



nelson mandela bay
M U N I C I P A L I T Y
PORT ELIZABETH | UITENHAGE | DESPATCH

2018/19 ADJUSTMENTS BUDGET

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ABBREVIATIONS / ACRONYMS

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

PART 1 – 2018/19 ADJUSTMENTS BUDGET

1.1 EXECUTIVE MAYOR'S REPORT

1.1.1 Summary of reasons for the 2018/19 Adjustments Budget

In accordance with section 28 of the Municipal Finance Management Act, No. 56 of 2003 (MFMA), a municipality must revise its approved annual budget through an Adjustments Budget, in the following circumstances:

- (i) To adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue;
- (ii) To appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;
- (iii) To authorise the utilisation of projected savings in one vote towards spending under another vote;
- (iv) To authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected rollovers when the annual budget for the current year was approved by the Council;
- (v) To correct any errors in the annual budget.

The Municipal Budget and Reporting Regulations (32141 of 2009) stipulate that one adjustments budget may be tabled in the Municipal Council during a financial year. The Adjustments Budget must normally be approved by Council on or before end of February of each year.

In line with the MFMA and the Municipal Budget and Reporting Regulations, the 2018/19 approved Budget has been adjusted. The adjustment has been mainly necessitated as a result of, amongst others, the following:

- The need to appropriate additional revenues that may have become available over and above those anticipated in the approved 2018/19 Budget.
- The need to authorise the utilisation of projected savings in one vote towards spending under another vote.
- The need to authorise the spending of unspent funds at the end of the 2017/18 financial year.
- In order to accommodate additional grants that have been availed at national government level, which were not part of the original 2018/19 approved budget (e.g. Disaster Grant).
- To accommodate the rollovers approved by National Treasury and carry overs for internally funded projects.

- 1.1.2 The Executive Mayor recommends that the Council approves the 2018/19 Adjustments Budget and relevant documents attached to this Adjustments Budget Report.

Cllr M BOBANI
EXECUTIVE MAYOR

1.2 2018/19 ADJUSTMENTS BUDGET RESOLUTIONS

1.2.1 Approval of the Adjustments Budget

- (i) The Executive Mayor recommends that the Council, by resolution taken by the majority of its full number, and in terms of Section 30(2) of the Local Government: Municipal Structures Act No. 117 of 1998 (as amended), read in conjunction with Section 28 of the Local Government: Municipal Finance Management Act, Act 56 of 2003, approves the 2018/19 Consolidated Adjustments Budget as set-out in the following tables:
- Table B1 Adjustments Budget Summary: page 8-10;
 - Table B2 Adjustments Budget Financial Performance (revenue and expenditure by standard classification): page 10-11;
 - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote): page 11-12;
 - Table B4 Adjustments Budget Financial Performance (revenue by source and expenditure by type): page 12-16;
 - Table B5 Adjustments Budget Capital Expenditure by vote and standard classification and funding source: page 16-18;
 - Table B6 Adjustments Budget Financial Position: page 18-20;
 - Table B7 Adjustments Budgeted Cash Flows: page 20-21;
 - Table B8 Cash backed reserves/accumulated surplus reconciliation: page 21-22;
 - Table B9 Asset Management : page 22-27;
 - Table B10 Basic Service Delivery: page 27-29.
- (ii) That Council approves that any additional funding (**both Capital/Operating**) that has been incorporated or availed into the Adjustments Budget (2018/19) **must not** be viremented to any unrelated activity, and expenditure be incurred upon following any required legal and or Supply Chain Management processes.
- (iii) That any commitments made against the additional funding for the additional projects (costs) must be within the approved budget including or considering the future outer years **due to tariffs implications**.
- (iv) That Council notes that included in the 2018/19 Adjustments Budget is the absorption of 212 Security Guards appointed w.e.f. 1 January 2019 with the proper financial implication, in terms of drastic reduction of certain costs or impact on Property Rates, to be incorporated in the draft 2019/20 budget.
- (v) That the Acting Chief Financial Officer (ACFO) be authorised to implement any corrections that may have been identified after the tabling of the budget documents to Council for approval, upon identification of any areas requiring corrections / amendments etc. if they do not result to the negative impact to the status of the budget, prior submitting same to other spheres of government or advertising the documents in the newspapers or website.

- (vi) That Council approves the amendments of KPI's and targets contained in the 2018/19 SDBIP as attached elsewhere in this Agenda.
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- (vii) That Council must note that included in this Adjustment Budget is the allocation to the municipal entity (i.e. MBDA) for both Capital and Operating contributions that are availed to the entity in terms of agreement between both parties.
 - (viii) That Council must note the letter (dated 11 February 2019) together with its contents AS received from National Treasury resulting from the Mid Term visit that took place on the 7 to 8 February 2019 and the recommendations made thereof.
 - (ix) That in an effort to beef up the operations of the Budget Performance Monitoring Forum (BPMF) held on a quarterly basis, the Chairperson be mandated by Council to take decisions of amending a budget (Capital or Operating) whenever appropriate, after the third quarter, in instances of underperformance with the aim of targeting areas that require urgent attention, where spending can be implemented regularly prior 30 June of each year, and reporting thereof to Council for ratification.

1.3 EXECUTIVE SUMMARY

The 2018/19 Consolidated Adjustments Budget amounts to R12.50 billion, comprising of R10.43 billion for the Operating Budget and R2.06 billion for the Capital Budget. The Operating Adjustments Budget reflects an increase of R60.65 million compared to the originally approved 2018/19 Operating Budget, whilst the Adjustments Capital Budget reflects an increase of R323.514 million, compared to the originally approved budget.

The increase in the Operating Budget of R60.64 million is made up as follows:

	<u>R'000</u>
Reduction in Depreciation and Asset Impairment	(79,177)
Reduction in Transfers and Grants	(5,587)
Total Expenditure Reductions	<u>(84,764)</u>
Increase in Remuneration of Councillors	2,035
Increase in Employee Related Costs	17,112
Increase in Bulk Purchases	36,762
Increase in General Expenses	<u>89,498</u>
Total Expenditure Increases	<u>145,407</u>

Net Increase **60,643**

In terms of funding the Capital Budget, the Municipality relies mainly on grant funding, to about 68.8% of the total capital budget. The funding sources, supporting the Municipality's capital expenditure, are summarised below:

	2018/19 Original Budget	2018/19 Adjustments Budget	Variance
	R'000	R'000	R'000
Total Capital Budget	1,740,079	2,063,593	323,514
Funded as follows:			
Grant funding	1,137,515	1,421,692	284,177
Internal funding	454,274	493,611	39,337
Borrowing	148,290	148,290	–
Total	1,740,079	2,063,593	323,514

The entity's Industrial Development Corporation (IDC) grant and the KfW Grant decreased by R1,9 million and R25.1 million respectively. This simple means that the originally allocated amount of R1.9 million for the IDC has since been adjusted to "zero" whilst the original budgeted amount of R29.9 million has since been reduced to R4.8 million for the KfW funding. Furthermore, the increase in internal funding is mainly attributable to the planned spending of funds, which remained unspent as at the end of the 2017/18 financial year (i.e. Carry-over amounts).

It is to be noted that the 2018/19 consolidated adjusted budgeted cash flow statement projects a cash and investments balance of R2.564 billion as at 30 June 2019, compared to the amount of R2.366 billion as per the original budgeted cash flow statement. **It must be understood though that the cash and investment portfolio of the NMBM is tied up to other commitments and does not mean that the municipality has excess cash resources. Other provisions / creditors / reserves must always be considered as well in determining the cash position of the NMBM.**

The Assistance to the Poor Programme currently, provides the following benefits to poor households in the Metro:

- Free 8kl of water
- Free basic sanitation up to 11kl
- Free 75 kwh Electricity
- Free basic refuse removal
- Property rates subsidy
- Automatically qualify for total debt write-off for first time ATTP qualifying customers
- Automatically write-off debt older than 90 days

Out of a total of 373,393 formal households, some 92,786 households receive the aforementioned assistance as at January 2019. 6,653 Formal households were awaiting approval as at 31 January 2019.

1.4 CONSOLIDATED BUDGET TABLES

The ten main consolidated (i.e. Parent Municipality and its Entity/ies) budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section. These tables set out the Municipality's 2018/19 Adjustments Budget to be considered for approval by Council. Each table is accompanied by *explanatory notes*.

Table B1 – Consolidated Adjustments Budget Summary

Description	Budget Year 2018/19								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
	A	1 A1	2 B	3 C	4 D	5 E	6 F	7 G	8 H
R thousands									
Financial Performance									
Property rates	2,177,931	–	–	–	–	–	–	–	2,177,931
Service charges	5,469,035	–	–	–	–	–	743	743	5,469,778
Investment revenue	106,592	–	–	–	–	–	(691)	(691)	105,901
Transfers recognised - operational	1,814,474	–	–	–	–	–	4,893	4,893	1,819,368
Other own revenue	795,353	–	–	–	–	–	(6,964)	(6,964)	788,389
Total Revenue (excluding capital transfers and contributions)	10,363,386	–	–	–	–	–	(2,019)	(2,019)	10,361,367
Employee costs	3,272,708	–	–	–	–	–	17,112	17,112	3,289,820
Remuneration of councillors (Incl. MBDA Board)	73,451	–	–	–	–	–	2,035	2,035	75,486
Depreciation & asset impairment	817,712	–	–	–	–	–	(79,177)	(79,177)	738,535
Finance charges	142,392	–	–	–	–	–	–	–	142,392
Materials and bulk purchases	3,373,751	–	–	–	–	–	36,762	36,762	3,410,514
Transfers and grants	89,038	–	–	–	–	–	(5,587)	(5,587)	83,451
Other expenditure	2,606,037	–	–	–	–	–	89,498	89,498	2,695,535
Total Expenditure	10,375,088	–	–	–	–	–	60,645	60,645	10,435,733
Surplus/(Deficit)	(11,702)	–	–	–	–	–	(62,664)	(62,664)	(74,366)
Transfers recognised - capital	997,534	–	–	–	–	–	275,405	275,405	1,272,939
Contributions recognised - capital & contributed assets	139,982	–	–	–	–	–	8,772	8,772	148,754
Surplus/(Deficit) after capital transfers & contributions	1,125,813	–	–	–	–	–	221,513	221,513	1,347,326

Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	1,125,813	-	-	-	-	-	221,513	221,513	1,347,326
<u>Capital expenditure & funds sources</u>									
Capital expenditure	1,740,079	-	-	-	-	-	323,514	323,514	2,063,593
Transfers recognised - capital	1,137,515	-	-	-	-	-	284,177	284,177	1,421,692
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	148,290	-	-	-	-	-	-	-	148,290
Internally generated funds	454,274	-	-	-	-	-	39,337	39,337	493,611
Total sources of capital funds	1,740,079	-	-	-	-	-	323,514	323,514	2,063,593
<u>Financial position</u>									
Total current assets	4,528,235	-	-	-	-	-	278,029	278,029	4,806,263
Total non current assets	17,154,030	-	-	-	-	-	432,541	432,541	17,586,571
Total current liabilities	2,646,570	-	-	-	-	-	174,853	174,853	2,821,423
Total non current liabilities	3,721,780	-	-	-	-	-	108,489	108,489	3,830,269
Community wealth/Equity	15,313,915	-	-	-	-	-	427,210	427,210	15,741,125
<u>Cash flows</u>									
Net cash from (used) operating	2,023,586	-	-	-	-	-	(109,113)	(109,113)	1,914,473
Net cash from (used) investing	(1,731,287)	-	-	-	-	-	(315,054)	(315,054)	(2,046,342)
Net cash from (used) financing	72,864	-	-	-	-	-	2,102	2,102	74,966
Cash/cash equivalents at the year end	2,366,608	-	-	-	-	-	198,235	198,235	2,564,843
<u>Cash backing/surplus reconciliation</u>									
Cash and investments available	2,366,608	-	-	-	-	-	198,235	198,235	2,564,843
Application of cash and investments	1,615,340	-	-	-	-	-	101,911	101,911	1,717,251
Balance - surplus (shortfall)	751,269	-	-	-	-	-	96,306	96,306	847,574
<u>Asset Management</u>									
Asset register summary (WDV)	17,086,768	-	-	-	-	-	393,752	393,752	17,480,520
Depreciation & asset impairment	817,712	-	-	-	-	-	(89,446)	(89,446)	728,266
Renewal of Existing Assets	318,310	-	-	-	-	-	(29,557)	(29,557)	288,753
Repairs and Maintenance	463,178	-	-	-	-	-	(2,958)	(2,958)	460,219
<u>Free services</u>									
Cost of Free Basic Services provided	479,388	-	-	-	-	-	-	-	479,388
Revenue cost of free services provided	181,198	-	-	-	-	-	-	-	181,198
<u>Households below minimum service level</u>									
Water:	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	9	-	-	-	-	-	-	-	9
Energy:	-	-	-	-	-	-	-	-	-
Refuse:	20	-	-	-	-	-	-	-	20

Explanatory notes to Table B1 – Adjustments Budget Summary

The aim of the Adjustments Budget Summary is to provide a concise overview of the proposed Adjustments Budget from all of the major financial perspectives (operating expenditure, capital expenditure, financial position, cash flow, and MFMA funding compliance). The table provides an overview of the amounts to be approved by Council within the context of operating performance, resources utilised for capital expenditure, financial position, cash and funding compliance, as well as the Municipality's commitment to eliminating basic service delivery backlogs. **It must be noted that the figures illustrated above are inclusive of the entity.**

Table B2 - Consolidated Adjustments Budget Financial Performance (revenue and expenditure by standard classification)

Standard Description	Budget Year 2018/19								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H
Revenue - Functional									
<i>Governance and administration</i>	2,830,550	–	–	–	–	–	(32,333)	(32,333)	2,798,217
Executive and council	26	–	–	–	–	–	–	–	26
Finance and administration	2,830,522	–	–	–	–	–	(32,333)	(32,333)	2,798,189
Internal audit	2	–	–	–	–	–	–	–	2
<i>Community and public safety</i>	813,650	–	–	–	–	–	41,182	41,182	854,832
Community and social services	57,548	–	–	–	–	–	514	514	58,062
Sport and recreation	4,761	–	–	–	–	–	6,521	6,521	11,282
Public safety	–	–	–	–	–	–	–	–	–
Housing	749,529	–	–	–	–	–	34,147	34,147	783,677
Health	1,811	–	–	–	–	–	–	–	1,811
<i>Economic and environmental services</i>	1,058,907	–	–	–	–	–	12,755	12,755	1,071,662
Planning and development	180,624	–	–	–	–	–	(14,050)	(14,050)	166,573
Road transport	876,783	–	–	–	–	–	29,343	29,343	906,126
Environmental protection	1,501	–	–	–	–	–	–	–	1,501
<i>Trading services</i>	6,749,916	–	–	–	–	–	258,016	258,016	7,007,932
Energy sources	4,168,510	–	–	–	–	–	(5,343)	(5,343)	4,163,167
Water management	1,159,095	–	–	–	–	–	258,435	258,435	1,417,530
Waste water management	978,525	–	–	–	–	–	3,675	3,675	982,200
Waste management	443,785	–	–	–	–	–	1,250	1,250	445,035
<i>Other</i>	47,879	–	–	–	–	–	–	–	47,879
Total Revenue - Functional	11,500,902	–	–	–	–	–	282,158	282,158	11,783,059
Expenditure - Functional									
<i>Governance and administration</i>	1,888,563	–	–	–	–	–	201,302	201,302	2,089,865
Executive and council	308,256	–	–	–	–	–	1,314	1,314	309,570
Finance and administration	1,518,222	–	–	–	–	–	200,343	200,343	1,718,565
Internal audit	62,085	–	–	–	–	–	(354)	(354)	61,731
<i>Community and public safety</i>	1,518,060	–	–	–	–	–	13,107	13,107	1,531,167
Community and social services	320,117	–	–	–	–	–	(3,113)	(3,113)	317,004
Sport and recreation	382,055	–	–	–	–	–	(4,736)	(4,736)	377,319

Public safety	206,274	-	-	-	-	-	(1,376)	(1,376)	204,898
Housing	521,858	-	-	-	-	-	25,354	25,354	547,212
Health	87,755	-	-	-	-	-	(3,021)	(3,021)	84,734
Economic and environmental services	1,312,261	-	-	-	-	-	(166,959)	(166,959)	1,145,303
Planning and development	326,997	-	-	-	-	-	30,751	30,751	357,748
Road transport	935,241	-	-	-	-	-	(193,866)	(193,866)	741,375
Environmental protection	50,023	-	-	-	-	-	(3,843)	(3,843)	46,180
Trading services	5,609,374	-	-	-	-	-	14,411	14,411	5,623,785
Energy sources	3,850,352	-	-	-	-	-	12,766	12,766	3,863,118
Water management	821,475	-	-	-	-	-	(2,755)	(2,755)	818,720
Waste water management	559,395	-	-	-	-	-	2,744	2,744	562,139
Waste management	378,151	-	-	-	-	-	1,656	1,656	379,807
Other	46,830	-	-	-	-	-	(1,217)	(1,217)	45,613
Total Expenditure - Functional	10,375,088	-	-	-	-	-	60,645	60,645	10,435,733
Surplus/ (Deficit) for the year	1,125,813	-	-	-	-	-	221,513	221,513	1,347,326

Explanatory notes to Table B2 – Adjustments Budget Financial Performance (revenue and expenditure by standard classification)

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

Table B3 - Consolidated Adjustments Budget Financial Performance (revenue and expenditure by municipal vote)

Vote Description [Insert departmental structure etc]	Budget Year 2018/19								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands	A	3	4	5	6	7	8	9	10
	A	A1	B	C	D	E	F	G	H
Revenue by Vote									
Vote 1 - Budget & Treasury	2,778,076	-	-	-	-	-	(39,537)	(39,537)	2,738,539
Vote 2 - Public Health	487,223	-	-	-	-	-	4,271	4,271	491,495
Vote 3 - Human Settlements	777,167	-	-	-	-	-	34,147	34,147	811,315
Vote 4 - Economic Development, Tourism & Agriculture	152,687	-	-	-	-	-	(7,939)	(7,939)	144,748
Vote 5 - Corporate Services	20,733	-	-	-	-	-	3,627	3,627	24,360
Vote 6 - Infrastructure & Engineering Unit - Rate & General	375,950	-	-	-	-	-	29,545	29,545	405,495
Vote 7 - Metro Water Service	1,159,095	-	-	-	-	-	258,435	258,435	1,417,530
Vote 8 - Sanitation - Metro	978,525	-	-	-	-	-	3,675	3,675	982,200
Vote 9 - Electricity & Energy	4,168,510	-	-	-	-	-	(5,343)	(5,343)	4,163,167
Vote 10 - Executive & Council	22,350	-	-	-	-	-	(6,112)	(6,112)	16,239
Vote 11 - Safety & Security	530,206	-	-	-	-	-	353	353	530,560
Vote 12 - Mandela Bay Stadium	15,000	-	-	-	-	-	-	-	15,000
Vote 13 - Special Projects and Programmes	14,416	-	-	-	-	-	-	-	14,416
Vote 14 - Recreational & Cultural Services	20,961	-	-	-	-	-	7,035	7,035	27,996

Total Revenue by Vote	11,500,902	-	-	-	-	-	282,158	282,158	11,783,059
Expenditure by Vote									
Vote 1 - Budget & Treasury	775,101	-	-	-	-	-	23,405	23,405	798,506
Vote 2 - Public Health	683,690	-	-	-	-	-	(2,832)	(2,832)	680,858
Vote 3 - Human Settlements	607,383	-	-	-	-	-	24,506	24,506	631,889
Vote 4 - Economic Development, Tourism & Agriculture	172,182	-	-	-	-	-	31,686	31,686	203,868
Vote 5 - Corporate Services	447,520	-	-	-	-	-	2,495	2,495	450,016
Vote 6 - Infrastructure & Engineering Unit - Rate & General	781,272	-	-	-	-	-	(117,630)	(117,630)	663,641
Vote 7 - Metro Water Service	838,614	-	-	-	-	-	(372)	(372)	838,242
Vote 8 - Sanitation - Metro	504,307	-	-	-	-	-	30,325	30,325	534,632
Vote 9 - Electricity & Energy	3,846,612	-	-	-	-	-	12,742	12,742	3,859,354
Vote 10 - Executive & Council	374,993	-	-	-	-	-	(965)	(965)	374,028
Vote 11 - Safety & Security	893,624	-	-	-	-	-	65,493	65,493	959,118
Vote 12 - Mandela Bay Stadium	51,584	-	-	-	-	-	-	-	51,584
Vote 13 - Special Projects and Programmes	12,731	-	-	-	-	-	0	0	12,731
Vote 14 - Recreational & Cultural Services	385,474	-	-	-	-	-	(8,207)	(8,207)	377,267
Total Expenditure by Vote	10,375,088	-	-	-	-	-	60,645	60,645	10,435,733
Surplus/ (Deficit) for the year	1,125,813	-	-	-	-	-	221,513	221,513	1,347,326

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

The purpose of the format in which the Adjustments Budget is presented, is to enable the Council to enforce a vote in accordance with the municipality's organisational structure, so as to assign responsibility for the revenue and expenditure recorded against these votes to the Municipal Manager and Executive Directors concerned. Operating revenue and expenditure is thus presented by 'vote'. A 'vote' is defined in terms of Section 1 of the Municipal Finance Management Act (MFMA) as one of the main segments into which a budget of a municipality is divided into, for the appropriation of funds.

Table B4 - Consolidated Adjustments Budget Financial Performance (revenue and expenditure)

Description	Budget Year 2018/19								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
		3	4	5	6	7	8	9	10
R thousands	A	A1	B	C	D	E	F	G	H
Revenue By Source									
Property rates	2,177,931	-	-	-	-	-	-	-	2,177,931
Service charges - electricity revenue	3,964,692	-	-	-	-	-	-	-	3,964,692
Service charges - water revenue	749,547	-	-	-	-	-	-	-	749,547
Service charges - sanitation revenue	459,930	-	-	-	-	-	-	-	459,930
Service charges - refuse revenue	294,667	-	-	-	-	-	-	-	294,667
Service charges - other	200						743	743	943
Rental of facilities and equipment	37,118						90	90	37,208
Interest earned - external investments	106,592						(691)	(691)	105,901

Interest earned - outstanding debtors	221,488							-	221,488
Dividends received								-	-
Fines, penalties and forfeits	303,735						(14,964)	(14,964)	288,772
Licences and permits	28,034							-	28,034
Agency services	2,892							-	2,892
Transfers and subsidies	1,814,474						4,893	4,893	1,819,368
Other revenue	202,086	-	-	-	-	-	7,436	7,436	209,522
Gains on disposal of PPE							473	473	473
Total Revenue (excluding capital transfers and contributions)	10,363,386	-	-	-	-	-	(2,019)	(2,019)	10,361,367
Expenditure By Type									
Employee related costs	3,272,708	-	-	-	-	-	17,112	17,112	3,289,820
Remuneration of councillors	73,451						2,035	2,035	75,486
Debt impairment	541,605						145	145	541,750
Depreciation & asset impairment	817,712	-	-	-	-	-	(79,177)	(79,177)	738,535
Finance charges	142,392							-	142,392
Bulk purchases	3,181,932	-	-	-	-	-	22,844	22,844	3,204,776
Other materials	191,819						13,918	13,918	205,737
Contracted services	1,369,473	-	-	-	-	-	44,507	44,507	1,413,980
Transfers and subsidies	89,038						(5,587)	(5,587)	83,451
Other expenditure	694,958	-	-	-	-	-	44,847	44,847	739,805
Loss on disposal of PPE								-	-
Total Expenditure	10,375,088	-	-	-	-	-	60,645	60,645	10,435,733
Surplus/(Deficit)	(11,702)	-	-	-	-	-	(65,202)	(65,202)	(76,904)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	997,534						275,405	275,405	1,272,939
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	139,982						8,772	8,772	148,754
Transfers and subsidies - capital (in-kind - all)								-	-
Surplus/(Deficit) before taxation	1,125,813	-	-	-	-	-	218,975	218,975	1,344,788
Taxation								-	-
Surplus/(Deficit) after taxation	1,125,813	-	-	-	-	-	218,975	218,975	1,344,788
Attributable to minorities								-	-
Surplus/(Deficit) attributable to municipality	1,125,813	-	-	-	-	-	221,513	221,513	1,347,326
Share of surplus/ (deficit) of associate								-	-
Surplus/ (Deficit) for the year	1,125,813	-	-	-	-	-	221,513	221,513	1,347,326

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

Revenue

1. The Financial Performance Adjustments Budget is required to be approved concurrently by revenue source and expenditure type, in order to ensure consistency with the annual reporting format requirements. A key aim is to facilitate comparison between the annual results and the Adjustments Budget, in order to assess performance.

2. Total Operating Revenue amounts to R10.361 billion in the 2018/19 Consolidated Adjustments Budget, compared to the amount of R10.363 billion in the original 2018/19 Budget. This represents a decrease of R2 million or 0.019%.

3. The significant variations in revenue, compared to the original budget are as follows:

- 3.1 Service Charges

Service charges remained unchanged at R5,468 billion compared to the original budget.

- 3.2 Property Rates

Property Rates of R2,177 billion remained unchanged to the original budget.

- 3.3 Fines

Fines decreased by R14.96 million compared to the original budget. The decrease in fines is attributable to the accounting treatment in accordance with GRAP 23 where it is required to account for all traffic fines issued. Please note that due to not all traffic fines being collectable impairment was budgeted for in the amount of R174.9 million to disclose the estimated fines based on historic trends that is anticipated not to be collected. The original budget estimate of fines to be issued was too high and has therefore been adjusted accordingly to a more realistic level.

- 3.4 Transfers Recognised - Operating

This includes the local government equitable share and other operating grants from national and provincial government. Transfers increased by R4.893 million, compared to the original budget.

Expenditure

4. Total Operating Expenditure amounts to R10.435 billion in the 2018/19 Adjustments Budget, compared to the amount of R10.375 billion in the original 2018/19 Budget. This represents an increase of R60.64 million or 0.58%.

5. The significant variations in expenditure, compared to the original budget, are as follows:

- 5.1 Bulk Purchases (Electricity and Water)

Bulk Purchases increased by R22.84 million, compared to the original budget. This increase is attributable to an increased budget provision being required for electricity bulk purchases, in line with current expenditure trends. The decrease in growth in bulk electricity units purchased is approximately 1%.

- 5.2 Other Expenses

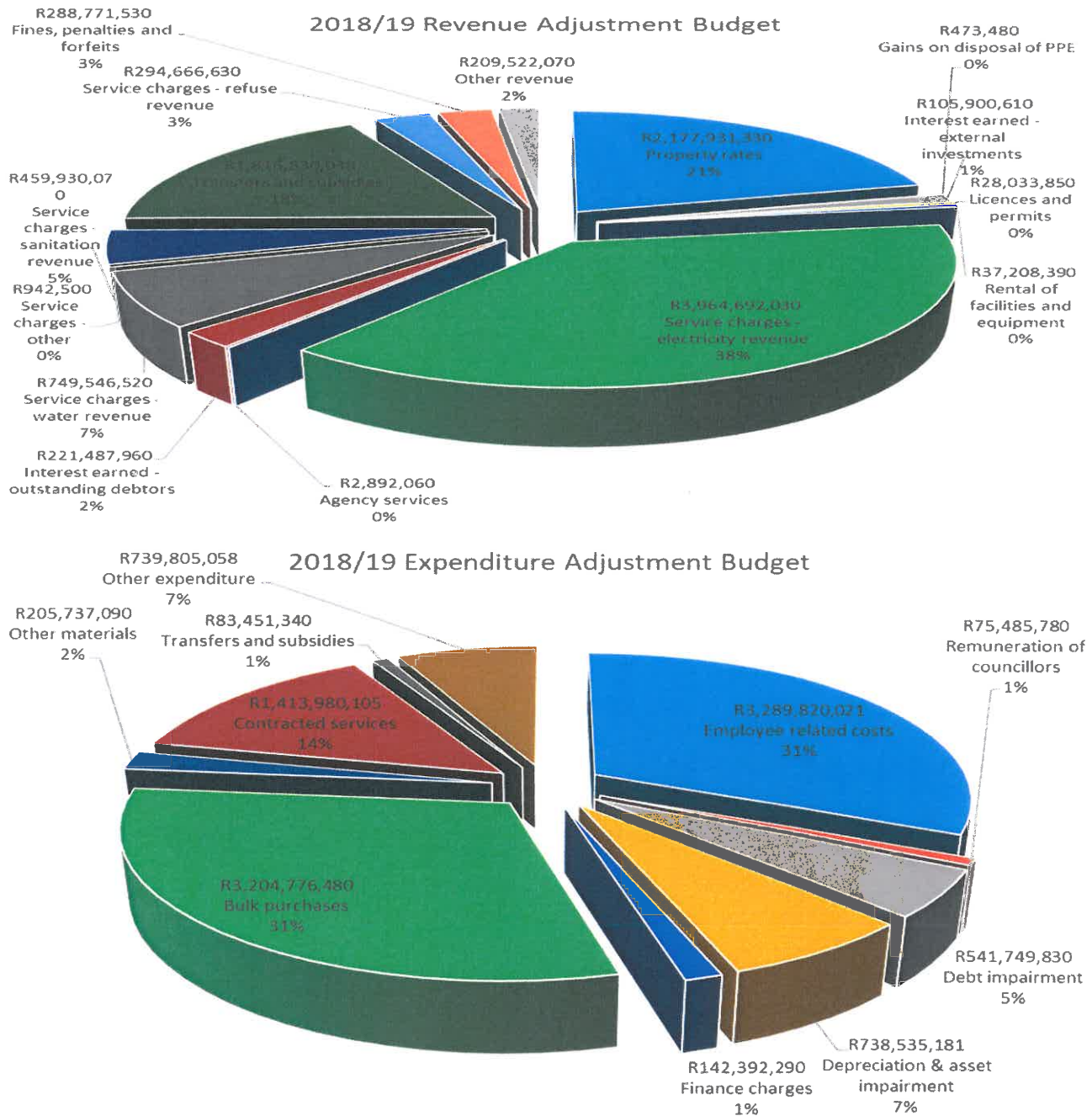
Other expenses increased by R44.84 million, compared to the original budget. This increase is mainly attributable due to realignment of mSCOA items.

- 5.3 Contracted Services

Contracted services increased by R44.50 million compared to the original budget. This increase is mainly attributable due to realignment of mSCOA.

5.4 Graphical representation of Operating Revenue, Operating Expenditure and Capital funding

The following graphs illustrate as to how operating revenue and expenditure and capital funding is split over various categories.



The capital graph below illustrates as to how the adjusted capital budget is funded.

2018/19 Capital Adjustments Budget

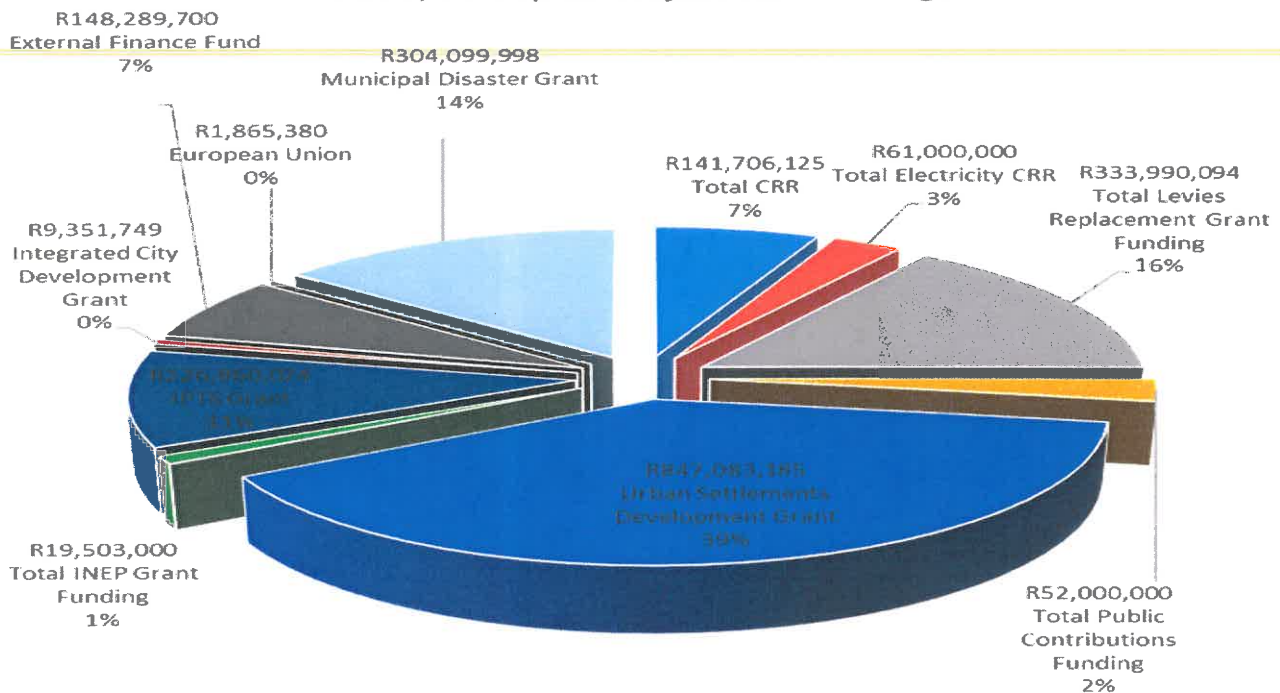


Table B5 - Consolidated Adjustment Capital Expenditure Budget by vote, standard classification and funding source

[illegible]

Vote 13 - Special Projects and Programmes	-	-	-	-	-	-	-	-	-
Vote 14 - Recreational & Cultural Services	38,000	-	-	-	-	-	5,462	5,462	43,462
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	1,609,318	-	-	-	-	-	293,819	293,819	1,903,137
<u>Single-year expenditure to be adjusted</u>									
Vote 1 - Budget & Treasury	2,700	-	-	-	-	-	(500)	(500)	2,200
Vote 2 - Public Health	9,800	-	-	-	-	-	750	750	10,550
Vote 3 - Human Settlements	45,000	-	-	-	-	-	-	-	45,000
Vote 4 - Economic Development, Tourism & Agriculture	1,500	-	-	-	-	-	2,865	2,865	4,365
Vote 5 - Corporate Services	13,200	-	-	-	-	-	12,500	12,500	25,700
Vote 6 - Infrastructure & Engineering Unit - Rate & General	16,100	-	-	-	-	-	6,070	6,070	22,170
Vote 7 - Metro Water Service	2,000	-	-	-	-	-	3,000	3,000	5,000
Vote 8 - Sanitation - Metro	2,000	-	-	-	-	-	3,000	3,000	5,000
Vote 9 - Electricity & Energy	7,730	-	-	-	-	-	2,510	2,510	10,240
Vote 10 - Executive & Council	-	-	-	-	-	-	-	-	-
Vote 11 - Safety & Security	20,231	-	-	-	-	-	(500)	(500)	19,731
Vote 12 - Mandela Bay Stadium	-	-	-	-	-	-	-	-	-
Vote 13 - Special Projects and Programmes	-	-	-	-	-	-	-	-	-
Vote 14 - Recreational & Cultural Services	10,500	-	-	-	-	-	-	-	10,500
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	130,761	-	-	-	-	-	29,695	29,695	160,456
Total Capital Expenditure - Vote	1,740,079	-	-	-	-	-	323,514	323,514	2,063,593
<u>Capital Expenditure - Functional</u>									
<i>Governance and administration</i>	93,774	-	-	-	-	-	46,054	46,054	139,828
Executive and council							-	-	-
Finance and administration	93,774						46,054	46,054	139,828
Internal audit							-	-	-
<i>Community and public safety</i>	156,801	-	-	-	-	-	27,176	27,176	183,978
Community and social services	36,117						1,450	1,450	37,567
Sport and recreation	59,070						27,801	27,801	86,871
Public safety	15,815						(2,075)	(2,075)	13,740
Housing	45,000						-	-	45,000
Health	800						-	-	800
<i>Economic and environmental services</i>	562,343	-	-	-	-	-	36,770	36,770	599,113
Planning and development	53,722						21,305	21,305	75,027
Road transport	506,621						16,214	16,214	522,836
Environmental protection	2,000						(750)	(750)	1,250
<i>Trading services</i>	927,161	-	-	-	-	-	212,967	212,967	1,140,128
Energy sources	236,673						(5,593)	(5,593)	231,080
Water management	290,515						260,496	260,496	551,011
Waste water management	386,973						(41,935)	(41,935)	345,037
Waste management	13,000						-	-	13,000
<i>Other</i>							547	547	547
Total Capital Expenditure - Functional	1,740,079	-	-	-	-	-	323,514	323,514	2,063,593

Funded by:									
National Government	977,575						275,405	275,405	1,252,980
Provincial Government								-	-
District Municipality								-	-
Other transfers and grants	159,940						8,772	8,772	168,712
Transfers recognised - capital	1,137,515	-	-	-	-	-	284,177	284,177	1,421,692
Public contributions & donations								-	-
Borrowing	148,290						-	-	148,290
Internally generated funds	454,274						39,337	39,337	493,611
Total Capital Funding	1,740,079	-	-	-	-	-	323,514	323,514	2,063,593

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

- Table B5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote; capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- The Adjustments budgeted capital expenditure was arrived at, taking into account budget adjustments and unspent funds as at the end of the 2017/18 financial year (refer Annexure "A" for the relevant project details).
- The increase in the capital grant funding is mainly attributable to the explanation below:
 - The IPTS Capital grant were increased by R19 million through a transfer from the Operating budget allocation.
 - An allocation of R303.1 million was given for Drought Relief (R70,7 million Roll-over).
 - Furthermore, the increase in internal funding is mainly attributable to the planned spending of funds, which remained unspent as at the end of the 2017/18 financial year.
 - Further, USDG funding in the amount of R31,4 million was transferred from the capital budget to the operating budget.
- Fuel Levy was moved from Other transfers and grants to Internally generated funds in line with the current mSCOA Chart of accounts.

Table B6 - Consolidated Adjustments Budget Financial Position

Description	Budget Year 2018/19								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
	A	3	4	5	6	7	8	9	10
R thousands	A	A1	B	C	D	E	F	G	H
ASSETS									
Current assets									
Cash	201,000						-	-	201,000
Call investment deposits	2,165,608	-	-	-	-	-	198,217	198,217	2,363,825
Consumer debtors	1,475,210	-	-	-	-	-	79,794	79,794	1,555,004
Other debtors	480,635							-	480,635
Current portion of long-term	0							-	0

receivables									
Inventory	205,782							-	205,782
Total current assets	4,528,235	-	-	-	-	-	278,011	278,011	4,806,245
Non current assets									
Long-term receivables	67,262							-	67,262
Investments								-	-
Investment property	197,280							-	197,280
Investment in Associate								-	-
Property, plant and equipment	16,828,351	-	-	-	-	-	432,541	432,541	17,260,892
Agricultural								-	-
Biological								-	-
Intangible	61,137							-	61,137
Other non-current assets								-	-
Total non current assets	17,154,030	-	-	-	-	-	432,541	432,541	17,586,571
TOTAL ASSETS	21,682,265	-	-	-	-	-	710,552	710,552	22,392,817
LIABILITIES									
Current liabilities									
Bank overdraft								-	-
Borrowing	93,170	-	-	-	-	-	-	-	93,170
Consumer deposits	139,221							-	139,221
Trade and other payables	2,157,729	-	-	-	-	-	174,853	174,853	2,332,583
Provisions	256,450							-	256,450
Total current liabilities	2,646,570	-	-	-	-	-	174,853	174,853	2,821,423
Non current liabilities									
Borrowing	1,203,438	-	-	-	-	-	148,290	148,290	1,351,727
Provisions	2,518,343	-	-	-	-	-	(39,801)	(39,801)	2,478,542
Total non current liabilities	3,721,780	-	-	-	-	-	108,489	108,489	3,830,269
TOTAL LIABILITIES	6,368,350	-	-	-	-	-	283,342	283,342	6,651,692
NET ASSETS	15,313,915	-	-	-	-	-	427,210	427,210	15,741,125
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	14,701,631	-	-	-	-	-	424,751	424,751	15,126,382
Reserves	612,284	-	-	-	-	-	2,458	2,458	614,743
Minorities' interests								-	-
TOTAL COMMUNITY WEALTH/EQUITY	15,313,915	-	-	-	-	-	427,210	427,210	15,741,125

Explanatory notes to Table B6 – Adjustments Budget Financial Position

1. The table presents Assets Less Liabilities as Community Wealth. The order of items within each group is also aligned to the requirement of showing items in order of liquidity; i.e. assets readily converted to cash or liabilities immediately required to be met from cash appear first.

2. Any movement on the Adjustments Budgeted Financial Performance or the Capital Adjustments Budget will invariably impact on the Adjustments Budgeted Financial Position. For example, the collection rate assumption will impact on the cash position of the municipality and consequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption informs the budget provision for debt impairment, which in turn impacts on the provision for bad debts. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is directly informed by forecasting the statement of financial position.
3. The cash flow position requires close and ongoing monitoring.

Table B7 - Consolidated Adjustments Budgeted Cash Flow Statement

Description	Budget Year 2018/19								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H
R thousands									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates	2,069,035							–	2,069,035
Service charges	5,195,393							–	5,195,393
Other revenue	310,241						9,266	9,266	319,507
Government - operating	1,755,820						24,252	24,252	1,780,072
Government - capital	1,546,170						248,583	248,583	1,794,753
Interest	106,592						(691)	(691)	105,901
Dividends	–							–	–
Payments									
Suppliers and employees	(8,729,826)						(383,358)	(383,358)	(9,113,185)
Finance charges	(142,392)							–	(142,392)
Transfers and Grants	(87,446)						(7,184)	(7,184)	(94,629)
NET CASH FROM/(USED) OPERATING ACTIVITIES	2,023,586	–	–	–	–	–	(109,131)	(109,131)	1,914,455
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	–							–	–
Decrease (Increase) in non-current debtors	–							–	–
Decrease (increase) other non-current receivables	(3,203)							–	(3,203)
Decrease (increase) in non-current investments	–							–	–
Payments									
Capital assets	(1,728,084)						(315,054)	(315,054)	(2,043,139)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(1,731,287)	–	–	–	–	–	(315,054)	(315,054)	(2,046,342)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	–							–	–

Borrowing long term/refinancing	148,290							–	148,290
Increase (decrease) in consumer deposits	7,880						2,120	2,120	10,000
Payments									
Repayment of borrowing	(83,306)						(18)	(18)	(83,324)
NET CASH FROM/(USED) FINANCING ACTIVITIES	72,864	–	–	–	–	–	2,102	2,102	74,966
NET INCREASE/ (DECREASE) IN CASH HELD	365,163	–	–	–	–	–	(422,084)	(422,084)	(56,921)
Cash/cash equivalents at the year begin:	2,001,445						620,301	620,301	2,621,746
Cash/cash equivalents at the year end:	2,366,608	–	–	–	–	–	198,217	198,217	2,564,825

Explanatory notes to Table B7 – Adjustments Budget Cash Flow Statement

1. The budgeted cash flow statement represents the first measurement in determining whether the budget is funded.
2. It reflects the expected cash in-flows versus the cash out flows that is likely to result from the implementation of the Budget.
3. The cash position of the Municipality increased by R198.22 million from R2.366 billion in the original 2018/19 Budget, to R2.564 billion in the 2018/19 Adjustments Budget.
4. The Municipality will have to maintain its efforts of enforcing strict cash flow management and monitoring on an ongoing basis.

Table B8 – Consolidated Cash backed reserves/accumulated surplus reconciliation

Description	Budget Year 2018/19								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H
<u>Cash and investments available</u>									
Cash/cash equivalents at the year end	2,366,608	–	–	–	–	–	198,235	198,235	2,564,843
Other current investments > 90 days	–	–	–	–	–	–	–	–	–
Non current assets - Investments	–	–	–	–	–	–	–	–	–
Cash and investments available:	2,366,608	–	–	–	–	–	198,235	198,235	2,564,843
<u>Applications of cash and investments</u>									
Unspent conditional transfers	227,785	–	–	–	–	–	122,215	122,215	350,000
Unspent borrowing								–	–
Statutory requirements								–	–
Other working capital requirements	114,761	–					(22,762)	(22,762)	91,998
Other provisions	660,510							–	660,510
Long term investments committed	–	–					–	–	–
Reserves to be backed by cash/investments	612,284	–					–	–	612,284
Total Application of cash and investments:	1,615,340	–	–	–	–	–	101,911	101,911	1,717,251
Surplus(shortfall)	751,269	–	–	–	–	–	96,306	96,306	847,574

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. The table assesses the funding levels of the budget by firstly forecasting the cash and investments at year-end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. As part of the budgeting and planning guidelines that informed the compilation of the 2018/19 Budget, the end objective was to ensure that the budget is funded as required in accordance with section 18 of the MFMA.
4. It is to be noted that the 2018/19 Original Budget reflected a funding Surplus of R751,27 million, which has increased to R847,574million in the 2018/19 Adjustments Budget.
5. The Adjustments Budget funding position indicates that the Municipality must continue to exercise strict fiscal discipline to maintain and improve its funding position, and vigorously work on the Revenue Raising and Costs Reduction Plans continuously.

Table B9 – Consolidated Asset Management

Description	Budget Year 2018/19								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
	A	7	8	9	10	11	12	13	14
R thousands	A	A1	B	C	D	E	F	G	H
CAPITAL EXPENDITURE									
Total New Assets to be adjusted	742,143	–	–	–	–	–	349,228	349,228	1,091,371
Roads Infrastructure	226,525	–	–	–	–	–	(3,520)	(3,520)	223,005
Storm water Infrastructure	28,565	–	–	–	–	–	(8,343)	(8,343)	20,222
Electrical Infrastructure	45,303	–	–	–	–	–	3,907	3,907	49,209
Water Supply Infrastructure	81,765	–	–	–	–	–	281,733	281,733	363,498
Sanitation Infrastructure	70,208	–	–	–	–	–	(29,966)	(29,966)	40,242
Solid Waste Infrastructure	–	–	–	–	–	–	400	400	400
Rail Infrastructure	–	–	–	–	–	–	–	–	–
Coastal Infrastructure	–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure	3,500	–	–	–	–	–	(1,500)	(1,500)	2,000
Infrastructure	455,865	–	–	–	–	–	242,711	242,711	698,576
Community Facilities	71,223	–	–	–	–	–	9,161	9,161	80,384
Sport and Recreation Facilities	16,586	–	–	–	–	–	(4,287)	(4,287)	12,300
Community Assets	87,809	–	–	–	–	–	4,875	4,875	92,684
Heritage Assets	–	–	–	–	–	–	3,851	3,851	3,851
Revenue Generating	–	–	–	–	–	–	–	–	–
Non-revenue Generating	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Operational Buildings	6,900	–	–	–	–	–	49,532	49,532	56,432
Housing	48,000	–	–	–	–	–	(35,008)	(35,008)	12,992
Other Assets	54,900	–	–	–	–	–	14,524	14,524	69,424

Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	6,650	-	-	-	-	-	13,865	13,865	20,515
Intangible Assets	6,650	-	-	-	-	-	13,865	13,865	20,515
Computer Equipment	18,761	-	-	-	-	-	17,688	17,688	36,450
Furniture and Office Equipment	3,050	-	-	-	-	-	(3,904)	(3,904)	(854)
Machinery and Equipment	89,307	-	-	-	-	-	1,834	1,834	91,141
Transport Assets	25,800	-	-	-	-	-	7,284	7,284	33,084
Land	-	-	-	-	-	-	46,500	46,500	46,500
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets to be adjusted	318,310	-	-	-	-	-	(29,557)	(29,557)	288,753
Roads Infrastructure	71,000	-	-	-	-	-	(1,262)	(1,262)	69,738
Storm water Infrastructure	5,500	-	-	-	-	-	1,649	1,649	7,149
Electrical Infrastructure	88,277	-	-	-	-	-	(10,260)	(10,260)	78,017
Water Supply Infrastructure	78,000	-	-	-	-	-	(8,987)	(8,987)	69,013
Sanitation Infrastructure	52,500	-	-	-	-	-	500	500	53,000
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
Rail Infrastructure	11,149	-	-	-	-	-	(8,914)	(8,914)	2,235
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	306,426	-	-	-	-	-	(27,274)	(27,274)	279,152
Community Facilities	11,384	-	-	-	-	-	(4,586)	(4,586)	6,798
Sport and Recreation Facilities	-	-	-	-	-	-	2,000	2,000	2,000
Community Assets	11,384	-	-	-	-	-	(2,586)	(2,586)	8,798
Heritage Assets	-	-	-	-	-	-	303	303	303
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	500	-	-	-	-	-	-	-	500
Housing	-	-	-	-	-	-	-	-	-
Other Assets	500	-	-	-	-	-	-	-	500
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets to be adjusted	679,627	-	-	-	-	-	3,843	3,843	683,469
Roads Infrastructure	184,744	-	-	-	-	-	(4,627)	(4,627)	180,116
Storm water Infrastructure	29,450	-	-	-	-	-	9,270	9,270	38,720

Investment properties	–	–	–	–	–	–	–	–	–
Operational Buildings	32,043	–	–	–	–	–	45,732	45,732	77,774
Housing	48,000	–	–	–	–	–	(35,008)	(35,008)	12,992
Other Assets	80,043	–	–	–	–	–	10,724	10,724	90,766
Biological or Cultivated Assets	1,000	–	–	–	–	–	(1,000)	(1,000)	–
Servitudes	–	–	–	–	–	–	–	–	–
Licences and Rights	11,650	–	–	–	–	–	26,865	26,865	38,515
Intangible Assets	11,650	–	–	–	–	–	26,865	26,865	38,515
Computer Equipment	20,261	–	–	–	–	–	17,688	17,688	37,950
Furniture and Office Equipment	3,250	–	–	–	–	–	(4,104)	(4,104)	(854)
Machinery and Equipment	90,307	–	–	–	–	–	2,834	2,834	93,141
Transport Assets	25,800	–	–	–	–	–	7,284	7,284	33,084
Land	11,500	–	–	–	–	–	46,500	46,500	58,000
Zoo's, Marine and Non-biological Animals	–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE to be adjusted	1,740,079	–	–	–	–	–	323,514	323,514	2,063,593
ASSET REGISTER SUMMARY - PPE (WDV)									
Roads Infrastructure	3,811,786						9,015	9,015	3,820,801
Storm water Infrastructure	724,429						4,675	4,675	729,104
Electrical Infrastructure	2,081,706						5,189	5,189	2,086,895
Water Supply Infrastructure	2,591,542						272,724	272,724	2,864,266
Sanitation Infrastructure	2,092,719						(29,357)	(29,357)	2,063,362
Solid Waste Infrastructure	349,632						4,181	4,181	353,812
Rail Infrastructure	–						–	–	–
Coastal Infrastructure	2,500						3,000	3,000	5,500
Information and Communication Infrastructure	4,500						(1,500)	(1,500)	3,000
Infrastructure	11,658,813	–	–	–	–	–	267,927	267,927	11,926,740
Community Facilities	489,364						4,120	4,120	493,484
Sport and Recreation Facilities	2,126,819						18,040	18,040	2,144,859
Community Assets	2,616,183	–	–	–	–	–	22,160	22,160	2,638,343
Heritage Assets	205,837							–	205,837
Revenue Generating								–	–
Non-revenue Generating	197,280							–	197,280
Investment properties	197,280	–	–	–	–	–	–	–	197,280
Operational Buildings	1,784,007						49,725	49,725	1,833,732
Housing	66,829						(44,450)	(44,450)	22,379
Other Assets	1,850,835	–	–	–	–	–	5,275	5,275	1,856,111
Biological or Cultivated Assets								–	–
Servitudes								–	–
Licences and Rights	61,137						29,723	29,723	90,860
Intangible Assets	61,137	–	–	–	–	–	29,723	29,723	90,860
Computer Equipment	114,947						17,624	17,624	132,571
Furniture and Office Equipment	60,363						(5,731)	(5,731)	54,632
Machinery and Equipment	142,891						3,774	3,774	146,666
Transport Assets	178,482						6,500	6,500	184,982
Land							46,500	46,500	46,500

Zoo's, Marine and Non-biological Animals								-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	17,086,768	-	-	-	-	-	393,752	393,752	17,480,520
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	817,712	-	-	-	-	-	(89,446)	(89,446)	728,266
Repairs and Maintenance by asset class	463,178	-	-	-	-	-	(2,958)	(2,958)	460,219
Roads Infrastructure	43,587	-	-	-	-	-	338	338	43,925
Storm water Infrastructure	15,748	-	-	-	-	-	21,950	21,950	37,698
Electrical Infrastructure	33,391	-	-	-	-	-	(4,109)	(4,109)	29,282
Water Supply Infrastructure	147,795	-	-	-	-	-	(14,324)	(14,324)	133,471
Sanitation Infrastructure	70,600	-	-	-	-	-	(9,166)	(9,166)	61,434
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
Rail Infrastructure	3,983	-	-	-	-	-	(370)	(370)	3,613
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	315,104	-	-	-	-	-	(5,680)	(5,680)	309,424
Community Facilities	11,760	-	-	-	-	-	1,317	1,317	13,077
Sport and Recreation Facilities	7,466	-	-	-	-	-	2,732	2,732	10,199
Community Assets	19,226	-	-	-	-	-	4,050	4,050	23,276
Heritage Assets	638	-	-	-	-	-	664	664	1,302
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	25,268	-	-	-	-	-	(2,683)	(2,683)	22,585
Housing	9,058	-	-	-	-	-	(846)	(846)	8,212
Other Assets	34,326	-	-	-	-	-	(3,529)	(3,529)	30,797
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	5,070	-	-	-	-	-	(832)	(832)	4,238
Intangible Assets	5,070	-	-	-	-	-	(832)	(832)	4,238
Computer Equipment	13,974	-	-	-	-	-	(887)	(887)	13,086
Furniture and Office Equipment	1,474	-	-	-	-	-	(166)	(166)	1,308
Machinery and Equipment	38,790	-	-	-	-	-	3,417	3,417	42,206
Transport Assets	34,576	-	-	-	-	-	5	5	34,581
Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS to be adjusted	1,280,890	-	-	-	-	-	(92,404)	(92,404)	1,188,486
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	<i>57.4%</i>	<i>0.0%</i>							<i>47.1%</i>
<i>Renewal and upgrading of Existing Assets as % of deprecn"</i>	<i>122.0%</i>	<i>0.0%</i>							<i>133.5%</i>
<i>R&M as a % of PPE</i>	<i>2.7%</i>	<i>0.0%</i>							<i>2.6%</i>
<i>Renewal and upgrading and R&M as a % of PPE</i>	<i>8.6%</i>	<i>0.0%</i>							<i>8.2%</i>

Explanatory notes to Table B9 - Asset Management

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

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

2. National Treasury has suggested that municipalities should allocate at least 40% of their capital budget to the renewal/rehabilitation of existing assets, and allocations to repairs and maintenance should be 8% of Property, Plant and Equipment (PPE). In this regard, the expenditure relating to the renewal/rehabilitation of existing assets amounts to 47.1% of the Capital Adjustments Budget, whilst repairs and maintenance constitute 2.6% of PPE.

Table B10 –Consolidated Basic service delivery measurement

[illegible]

Water (in excess of 6 kilolitres per indigent household per month)	40,345	-	-	-	-	-	-	-	40,345
Sanitation (in excess of free sanitation service to indigent households)	-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)	20,146	-	-	-	-	-	-	-	20,146
Refuse (in excess of one removal a week for indigent households)	-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates								-	-
Housing - top structure subsidies								-	-
Other								-	-
Total revenue cost of subsidised services provided	181,198	-	-	-	-	-	-	-	181,198

Explanatory notes to Table B10 - Basic Service Delivery Measurement

- Table B10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services. The information provided in this table originates from the respective Directorates.

Total current assets	4,492,240	-	-	-	-	-	294,474	294,474	4,786,713
Total non-current assets	17,110,807	-	-	-	-	-	391,803	391,803	17,502,610
Total current liabilities	2,611,343	-	-	-	-	-	184,853	184,853	2,796,196
Total non-current liabilities	3,721,780	-	-	-	-	-	108,489	108,489	3,830,269
Community wealth/Equity	15,269,923	-	-	-	-	-	392,934	392,934	15,662,858
Cash flows									
Net cash from (used) operating	1,972,261	-	-	-	-	-	(89,253)	(89,253)	1,883,008
Net cash from (used) investing	(1,679,980)	-	-	-	-	-	(315,054)	(315,054)	(1,995,034)
Net cash from (used) financing	72,864	-	-	-	-	-	2,120	2,120	74,984
Cash/cash equivalents at the year end	2,330,613	-	-	-	-	-	214,698	214,698	2,545,311
Cash backing/surplus reconciliation									
Cash and investments available	2,330,613	-	-	-	-	-	214,680	214,680	2,545,293
Application of cash and investments	1,589,897	-	-	-	-	-	102,170	102,170	1,692,068
Balance - surplus (shortfall)	740,716	-	-	-	-	-	112,510	112,510	853,225
Asset Management									
Asset register summary (WDV)	17,043,545	-	-	-	-	-	391,803	391,803	17,435,347
Depreciation & asset impairment	816,905	-	-	-	-	-	(89,289)	(89,289)	727,616
Renewal of Existing Assets	293,391	-	-	-	-	-	(12,598)	(12,598)	280,793
Repairs and Maintenance	463,178	-	-	-	-	-	(2,958)	(2,958)	460,219
Free services									
Cost of Free Basic Services provided	479,388	-	-	-	-	-	-	-	479,388
Revenue cost of free services provided	181,198	-	-	-	-	-	-	-	181,198
Households below minimum service level									
Water:	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	9	-	-	-	-	-	-	-	9
Energy:	-	-	-	-	-	-	-	-	-
Refuse:	20	-	-	-	-	-	-	-	20

Table B2 – Budget Financial Performance

Standard Description	Budget Year 2018/19								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H
R thousands									
Revenue - Functional									
Governance and administration	2,830,550	-	-	-	-	-	(32,333)	(32,333)	2,798,217
Executive and council	26	-	-	-	-	-	-	-	26
Finance and administration	2,830,522	-	-	-	-	-	(32,333)	(32,333)	2,798,189
Internal audit	2	-	-	-	-	-	-	-	2

Community and public safety	813,650	-	-	-	-	-	41,182	41,182	854,832
Community and social services	57,548	-	-	-	-	-	514	514	58,062
Sport and recreation	4,761	-	-	-	-	-	6,521	6,521	11,282
Public safety	-	-	-	-	-	-	-	-	-
Housing	749,529	-	-	-	-	-	34,147	34,147	783,677
Health	1,811	-	-	-	-	-	-	-	1,811
Economic and environmental services	1,024,113	-	-	-	-	-	38,997	38,997	1,063,109
Planning and development	145,829	-	-	-	-	-	9,654	9,654	155,483
Road transport	876,783	-	-	-	-	-	29,343	29,343	906,126
Environmental protection	1,501	-	-	-	-	-	-	-	1,501
Trading services	6,749,916	-	-	-	-	-	258,016	258,016	7,007,932
Energy sources	4,168,510	-	-	-	-	-	(5,343)	(5,343)	4,163,167
Water management	1,159,095	-	-	-	-	-	258,435	258,435	1,417,530
Waste water management	978,525	-	-	-	-	-	3,675	3,675	982,200
Waste management	443,785	-	-	-	-	-	1,250	1,250	445,035
Other	47,879	-	-	-	-	-	-	-	47,879
Total Revenue - Functional	11,466,107	-	-	-	-	-	305,862	305,862	11,771,969
Expenditure - Functional									
Governance and administration	1,888,563	-	-	-	-	-	201,302	201,302	2,089,865
Executive and council	308,256	-	-	-	-	-	1,314	1,314	309,570
Finance and administration	1,518,222	-	-	-	-	-	200,343	200,343	1,718,565
Internal audit	62,085	-	-	-	-	-	(354)	(354)	61,731
Community and public safety	1,518,060	-	-	-	-	-	13,107	13,107	1,531,167
Community and social services	320,117	-	-	-	-	-	(3,113)	(3,113)	317,004
Sport and recreation	382,055	-	-	-	-	-	(4,736)	(4,736)	377,319
Public safety	206,274	-	-	-	-	-	(1,376)	(1,376)	204,898
Housing	521,858	-	-	-	-	-	25,354	25,354	547,212
Health	87,755	-	-	-	-	-	(3,021)	(3,021)	84,734
Economic and environmental services	1,330,651	-	-	-	-	-	(176,809)	(176,809)	1,153,843
Planning and development	345,387	-	-	-	-	-	20,901	20,901	366,288
Road transport	935,241	-	-	-	-	-	(193,866)	(193,866)	741,375
Environmental protection	50,023	-	-	-	-	-	(3,843)	(3,843)	46,180
Trading services	5,609,374	-	-	-	-	-	14,411	14,411	5,623,785
Energy sources	3,850,352	-	-	-	-	-	12,766	12,766	3,863,118
Water management	821,475	-	-	-	-	-	(2,755)	(2,755)	818,720
Waste water management	559,395	-	-	-	-	-	2,744	2,744	562,139
Waste management	378,151	-	-	-	-	-	1,656	1,656	379,807
Other	46,830	-	-	-	-	-	(1,217)	(1,217)	45,613
Total Expenditure - Functional	10,393,478	-	-	-	-	-	50,795	50,795	10,444,273
Surplus/ (Deficit) for the year	1,072,629	-	-	-	-	-	255,067	255,067	1,327,696

Table B3 – Budget Financial Performance by Vote

Vote Description

Budget Year 2018/19

	Original Budget	Prior Adjusted	Accum. Funds	Multi- year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
<i>[Insert departmental structure etc]</i>	3	4	5	6	7	8	9	10	
R thousands	A	A1	B	C	D	E	F	G	H
Revenue by Vote									
Vote 1 - Budget & Treasury	2,778,076	-	-	-	-	-	(39,537)	(39,537)	2,738,539
Vote 2 - Public Health	487,223	-	-	-	-	-	4,271	4,271	491,495
Vote 3 - Human Settlements	777,167	-	-	-	-	-	34,147	34,147	811,315
Vote 4 - Economic Development, Tourism & Agriculture	117,893	-	-	-	-	-	15,765	15,765	133,658
Vote 5 - Corporate Services	20,733	-	-	-	-	-	3,627	3,627	24,360
Vote 6 - Infrastructure & Engineering Unit - Rate & General	375,950	-	-	-	-	-	29,545	29,545	405,495
Vote 7 - Metro Water Service	1,159,095	-	-	-	-	-	258,435	258,435	1,417,530
Vote 8 - Sanitation - Metro	978,525	-	-	-	-	-	3,675	3,675	982,200
Vote 9 - Electricity & Energy	4,168,510	-	-	-	-	-	(5,343)	(5,343)	4,163,167
Vote 10 - Executive & Council	22,350	-	-	-	-	-	(6,112)	(6,112)	16,239
Vote 11 - Safety & Security	530,206	-	-	-	-	-	353	353	530,560
Vote 12 - Mandela Bay Stadium	15,000	-	-	-	-	-	-	-	15,000
Vote 13 - Special Projects and Programmes	14,416	-	-	-	-	-	-	-	14,416
Vote 14 - Recreational & Cultural Services	20,961	-	-	-	-	-	7,035	7,035	27,996
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	11,466,107	-	-	-	-	-	305,862	305,862	11,771,969
Expenditure by Vote									
Vote 1 - Budget & Treasury	775,101	-	-	-	-	-	23,405	23,405	798,506
Vote 2 - Public Health	683,690	-	-	-	-	-	(2,832)	(2,832)	680,858
Vote 3 - Human Settlements	607,383	-	-	-	-	-	24,506	24,506	631,889
Vote 4 - Economic Development, Tourism & Agriculture	190,572	-	-	-	-	-	21,836	21,836	212,408
Vote 5 - Corporate Services	447,520	-	-	-	-	-	2,495	2,495	450,016
Vote 6 - Infrastructure & Engineering Unit - Rate & General	781,272	-	-	-	-	-	(117,630)	(117,630)	663,641
Vote 7 - Metro Water Service	838,614	-	-	-	-	-	(372)	(372)	838,242
Vote 8 - Sanitation - Metro	504,307	-	-	-	-	-	30,325	30,325	534,632
Vote 9 - Electricity & Energy	3,846,612	-	-	-	-	-	12,742	12,742	3,859,354
Vote 10 - Executive & Council	374,993	-	-	-	-	-	(965)	(965)	374,028
Vote 11 - Safety & Security	893,624	-	-	-	-	-	65,493	65,493	959,118
Vote 12 - Mandela Bay Stadium	51,584	-	-	-	-	-	-	-	51,584
Vote 13 - Special Projects and Programmes	12,731	-	-	-	-	-	0	0	12,731
Vote 14 - Recreational & Cultural Services	385,474	-	-	-	-	-	(8,207)	(8,207)	377,267
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	10,393,478	-	-	-	-	-	50,795	50,795	10,444,273
Surplus/ (Deficit) for the year	1,072,629	-	-	-	-	-	255,067	255,067	1,327,696

Table B4 – Budget Financial Performance Revenue and Expenditure

Description	Budget Year 2018/19								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H
Revenue By Source									
Property rates	2,177,931	–	–	–	–	–	–	–	2,177,931
Service charges - electricity revenue	3,964,692	–	–	–	–	–	–	–	3,964,692
Service charges - water revenue	749,547	–	–	–	–	–	–	–	749,547
Service charges - sanitation revenue	459,930	–	–	–	–	–	–	–	459,930
Service charges - refuse revenue	294,667	–	–	–	–	–	–	–	294,667
Service charges - other								–	–
Rental of facilities and equipment	36,318						90	90	36,408
Interest earned - external investments	104,592						(691)	(691)	103,901
Interest earned - outstanding debtors	221,488							–	221,488
Dividends received								–	–
Fines, penalties and forfeits	303,735						(14,964)	(14,964)	288,772
Licences and permits	28,034							–	28,034
Agency services	2,892							–	2,892
Transfers and subsidies	1,802,638						31,878	31,878	1,834,516
Other revenue	202,086	–	–	–	–	–	7,436	7,436	209,522
Gains on disposal of PPE							473	473	473
Total Revenue (excluding capital transfers and contributions)	10,348,550	–	–	–	–	–	24,223	24,223	10,372,773
Expenditure By Type									
Employee related costs	3,241,610	–	–	–	–	–	15,612	15,612	3,257,222
Remuneration of councillors	73,451						1,293	1,293	74,743
Debt impairment	541,544							–	541,544
Depreciation & asset impairment	816,905	–	–	–	–	–	(79,217)	(79,217)	737,688
Finance charges	142,392							–	142,392
Bulk purchases	3,181,932	–	–	–	–	–	22,844	22,844	3,204,776
Other materials	191,819						13,918	13,918	205,737
Contracted services	1,359,867	–	–	–	–	–	44,507	44,507	1,404,374
Transfers and subsidies	187,479						(4,928)	(4,928)	182,551
Other expenditure	656,478	–	–	–	–	–	36,766	36,766	693,244
Loss on disposal of PPE								–	–
Total Expenditure	10,393,478	–	–	–	–	–	50,795	50,795	10,444,273
Surplus/(Deficit)	(44,928)	–	–	–	–	–	(26,572)	(26,572)	(71,500)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	977,575						275,405	275,405	1,252,980

Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	139,982						6,234	6,234	146,216
Transfers and subsidies - capital (in-kind - all)								-	-
Surplus/(Deficit) before taxation	1,072,629	-	-	-	-	-	255,067	255,067	1,327,696
Taxation								-	-
Surplus/(Deficit) after taxation	1,072,629	-	-	-	-	-	255,067	255,067	1,327,696
Attributable to minorities								-	-
Surplus/(Deficit) attributable to municipality	1,072,629	-	-	-	-	-	255,067	255,067	1,327,696
Share of surplus/ (deficit) of associate								-	-
Surplus/ (Deficit) for the year	1,072,629	-	-	-	-	-	255,067	255,067	1,327,696

Table B5 – Budget Capital Expenditure – Standard Classification

Description	Budget Year 2018/19								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H
R thousands									
Capital expenditure - Vote									
<u>Multi-year expenditure to be adjusted</u>									
Vote 1 - Budget & Treasury	9,243	-	-	-	-	-	13,500	13,500	22,743
Vote 2 - Public Health	41,487	-	-	-	-	-	2,271	2,271	43,758
Vote 3 - Human Settlements	183,457	-	-	-	-	-	(3,735)	(3,735)	179,722
Vote 4 - Economic Development, Tourism & Agriculture	-	-	-	-	-	-	547	547	547
Vote 5 - Corporate Services	28,950	-	-	-	-	-	(2,435)	(2,435)	26,515
Vote 6 - Infrastructure & Engineering Unit - Rate & General	448,954	-	-	-	-	-	47,069	47,069	496,023
Vote 7 - Metro Water Service	263,100	-	-	-	-	-	256,435	256,435	519,535
Vote 8 - Sanitation - Metro	278,854	-	-	-	-	-	(31,295)	(31,295)	247,559
Vote 9 - Electricity & Energy	236,443	-	-	-	-	-	(7,853)	(7,853)	228,590
Vote 10 - Executive & Council	10,743	-	-	-	-	-	(6,112)	(6,112)	4,632
Vote 11 - Safety & Security	4,865	-	-	-	-	-	425	425	5,290
Vote 12 - Mandela Bay Stadium	13,000	-	-	-	-	-	-	-	13,000
Vote 13 - Special Projects and Programmes	-	-	-	-	-	-	-	-	-
Vote 14 - Recreational & Cultural Services	38,000	-	-	-	-	-	5,462	5,462	43,462
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	1,557,096	-	-	-	-	-	274,279	274,279	1,831,375
<u>Single-year expenditure to be adjusted</u>									
Vote 1 - Budget & Treasury	2,700	-	-	-	-	-	(500)	(500)	2,200
Vote 2 - Public Health	9,800	-	-	-	-	-	750	750	10,550
Vote 3 - Human Settlements	45,000	-	-	-	-	-	-	-	45,000
Vote 4 - Economic Development, Tourism & Agriculture	1,500	-	-	-	-	-	2,865	2,865	4,365
Vote 5 - Corporate Services	13,200	-	-	-	-	-	12,500	12,500	25,700

Vote 6 - Infrastructure & Engineering Unit - Rate & General	16,100	-	-	-	-	-	6,070	6,070	22,170
Vote 7 - Metro Water Service	2,000	-	-	-	-	-	3,000	3,000	5,000
Vote 8 - Sanitation - Metro	2,000	-	-	-	-	-	3,000	3,000	5,000
Vote 9 - Electricity & Energy	7,730	-	-	-	-	-	2,510	2,510	10,240
Vote 10 - Executive & Council	-	-	-	-	-	-	-	-	-
Vote 11 - Safety & Security	20,231	-	-	-	-	-	(500)	(500)	19,731
Vote 12 - Mandela Bay Stadium	-	-	-	-	-	-	-	-	-
Vote 13 - Special Projects and Programmes	-	-	-	-	-	-	-	-	-
Vote 14 - Recreational & Cultural Services	10,500	-	-	-	-	-	-	-	10,500
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	130,761	-	-	-	-	-	29,695	29,695	160,456
Total Capital Expenditure - Vote	1,687,857	-	-	-	-	-	303,974	303,974	1,991,831
Capital Expenditure - Functional									
Governance and administration	93,774	-	-	-	-	-	46,054	46,054	139,828
Executive and council							-	-	-
Finance and administration	93,774						46,054	46,054	139,828
Internal audit							-	-	-
Community and public safety	156,801	-	-	-	-	-	27,176	27,176	183,978
Community and social services	36,117						1,450	1,450	37,567
Sport and recreation	59,070						27,801	27,801	86,871
Public safety	15,815						(2,075)	(2,075)	13,740
Housing	45,000						-	-	45,000
Health	800						-	-	800
Economic and environmental services	510,121	-	-	-	-	-	17,230	17,230	527,351
Planning and development	1,500						1,765	1,765	3,265
Road transport	506,621						16,214	16,214	522,836
Environmental protection	2,000						(750)	(750)	1,250
Trading services	927,161	-	-	-	-	-	212,967	212,967	1,140,128
Energy sources	236,673						(5,593)	(5,593)	231,080
Water management	290,515						260,496	260,496	551,011
Waste water management	386,973						(41,935)	(41,935)	345,037
Waste management	13,000						-	-	13,000
Other							547	547	547
Total Capital Expenditure - Functional	1,687,857	-	-	-	-	-	303,974	303,974	1,991,831
Funded by:									
National Government	977,575						275,405	275,405	1,252,980
Provincial Government							-	-	-
District Municipality							-	-	-
Other transfers and grants	139,982						6,234	6,234	146,216
Transfers recognised - capital	1,117,557	-	-	-	-	-	281,639	281,639	1,399,196
Public contributions & donations							-	-	-
Borrowing	148,290						-	-	148,290
Internally generated funds	422,011						22,335	22,335	444,345
Total Capital Funding	1,687,857	-	-	-	-	-	303,974	303,974	1,991,831

Table B6 – Budget Financial Position

Description	Budget Year 2018/19								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H
R thousands									
ASSETS									
Current assets									
Cash	200,000							–	200,000
Call investment deposits	2,130,613	–	–	–	–	–	214,680	214,680	2,345,293
Consumer debtors	1,475,210	–	–	–	–	–	79,794	79,794	1,555,004
Other debtors	480,635							–	480,635
Current portion of long-term receivables	0							–	0
Inventory	205,782							–	205,782
Total current assets	4,492,240	–	–	–	–	–	294,474	294,474	4,786,713
Non-current assets									
Long-term receivables	67,262							–	67,262
Investments								–	–
Investment property	197,280						–	–	197,280
Investment in Associate								–	–
Property, plant and equipment	16,786,278	–	–	–	–	–	364,379	364,379	17,150,657
Agricultural								–	–
Biological								–	–
Intangible	59,987						27,423	27,423	87,410
Other non-current assets								–	–
Total non-current assets	17,110,807	–	–	–	–	–	391,803	391,803	17,502,610
TOTAL ASSETS	21,603,046	–	–	–	–	–	686,276	686,276	22,289,323
LIABILITIES									
Current liabilities									
Bank overdraft								–	–
Borrowing	93,170	–	–	–	–	–	–	–	93,170
Consumer deposits	139,221						10,000	10,000	149,221
Trade and other payables	2,132,502	–	–	–	–	–	174,853	174,853	2,307,355
Provisions	246,450							–	246,450
Total current liabilities	2,611,343	–	–	–	–	–	184,853	184,853	2,796,196
Non-current liabilities									
Borrowing	1,203,438	–	–	–	–	–	148,290	148,290	1,351,727
Provisions	2,518,343	–	–	–	–	–	(39,801)	(39,801)	2,478,542
Total non-current liabilities	3,721,780	–	–	–	–	–	108,489	108,489	3,830,269
TOTAL LIABILITIES	6,333,123	–	–	–	–	–	293,342	293,342	6,626,465

Repayment of borrowing	(83,306)							–	(83,306)
NET CASH FROM/(USED) FINANCING ACTIVITIES	72,864	–	–	–	–	–	2,120	2,120	74,984
NET INCREASE/ (DECREASE) IN CASH HELD	365,145	–	–	–	–	–	(402,205)	(402,205)	(37,060)
Cash/cash equivalents at the year begin:	1,965,468						616,885	616,885	2,582,353
Cash/cash equivalents at the year-end:	2,330,613	–	–	–	–	–	214,680	214,680	2,545,293

Table B8 – Cash backed Reserves

Description	Budget Year 2018/19								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H
Cash and investments available									
Cash/cash equivalents at the year end	2,330,613	–	–	–	–	–	214,698	214,698	2,545,311
Other current investments > 90 days	–	–	–	–	–	–	(18)	(18)	(18)
Non-current assets - Investments	–	–	–	–	–	–	–	–	–
Cash and investments available:	2,330,613	–	–	–	–	–	214,680	214,680	2,545,293
Applications of cash and investments									
Unspent conditional transfers	227,785	–	–	–	–	–	122,215	122,215	350,000
Unspent borrowing								–	–
Statutory requirements								–	–
Other working capital requirements	89,318	–					(22,503)	(22,503)	66,815
Other provisions	660,510							–	660,510
Long term investments committed	–	–					–	–	–
Reserves to be backed by cash/investments	612,284	–					2,458	2,458	614,743
Total Application of cash and investments:	1,589,897	–	–	–	–	–	102,170	102,170	1,692,068
Surplus(shortfall)	740,716	–	–	–	–	–	112,510	112,510	853,225

Table B9 – Asset Management

Description	Budget Year 2018/19								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
housands	A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H
PITAL EXPENDITURE									
Total New Assets to be adjusted	714,839	–	–	–	–	–	312,729	312,729	1,027,568
Roads Infrastructure	214,325	–	–	–	–	–	(8,137)	(8,137)	206,188
Storm water Infrastructure	28,565	–	–	–	–	–	(8,343)	(8,343)	20,222
Electrical Infrastructure	45,303	–	–	–	–	–	3,907	3,907	49,210
Water Supply Infrastructure	81,765	–	–	–	–	–	281,733	281,733	363,498
Sanitation Infrastructure	70,208	–	–	–	–	–	(29,966)	(29,966)	40,242

Other Assets	500	-	-	-	-	-	-	-	500
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets to be adjusted	679,627	-	-	-	-	-	3,843	3,843	683,469
Roads Infrastructure	184,744	-	-	-	-	-	(4,627)	(4,627)	180,116
Storm water Infrastructure	29,450	-	-	-	-	-	9,270	9,270	38,720
Electrical Infrastructure	85,421	-	-	-	-	-	(1,750)	(1,750)	83,671
Water Supply Infrastructure	81,500	-	-	-	-	-	(13,250)	(13,250)	68,250
Sanitation Infrastructure	193,600	-	-	-	-	-	(10,895)	(10,895)	182,705
Solid Waste Infrastructure	7,500	-	-	-	-	-	-	-	7,500
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	3,000	3,000	3,000
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	582,215	-	-	-	-	-	(18,253)	(18,253)	563,962
Community Facilities	25,070	-	-	-	-	-	1,633	1,633	26,703
Sport and Recreation Facilities	27,500	-	-	-	-	-	11,462	11,462	38,962
Community Assets	52,570	-	-	-	-	-	13,095	13,095	65,665
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	24,643	-	-	-	-	-	(3,800)	(3,800)	20,843
Housing	-	-	-	-	-	-	-	-	-
Other Assets	24,643	-	-	-	-	-	(3,800)	(3,800)	20,843
Biological or Cultivated Assets	1,000	-	-	-	-	-	(1,000)	(1,000)	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	5,000	-	-	-	-	-	13,000	13,000	18,000
Intangible Assets	5,000	-	-	-	-	-	13,000	13,000	18,000
Computer Equipment	1,500	-	-	-	-	-	-	-	1,500
Furniture and Office Equipment	200	-	-	-	-	-	(200)	(200)	-
Machinery and Equipment	1,000	-	-	-	-	-	1,000	1,000	2,000
Transport Assets	-	-	-	-	-	-	-	-	-
Land	11,500	-	-	-	-	-	-	-	11,500
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Capital Expenditure to be adjusted									
Roads Infrastructure	465,069	-	-	-	-	-	(14,264)	(14,264)	450,805

<i>Storm water Infrastructure</i>	63,515	-	-	-	-	-	2,576	2,576	66,091
<i>Electrical Infrastructure</i>	219,001	-	-	-	-	-	(8,103)	(8,103)	210,898
<i>Water Supply Infrastructure</i>	241,265	-	-	-	-	-	259,496	259,496	500,761
<i>Sanitation Infrastructure</i>	316,308	-	-	-	-	-	(40,361)	(40,361)	275,947
<i>Solid Waste Infrastructure</i>	7,500	-	-	-	-	-	-	-	7,500
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	3,000	3,000	3,000
<i>Information and Communication Infrastructure</i>	3,500	-	-	-	-	-	(1,500)	(1,500)	2,000
Infrastructure	1,316,157	-	-	-	-	-	200,844	200,844	1,517,001
Community Facilities	96,704	-	-	-	-	-	1,348	1,348	98,052
Sport and Recreation Facilities	36,500	-	-	-	-	-	7,962	7,962	44,462
Community Assets	133,204	-	-	-	-	-	9,310	9,310	142,514
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	30,643	-	-	-	-	-	47,132	47,132	77,775
Housing	45,000	-	-	-	-	-	(45,000)	(45,000)	-
Other Assets	75,643	-	-	-	-	-	2,132	2,132	77,775
Biological or Cultivated Assets	1,000	-	-	-	-	-	(1,000)	(1,000)	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	11,000	-	-	-	-	-	25,215	25,215	36,215
Intangible Assets	11,000	-	-	-	-	-	25,215	25,215	36,215
Computer Equipment	20,100	-	-	-	-	-	17,624	17,624	37,724
Furniture and Office Equipment	3,200	-	-	-	-	-	(4,150)	(4,150)	(950)
Machinery and Equipment	90,254	-	-	-	-	-	1,000	1,000	91,254
Transport Assets	25,800	-	-	-	-	-	6,500	6,500	32,300
Land	11,500	-	-	-	-	-	46,500	46,500	58,000
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
TAL CAPITAL EXPENDITURE to be adjusted	1,687,857	-	-	-	-	-	303,974	303,974	1,991,831
SET REGISTER SUMMARY - PPE (WDV)									
<i>Roads Infrastructure</i>	3,794,586						9,015	9,015	3,803,601
<i>Storm water Infrastructure</i>	724,429						4,675	4,675	729,104
<i>Electrical Infrastructure</i>	2,081,706						5,189	5,189	2,086,895
<i>Water Supply Infrastructure</i>	2,591,542						272,724	272,724	2,864,266
<i>Sanitation Infrastructure</i>	2,092,719						(29,357)	(29,357)	2,063,362
<i>Solid Waste Infrastructure</i>	349,632						4,181	4,181	353,813
<i>Rail Infrastructure</i>							-	-	-
<i>Coastal Infrastructure</i>	2,500						3,000	3,000	5,500
<i>Information and Communication Infrastructure</i>	4,500						(1,500)	(1,500)	3,000
Infrastructure	11,641,613	-	-	-	-	-	267,927	267,927	11,909,540
Community Facilities	478,392						4,120	4,120	482,512
Sport and Recreation Facilities	2,119,232						18,040	18,040	2,137,272
Community Assets	2,597,624	-	-	-	-	-	22,160	22,160	2,619,784
Heritage Assets	205,837						-	-	205,837

Revenue Generating								-	-
Non-revenue Generating	197,280							-	197,280
Investment properties	197,280	-	-	-	-	-	-	-	197,280
Operational Buildings	1,782,607						49,725	49,725	1,832,332
Housing	63,829						(44,450)	(44,450)	19,379
Other Assets	1,846,435	-	-	-	-	-	5,275	5,275	1,851,710
Biological or Cultivated Assets							-	-	-
Servitudes							-	-	-
Licences and Rights	59,987						27,423	27,423	87,410
Intangible Assets	59,987	-	-	-	-	-	27,423	27,423	87,410
Computer Equipment	114,629						17,624	17,624	132,253
Furniture and Office Equipment	59,960						(5,381)	(5,381)	54,579
Machinery and Equipment	142,595						3,774	3,774	146,369
Transport Assets	177,583						6,500	6,500	184,083
Land							46,500	46,500	46,500
Zoo's, Marine and Non-biological Animals							-	-	-
TAL ASSET REGISTER SUMMARY - PPE (WDV)	17,043,545	-	-	-	-	-	391,803	391,803	17,435,348
PENDITURE OTHER ITEMS									
<u>Depreciation & asset impairment</u>	816,905	-	-	-	-	-	(89,289)	(89,289)	727,616
<u>Repairs and Maintenance by asset class</u>	463,178	-	-	-	-	-	(2,958)	(2,958)	460,220
<i>Roads Infrastructure</i>	43,587	-	-	-	-	-	338	338	43,925
<i>Storm water Infrastructure</i>	15,748	-	-	-	-	-	21,950	21,950	37,698
<i>Electrical Infrastructure</i>	33,391	-	-	-	-	-	(4,109)	(4,109)	29,282
<i>Water Supply Infrastructure</i>	147,795	-	-	-	-	-	(14,324)	(14,324)	133,471
<i>Sanitation Infrastructure</i>	70,600	-	-	-	-	-	(9,166)	(9,166)	61,434
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>	3,983	-	-	-	-	-	(370)	(370)	3,613
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
Infrastructure	315,104	-	-	-	-	-	(5,680)	(5,680)	309,424
Community Facilities	11,760	-	-	-	-	-	1,317	1,317	13,077
Sport and Recreation Facilities	7,466	-	-	-	-	-	2,732	2,732	10,198
Community Assets	19,226	-	-	-	-	-	4,050	4,050	23,276
Heritage Assets	638	-	-	-	-	-	664	664	1,302
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	25,268	-	-	-	-	-	(2,683)	(2,683)	22,585
Housing	9,058	-	-	-	-	-	(846)	(846)	8,212
Other Assets	34,326	-	-	-	-	-	(3,529)	(3,529)	30,797
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	5,070	-	-	-	-	-	(832)	(832)	4,238
Intangible Assets	5,070	-	-	-	-	-	(832)	(832)	4,238
Computer Equipment	13,974	-	-	-	-	-	(887)	(887)	13,087

PART 2 – SUPPORTING DOCUMENTATION

2.1 Adjustments to Budget Assumptions

All the budget assumptions including the Collection Rate of 95%, which informed the approved 2018/19 Budget, have been maintained. This adjustments budget has been concluded during the time when the various stages of the loadshedding were being implemented as per the instructions of ESKOM. Unfortunately if the status quo remains until the financial year-end, surely this will impact negatively to the Electricity Revenue in the 2018/19 financial year.

2.2 Adjustments to Budget Funding

2.2.1 Funding the Adjustments Budget

2.2.1.1 Funding of Operating Expenditure

The Municipality's operating expenditure is mainly funded from sources such as property rates, service charges and government grants. The table below reflects the funding sources:

Description	Budget Year 2018/19		
	Original Budget	Adjusted Budget	Variance
<u>Revenue By Source</u>			
Property rates	2,177,931	2,177,931	–
Service charges - electricity revenue	3,964,692	3,964,692	–
Service charges - water revenue	749,547	749,547	–
Service charges - sanitation revenue	459,930	459,930	–
Service charges - refuse revenue	294,667	294,667	–
Service charges - other	200	943	743
Rental of facilities and equipment	37,118	37,208	90
Interest earned - external investments	106,592	105,901	(691)
Interest earned - outstanding debtors	221,488	221,488	–
Fines, penalties and forfeits	303,735	288,772	(14,964)
Licences and permits	28,034	28,034	–
Agency services	2,892	2,892	–
Transfers and subsidies	1,814,474	1,816,830	2,356
Other revenue	202,086	209,522	7,436
Gains on disposal of PPE		473	473
Total Revenue (excluding capital transfers and contributions)	10,363,386	10,358,829	(4,557)

2.2.1.2 Reconciliation showing that operating and capital expenditure remain funded in accordance with section 18 of the MFMA

Description	MFMA section	2018/19	
		Original Budget	Adjusted Budget
R thousands			
<u>Funding measures</u>	-		
Cash/cash equivalents at the year-end - R'000	18(1)b	2,366,608	2,564,825
Cash + investments at the year-end less applications - R'000	18(1)b	751,269	847,574
Cash year end/monthly employee/supplier payments	18(1)b	3.0	3.4
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	1,125,813	1,344,788
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	-2.1%	3.9%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	89.7%	89.9%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7.0%	7.0%
Capital payments % of capital expenditure	18(1)c;19	99.3%	0.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	24.6%	17.3%
Grants % of Govt. legislated/gazetted allocations	18(1)a	190.7%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	1.4%	5%
Long term receivables % change - incr(decr)	18(1)a	5.0%	0%
R&M % of Property Plant & Equipment	20(1)(vi)	2.7%	2.6%
Asset renewal % of capital budget	20(1)(vi)	18.3%	14.0%

The aforementioned table reflects the funding status of the Adjustments Budget.

2.2.2 Adjustments to estimated collection levels

The 2018/19 Original Operating Budget was based on a debtors' collection rate of 95%. This debtors' collection rate has been maintained in the 2018/19 Adjustments Budget. The collection rate will be assessed in the 2019/20 financial year in order to ascertain if the new strategy on enhancing revenue collection is adequately operational.

2.2.3 Adjustments to NMBM's monetary investments

Below is an analysis of the investments by type and maturity.

INVESTMENT PARTICULARS BY TYPE

INVESTMENT PARTICULARS BY TYPE		
	Original Budget 2018/19	Adjustments Budget 2018/19
	R	R
<u>Investment Type</u>		
DEPOSITS WITH BANKS	2,165,608,257	2,363,825,226
TOTAL INVESTMENTS	2,165,608,257	2,363,825,226

INVESTMENT PARTICULARS BY MATURITY

Investment	Period of Investment	Type of Investment	Expiry date of Investment	Monetary Value
2018/198 Original Budget				R
DEPOSITS WITH BANKS	1 - 3 Months	Fixed Term	Various	2,165,608,257
				2,165,608,257
2018/19 Adjustments Budget				
DEPOSITS WITH BANKS	1 - 3 Months	Fixed Term	Various	2,363,825,226
				2,363,825,226

2.2.5 Adjustments made to proposed new loans to be raised in the budget year

In view of financial affordability considerations, a new loan amounting to **R750 million** has been raised in the 2018/19 financial year, but only to finance strategic and revenue raising projects, under Water, Sanitation and Electricity and Energy. Any raising of new loans is undertaken strictly in compliance with section 160(2)(d) of the Constitution of the RSA Act (108 of 1996) read in conjunction with Chapter 6 of the MFMA. The projects that are listed for the loan were firstly approved by the Council prior embarking in the loan raising process.

2.2.6 Adjustments related to allocations and grants to the Municipality

2.2.6.1 Adjustments related to capital allocations and grants to the Municipality

Below is a summarised version of the adjustments relating to grant funding, supporting the Municipality's Capital Budget:

Adjustments Capital Expenditure Budget by grant funding			
Description R thousands	Budget Year 2018/19		
	Original Budget R	Total Adjusts. R	Adjustments Budget R
Funded by:			
National Government	977,575	275,405	1,252,980
Other transfers and grants	139,982	6,234	146,216
Total Capital transfers recognised	1,117,557	281,639	1,399,196

The relevant details, reflecting the capital projects in question, are contained as separate Annexure to this Budget Report.

2.2.6.2 Adjustments related to allocations and grants to the Municipality

Below are the adjustments pertaining to operating and capital allocations and grants:

Supporting Table SB7 Adjustments Budget - transfers and grant receipts –

Description	Budget Year 2018/19						
	Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
<u>Operating Transfers and Grants</u>							
National Government:	1,361,748	–	–	–	31,278	31,278	1,393,026
Local Government Equitable Share	939,530					–	939,530
EPWP Incentive	6,711					–	6,711
Finance Management	1,000					–	1,000
Infrastructure Skills Development	11,834					–	11,834
Integrated City Development					3,003	3,003	3,003
Urban Settlements Development	27,170				31,411	31,411	58,581
LGSETA	4,709					–	4,709
Integrated Public Transport System	97,228				(19,146)	(19,146)	78,082
Fuel Levy	273,566				16,010	16,010	289,576
Provincial Government:	382,236	–	–	–	–	–	382,236
Sport and Recreation	15,000					–	15,000
Health subsidy	181					–	181
Human Settlements Development	366,262					–	366,262
Marine and Coastal Management	793					–	793
Other grant providers:	11,836	–	–	–	(7,026)	(7,026)	4,810
<i>KFW (MBDA)</i>	11,836				(7,026)	(7,026)	4,810
Total Operating Transfers and Grants	1,755,820	–	–	–	24,252	24,252	1,780,072
<u>Capital Transfers and Grants</u>							
National Government:	1,474,211	–	–	304,100	(37,423)	266,677	1,740,888
Public Transport and Systems	207,714				19,146	19,146	226,860
Urban Settlements Development	878,494				(31,411)	(31,411)	847,083
Integrated National Electrification	25,648				(6,145)	(6,145)	19,503
Drought Relief				304,100		304,100	304,100
integrated City Development	12,355				(3,003)	(3,003)	9,352
Fuel Levy	350,000				(16,010)	(16,010)	333,990
Other grant providers:	71,959	–	–	–	(18,093)	(18,093)	53,865
<i>Public Contributions and Donations</i>	52,000					–	52,000
<i>MBDA (kfw)</i>	19,959				(19,959)	(19,959)	–
<i>European Union</i>					1,865	1,865	1,865
Total Capital Transfers and Grants	1,546,170	–	–	304,100	(55,517)	248,583	1,794,753
TOTAL RECEIPTS OF TRANSFERS & GRANTS	3,301,990	–	–	304,100	(31,264)	272,836	3,574,826

Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programmes

Description	Budget Year 2018/19						
	Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
<u>Operating expenditure of Transfers and Grants</u>							
National Government:	1,361,748	–	–	–	31,278	31,278	1,393,026
Local Government Equitable Share	939,530					–	939,530
EPWP Incentive	6,711					–	6,711
Finance Management	1,000					–	1,000
Infrastructure Skills Development	11,834					–	11,834
Integrated City Development					3,003	3,003	3,003
Urban Settlements Development	27,170				31,411	31,411	58,581
LGSETA	4,709					–	4,709
Integrated Public Transport System	97,228				(19,146)	(19,146)	78,082
Fuel Levy	273,566				16,010	16,010	289,576
Provincial Government:	382,236	–	–	–	–	–	382,236
Sport and Recreation	15,000					–	15,000
Health subsidy	181					–	181
Human Settlements Development	366,262					–	366,262
Marine and Coastal Management	793					–	793
Other grant providers:	11,836	–	–	–	(7,026)	(7,026)	4,810
<i>KFW (MBDA)</i>	11,836				(7,026)	(7,026)	4,810
Total operating expenditure of Transfers and Grants:	1,755,820	–	–	–	24,252	24,252	1,780,072
<u>Capital expenditure of Transfers and Grants</u>							
National Government:	1,474,211	–	–	304,100	(37,423)	266,677	1,740,888
Public Transport and Systems	207,714				19,146	19,146	226,860
Urban Settlements Development	878,494				(31,411)	(31,411)	847,083
integrated National Electrification	25,648				(6,145)	(6,145)	19,503
Drought Relief				304,100		304,100	304,100
integrated City Development	12,355				(3,003)	(3,003)	9,352
Fuel Levy	350,000				(16,010)	(16,010)	333,990
Other grant providers:	71,959	–	–	–	(18,093)	(18,093)	53,865
<i>Public Contributions and Donations</i>	52,000					–	52,000
<i>SARS + MBDA (KFW)</i>	19,959				(19,959)	(19,959)	–
<i>European Union</i>					1,865	1,865	1,865
Total capital expenditure of Transfers and Grants	1,546,170	–	–	304,100	(55,517)	248,583	1,794,753
Total capital expenditure of Transfers and Grants	3,301,990	–	–	304,100	(31,264)	272,836	3,574,826

2.3 Adjustments to expenditure on allocations and grant programmes

2.3.1 The adjustments made to planned capital expenditure of allocations and grants received

The adjustments made to planned capital expenditure, including the capital projects in question, are reflected as a separate Annexure to this report.

2.4 Consolidated Adjustments to Councillors and Employee benefits

Below is a summary of the adjustments made to Councillor's Remuneration and Employee Related Costs (Parent Municipality and Entity):

Description	Budget Year 2018/19		
	Original Budget	Adjusted Budget	Variance
Employee related costs	3,272,708	3,289,820	17,112
Remuneration of councillors	73,451	75,486	2,035

The portion for the Remuneration of Councillors also include the emoluments payable to the MBDA Boards members to around R700 000.

2.5 Adjustments to Service Delivery and Budget Implementation Plan (SDBIP)

In accordance with the MFMA, it should be noted that the service delivery targets and performance indicators in the 2018/19 SDBIP are incorporated as a separate Annexure to this report for approval by Council.

2.6 Adjustments to Capital Expenditure and Ward Allocation

Attached as separate Annexures to this report is the listing of all the adjusted capital programmes and projects of the Municipality, per Directorate (Vote) and also adjusted listing of Ward Allocation which is aligned to the Integrated Development Plan (IDP) of the Municipality and the Built Environment Performance Plan (BEPP).

2.7 Other salient / leading points to note in terms of the 2018/19 Adjustments Budget

The following are some of the highlights or salient (prominent) points to be noted in terms of the 2018/19 Adjustment Budget and the list is not exhaustive: -

- i. **Letter received from National Treasury relating to Mid-Term Assessment session held on the 7th to 8th February 2018:** - Attached to this report is the letter dated 11th February 2019 from National Treasury as it relates to the session held with them on the two dates for the Mid Term Review / Session. The letter has clear recommendations that the institution will have to implement, as evidence will be required in the coming assessment, around April 2019, as to how the institution has attended to the issues raised. This matter must be monitored by the COO's office on the implementation thereof.
- ii. **Load-shedding and its implications:** - It must be noted that by the time this report was being concluded was the time within which ESKOM was implementing load-shedding. If the status quo continues until the end of the financial year, this will definitely have negative impact to the Electricity revenue of the municipality.
- iii. **Write off of arrear debt resulting from the Water Punitive Charge amounting to R433 million:** - The Council must note that during the Budget and Treasury Standing Committee meeting held in January 2019 a recommendation was made for Council to consider approving writing off an amount of about **R433 million** relating to arrear debt for residential properties resulting from the implementation of the water punitive charges to properties

whose valuation is less than **R100 000** in terms of the new General Valuation Roll (GV Roll). This item is yet to be approved by Council upon which Budget and Treasury will have to determine if there is any possible unauthorised expenditure that may have to be reported to Council for consideration, prior financial year-end. This is over and above the **R82 million** that was recommended for write off in the Budget and Treasury Standing Committee meeting of early November 2018. Budget and Treasury will continue evaluating the status of the growing arrear debt and make recommendations to the Budget and Treasury Standing Committee on an as and when required basis.

- iv. **Absorption of 212 Security Guards as Security Watchmen:** - As was reported in the Council meeting of the 4 December 2018, Council approved the amendment of the Staff Structure / Organogram for Safety and Security whereupon 212 positions for Security Guards (Watchmen) were created or approved for incorporation into the Staff Structure. About 212 Security Guards / Watchmen were insourced into Safety and Security Directorate, appointed on a contractual basis for a period of three months (i.e. January to March 2019) with an intention of appointing them on a fulltime basis w.e.f. 1 April 2019. It is important for Council to note that this is one of the reasons why the budget deficit has increased from around **R44 million** during the original budget to be greater than **R70 million** during the adjustments budget (2018/19).
- v. **Absorption of Call Centre Staff:** - The 2018/19 Adjustments Budget also include the incorporation of the Call Centre Staff being absorbed as permanent employees of Council, which therefore means that the employee related costs are expected to increase to greater than the **30%** that is projected to be the percentage range of employee related costs vs. total operating expenditure for the institution.
- vi. **Raising of R750 million loan for revenue enhancing projects:** - Council must be aware that all processes relating to the raising of the R750 million loan have been concluded and the successful banker appointed upon following the necessary procurement processes as dictated by Chapter 6 of the MFMA. Affected Directorates (i.e. Water, Sanitation, Electricity and Energy) have already commenced with spending on the affected projects, hoping that there will be reduction of losses on Water and Electricity w.e.f. 2018/19 financial year as compared to other years.
- vii. **Non transfer of the Equitable Share tranche by National Treasury in December 2018:** - Council must note that this budget report was concluded before the transfer of the second tranche of Equitable Share of around **R330 million** which was supposed to be transferred by National Treasury during the first week of December 2018. On enquiry of the reasons thereof it became clear that National Treasury (NT) was not happy on certain compliance areas relating to the mSCOA submission of "strings", which administration is trying very hard to address based on the available system (i.e. GLS) in use, resulting from the failure of the planned SEBATA EMS that was to be implemented or "Go Live" w.e.f. 1 July 2017. Whilst dealing with these processes administration has sought assistance from Provincial Treasury and also from private sources experienced in this field.
- viii. **Budget Performance Monitoring Forum:** - As part of monitoring performance of the budget spending, the NMBM established a Budget Performance Monitoring Forum (BPMF) led by the MMC: Budget and Treasury. This Forum sits on a quarterly basis in order to analyse the spending of the budget and identify areas of concern. The quarterly sittings are with the respective Directorates led by their respective MMC's and the Acting / Executive Directors. In order to beef capacity for the BPMF it is recommended that during the third quarter analysis this Committee be in a position to implement amendments the budget where there is drastic under-performance with direct recommendations being presented / tabled at Council for approval.

Attached as separate Annexures to this report are (i) Capital Works (ii) Amended Ward Based Capital Budget (iii) Letter dated 11 February 2019 from National Treasury, and the (iv) amended SDBIP.

2.8 City Manager's Quality Certification

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

Print Name : **Peter Nielson (Mr)**

Acting City Manager of Nelson Mandela Bay Municipality (EC000)

Signature : 

Date : 2019.02.18

9/10/2019