

Summary of changes between tabled and adopted Budget (May 2015)

A. 2015/16 OPERATING BUDGET

Amendments proposed for inclusion:

Certain information was not available / known at that time of tabling the 2015/16 budget in March 2015 and the financial impact thereof could not be foreseen or accurately calculated at that time. This is now to be considered for incorporation in the 2015/16 operating budget.

1. Amendments to the operating grants & donations include:

- Additional allocation of R21.6 million within the Safety & Security directorate for the appointment of law enforcement officers for the Human Settlements projects funded ex Local Department of Human Settlements.
- Additional allocation of R5.5 million within the Safety & Security directorate for law enforcement and traffic calming funded ex Traffic Free Flow (Pty) (LTD).
- Additional allocation of R4.3 million within the Energy, Environment & Spatial Planning directorate for Alien Vegetation Clearing project funded ex Department of Environmental Affairs & Tourism.
- Additional allocation of R5.2 million within the Transport for Cape Town directorate for the appointment of law enforcement staff for the IRT project, funded ex PTI&SG Interest.
- Additional allocation of R2 million within the Tourism, Event, & Economic Development directorate for Tourism projects funded ex Tourism Grant.
- An allocation of R1.3 million within the Office of the City Manager for the Service Delivery Model funded ex Department of Public Services & Administration.
- Adjustments based on the latest gazette from National- and Provincial Government:
 - o Additional allocation of R216 million within the Human Settlements directorate for top structures and the creation of sustainable human settlements funded ex HSDG.
 - o Increased allocation of R149.5 million within the Human Settlements directorate for the development and creation of infrastructure for human settlements, funded ex USDG.
 - o Additional allocation of R4 million within the Transport for Cape Town directorate for Transport Safety & Compliance – Rail Safety.
 - o Additional allocation of R11.5 million within the Health directorate for HIV & Aids and Personal Primary Health Care Projects.
 - o Shifting of funding from the Capital- to Operating Budget within the Energy, Environment & Spatial Planning directorate for Integrated City Development projects.

2. A review of funding source availability, post funding updates and allocations resulted in the following proposed amendments to previously approved allocations:
 - Increased allocation of R2.7 million to WESGRO within the Office of the City Manager directorate for the establishment of a dedicated team to advise the Mayor on matters such as the opening of additional direct air routes to the City, funded ex Rates Revenue.
 - Increased allocation of R28.4 million on both expenditure and revenue within the Tourism, Events & Economic Development directorate for hosting the Cape Town Cup at the Cape Town Stadium in July 2015; the additional expenditure will be funded from the ticket sales.
 - Additional allocation of R3 million within the Tourism, Events and Economic Development directorate for staff and operational related costs for the Green Point Athletic Stadium.
 - Additional R2.3 million on both revenue and expenditure within the Human Settlement directorate to cover the insurance premium increase on housing selling schemes. This expenditure will be funded from revenue raised from the home owners selling scheme.
 - Additional allocation of R12.7 million within the Water & Sanitation department for various projects within the Expanded Public Works Programmes funded via a transfer from the centralised EPWP provision within Rates.
 - A reduction of R60 million on Interest Paid within the Finance Directorate. The additional loan funding, previously estimated to take place in the current financial year, was not drawn, due to the favourable cash position of the City. This resulted in the interest payable provisions being required at a later stage. It is expected that the loan will be taken up in the 2015/16 financial year.

B. 2015/16 CAPITAL BUDGET

Amendments proposed for inclusion:

1. Proposed changes from the Portfolio Committees - a resultant net nil impact on EFF funding, from amendments included in the proposed 2015/16 – 2017/18 capital budget.
2. Ward allocation amendments subsequent to the tabling of the budget in March 2015 and supported by Subcouncils.
3. Amendments to the CGD-funded projects, resulting from the publishing of the Provincial Gazette as well as changes supported by the GPRC in respect of DORb allocations.
4. Additional CRR funding allocations of R242 million to the following projects:
 - Acquisition of small generators (various directorates).
 - Acquisition and commission of large generators (Water & Sanitation department).
 - Equipment: Additional for vaccine fridges and minor equipment (Health directorate).

Note: this additional capital outlay within the Water and Sanitation department to address the requirements of the Emergency Preparedness Plan (which addresses uninterrupted basic service provision) and which amounts to approximately R242 million in the 2015/16 financial year, will have a consequential financial impact on the Water and Sanitation Department's tariff in future years. Whilst not estimated to be too material (preliminary estimates would indicate an annual depreciation impact of approximately R30 million). This additional requirement on the Water and Sanitation Department's operating account will be considered during ensuing years' tariff modelling.

5. Substitutions (ex EFF) in the following directorates/departments:
 - Utility Services directorate:
 - Water and Sanitation department
 - Solid Waste Management department
 - Safety & Security directorate
 - Social Development & Early Childhood Development directorate
6. Additional EFF of R2.5 million allocated to the Corporate Services directorate. This relates to the Emergency Preparedness Plan, which required procurement of radios in the 2014/15 financial year. These funds were transferred from the Broadband project, which is now being replenished.
7. Funding change: an EFF reduction of R26.7 million in the Electricity department, resulting from a change in funding source from EFF to CGD (ICDG) for the Bofors Main Substation Upgrade project and Oakdale Main Substation Upgrade Phase 2 project.
8. The Land Acquisition for Municipal Purposes project is accelerated, resulting in R52.8 million (funded ex Revenue) being brought forward from the 2016/17 to the 2015/16 financial year.

The above amendments are summarised as follows:

Net effect on EFF funded projects

Directorate / Department	Difference between March and May 2015/16	Difference between March and May 2016/17	Difference between March and May 2017/18
Rates Funded Services			
Corporate Services	2,500,000	-	-
TOTAL	2,500,000	-	-
Tariff Funded Services			
Cape Town Electricity	-26,725,999	-	-
TOTAL	-26,725,999	-	-

Net effect on Capital Grants & Donations (CGD) funded projects

Directorate / Department	Difference between March and May 2015/16	Difference between March and May 2016/17	Difference between March and May 2017/18
Rates Funded Services			
Community Services	5,065,680	8,500,000	14,000,000
Energy, Environmental & Spatial Planning	-41,226,000	-18,500,000	-19,000,000
Human Settlements	-16,823,000	-	-
Safety & Security	5,800,000	5,000,000	5,000,000
Transport for Cape Town	12,000,000	17,300,000	2,950,000
TOTAL	-35,183,320	12,300,000	2,950,000
Tarrif Funded Services			
Cape Town Electricity	27,130,290	-	-
TOTAL	27,130,290	-	-

Net effect on Capital Replacement Reserve (CRR) funded projects

Directorate / Department	Difference between March and May 2015/16	Difference between March and May 2016/17	Difference between March and May 2017/18
Rates Funded Services			
City Health	3,963,000	-	-
Community Services	4,618,962	-	-
Compliance & Auxiliary Services	-5,285,272	-	-
Corporate Services	200,000	-	-
Safety & Security	90,420	-	-
Social Dev & Early Childhood Development	710,686	-	-
Transport for Cape Town	496,704	-	-
Solid Waste Management	800,000	-	-
TOTAL	5,594,500	-	-
Tarrif Funded Services			
Water & Sanitation	237,000,000	-	-
TOTAL	237,000,000	-	-

Net effect on Revenue (REV) funded projects

Directorate / Department	Difference between March and May 2015/16	Difference between March and May 2016/17	Difference between March and May 2017/18
Rates Funded Services			
Finance	52,850,000	-52,850,000	-
TOTAL	52,850,000	-52,850,000	-