowance	382	284	284	206	142	64	45.1%	284
Cellphone Allowance	115	184	184	67	92	(25)	-27.2%	184
Other benefits and allowances	103	63	63	147	32	115	359.4%	63
Payments in lieu of leave	1,617	–	–	–	–	–		–
Sub Total - Senior Managers of Municipality	**34,565**	**29,927**	**29,927**	**14,911**	**14,964**	**(53)**	**-0.4%**	**29,927**
% increase		**-13.4%**	**-13.4%**					**-13.4%**
Other Municipal Staff								
Basic Salaries and Wages	5,934,755	8,295,797	8,324,348	4,320,410	4,386,480	(66,070)	-1.5%	7,882,993
Pension and UIF Contributions	1,068,818	1,571,082	1,582,983	744,271	789,270	(44,999)	-5.7%	1,400,584
Medical Aid Contributions	660,098	729,604	729,604	343,080	364,918	(21,838)	-6.0%	725,698
Overtime	546,810	495,298	492,796	233,232	185,956	47,276	25.4%	546,029
Motor Vehicle Allowance	191,177	206,029	206,386	96,304	102,925	(6,621)	-6.4%	206,979
Cellphone Allowance	16,599	17,502	17,665	8,396	8,816	(420)	-4.8%	17,776
Housing Allowances	56,862	56,026	56,375	29,856	30,220	(364)	-1.2%	59,292
Other benefits and allowances	221,178	227,271	227,645	120,307	112,425	7,882	7.0%	229,088
Payments in lieu of leave	675,494	122,318	122,569	68,503	61,730	6,773	11.0%	123,592
Long service awards	23,642	68,288	68,287	22,710	34,046	(11,336)	-33.3%	68,287
Post-retirement benefit obligations	229,302	231,548	231,548	110,612	115,774	(5,162)	-4.5%	231,548
Sub Total - Other Municipal Staff	**9,624,735**	**12,020,763**	**12,060,207**	**6,097,681**	**6,192,560**	**(94,879)**	**-1.5%**	**11,491,866**
% increase		**24.9%**	**25.3%**					**19.4%**
Total Parent Municipality	**9,797,674**	**12,206,476**	**12,245,920**	**6,184,020**	**6,285,272**	**(101,252)**	**-1.6%**	**11,677,359**

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 SDBIP

The SDBIP offers stakeholders and interested parties a comprehensive overview of the City's performance. As such, the content of the SDBIP is aligned with the strategic focus areas (SFA) and underlying objectives of the City's five-year IDP.

To achieve its vision, the City builds on the SFA that it has identified as the cornerstones of a successful and thriving city, and which form the foundation of its five-year IDP.

The five SFA are:

1. **THE OPPORTUNITY CITY**
2. **THE SAFE CITY**
3. **THE CARING CITY**
4. **THE INCLUSIVE CITY**
5. **THE WELL-RUN CITY**

The City takes an integrated approach to realise 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 Service Delivery and Budget Implementation Plan (SDBIP) performance

The 2017/18 Second Quarter SDBIP (Draft) is attached as annexure 1 to this report.

3.3.2 Some highlights from the SDBIP

3.3.2.1 OBJECTIVE 1.1
Creating an enabling environment to attract investment that generates economic growth and job creation

- **Maintaining a strong financial position**
  Over the past five years, the City has invested R27 billion in infrastructure. Of this investment, R12 billion was grant funding from National- and Province Government, R11 billion was external loans and other contributions, and the remaining R4 billion was funded from the City's own cash flow. The latter clearly indicates the strong financial position the City maintains.

- **Programme 1.2(d): Expanded Public Works Programme (EPWP)**
  In the five years up to 2016/17, the City successfully implemented the EPWP across its various functions to improve operational efficiencies. At the same time, this has provided thousands of unemployed persons with valuable work experience and skills.

  Total annual increase in EPWP job opportunities from 2012/13 to 2016/17:
  2012/13 – 35 556
  2016/17 – 45 370
  29% increase since 2012
  DIRECTLY BENEFITTED 204 348 WORKERS

- **Programme 1.3(b): Water conservation and water demand management strategy**
  Pressure management projects seem to be working well to reduce system water losses, pipe bursts and internal leaks, and prolong the reticulation lifespan. The City replaced piping in water and sewerage networks at an average cost of R1.4 million/km for water piping (27,4 km replaced) and R1.5 million/km for sewer piping (24,9 km replaced) during 2016/17. (32,8km of water piping and 25,97km of sewer piping were replaced during 2015/16). The replacement of piping in water and sewerage networks continuous as an ongoing process.

3.3.2.2 OBJECTIVE 1.4

- **Ensure mobility through the implementation of an effective public transport system**

Transport and Urban Development Authority (TDA) recognised for excellence by international peers

In May 2017, the TDA directorate participated in the 62nd International Association of Public Transport (UITP) World Congress and Exhibition in Montreal, Canada. The theme was ‘LEAD the TRANSITion’, specifically chosen to reflect the evolution of the public transport sector. The proceedings culminated in the awards ceremony, where TDA was honoured with the prestigious UITP award for best public transport strategy for the City’s TOD Strategic Framework. TDA’s entry was shortlisted with another four global cities’ strategies. The various award categories attracted a total of 230 applications from all over the world.

3.3.2.3 OBJECTIVE 2.2

- **Strengthening the City’s Public Emergency Communication Centre (PECC)**

The City’s 107 PECC is staffed by 69 highly trained emergency communicators and is available to receive calls 24 hours a day, 365 days a year. Consultants can communicate in English, Afrikaans and Xhosa, and more than 80% of calls are answered within 10 seconds.

3.3.2.4 OBJECTIVE 3.1

- **Provide access to social services for those who need it**

First blind-friendly outdoor park opened in Cape Town

In August 2016, the City officially opened its first blind-friendly park in Bellville. The park, which is situated between Berol Street and Beroma Crescent, is within walking distance of the Athlone School for the Blind. It has a unique design and many special features for visually impaired visitors. These include fragrant plants, relief murals and low seating walls. The north-eastern corner of the park also features a goal-ball court, enclosed with a fence and seating walls, with trees and a lawn for picnics and informal games directly opposite.

3.3.2.5 OBJECTIVE 4.1

- **Ensure responsiveness by creating an environment where citizens can be communicated with and responded to**

More FreeCall lines installed in identified areas

The City's Customer Relations department continued to install FreeCall lines in municipal buildings, including clinics, housing offices, libraries and community centres in outlying areas. By 30 June 2017, a total of 168 FreeCall lines had been installed to improve access to service delivery through the City's call centre. Residents use the FreeCall lines to report faults, register complaints and make enquiries entirely for free. To further increase customer satisfaction, the Customer Relations department focused on responding even quicker to these service requests.

3.3.2.6 OBJECTIVE 5.2

- **Establish an efficient and productive administration that prioritises delivery**

Programme 5.2(d): Information and knowledge management framework – Development Information Resource Centre (DIRC)

The City believes that knowledge-sharing makes its employees more efficient in the work they do. The DIRC is a knowledge hub on the City's intranet that does exactly that, allowing staff to extract and contribute data, information and knowledge.

DIRC includes a spatial information portal, a section on statistics and indicators for Cape Town, a research hub, a reports repository and a data directory. DIRC was further enhanced with additional functionalities in 2016/17.

Future plans for DIRC include the implementation of an enterprise content management framework, which will focus on sharing and retaining digital content to support business processes, planning and decision making

3.4 Conclusion

During the first half of the 2017/18 financial year the City performed well in achieving its set targets. In cases where targets were not met, the City 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 *2017/18 adjustments budget* be prepared and approved by Council no later than 28 February 2018. This adjustments budget will take into account, inter alia, approved unspent 2016/17 grant allocations received from National- and Provincial Treasury, the 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 SDBIP

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, **Lungelo Mbandazayo**, acting municipal manager of the City of Cape Town hereby certify that the **mid-year budget and performance assessment for the 2017/18 financial year** has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Print Name ________________________________

Municipal Manager of City of Cape Town (CPT)

Signature ________________________________

Date ________________________________