

b. Total Budget

The total budget quantum for the 2017/18 year is R44 296 million, of which R37 332 million (85%) is allocated to the operating budget and R6 964 million (15%) to the capital budget.

c. Operating Budget

Expenditure

The total operating expenditure amounts to R37 332 million for the 2017/18 financial year. Major allocations include:

- Employee related costs at R12 051 million, which equates to 32% of the total budget. The 2017/18 cost of living increase as per the SALGBC wage agreement (CPI +1) was used when calculating the 2017/18 staff budget (6.36% + 1%). This provision includes additional allocations for service enhancements, which were allocated to various directorates during the budget hearings.
- Bulk Purchases (Water & Electricity) at R8 540 million, where budgetary provision for bulk purchases are informed by the purchase of electricity and water from suppliers i.e. Eskom and the Department of Water Affairs and Sanitation.
- Debt Impairment allocation of R2 509 million, which is influenced by the budgetary treatment of fines as prescribed in the IGRAP1 Accounting Standard, which states that fines should be budgeted for at 100% of fines issued. Prior to IGRAP1, the City accounted for revenue from fines on the basis of estimated collectable revenue. A provision for the amount deemed uncollectable has been included in the budget.
- Finance Charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). It equates to 3% (R1 131 million) of the 2017/18 operating expenditure (excluding redemption costs) and increases to R1 950 million by 2019/20. The increase over the 2017/18 MTREF is informed by existing and new loans that will be taken up to fund the City's capital programme as well as the projected interest rates over this period. The financial impact of this growth was considered in the 2017/18 MTREF.
- Contracted Services allocation of R6 087 million, which includes repairs and maintenance provisions and budgetary realignments from this category in line with the mSCOA regulations. This provision includes additional service enhancements, which were allocated to various directorates during the budget hearings.
- Other Expenditure with an allocation of R2 953 million, which includes, inter alia, provision for:
 - Indigent Relief - R757 million
 - Computer Services: Specialised IT Services - R255 million
 - Operating Grants & Donation (General Expenses) - R 249 million
 - Computer Service – Software Licences - R165 million
 - Special Rating Areas - R193 million
 - Electricity Costs - R166 million
 - Collection Costs (Commission Paid) - R192 million
 - Hire of Vehicles and other Hire Charges - R 121 million

Table 62 Assets & Facilities Management (Vote 2) - operating revenue by source, expenditure by type and total capital expenditure

Directorate: Assets & Facilities Management			
Budgeted Financial Performance (revenue and expenditure)			
Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Operating Revenue By Source			
Property rates	-	-	-
Service charges - electricity revenue	-	-	-
Service charges - water revenue	532	594	659
Service charges - sanitation revenue	-	-	-
Service charges - refuse revenue	-	-	-
Service charges - other	-	-	-
Rental of facilities and equipment	388,531	438,958	463,100
Interest earned - external investments	95	100	105
Interest earned - outstanding debtors	9,606	10,242	10,616
Dividends received	-	-	-
Fines, penalties and forfeits	-	-	-
Licences and permits	-	-	-
Agency services	-	-	-
Transfers and subsidies	1,000	1,000	1,000
Other revenue	19,823	20,913	22,064
Gains on disposal of PPE	34,000	35,870	37,843
Total Operating Revenue (excluding capital transfers and contributions)	453,587	507,676	535,388
Expenditure By Type			
Employee related costs	660,219	712,590	773,779
Remuneration of councillors	-	168,018	-
Debt impairment	159,259	392,282	177,259
Depreciation & asset impairment	372,706	392,282	394,943
Finance charges	30,959	32,662	34,458
Bulk purchases	-	-	-
Other materials	41,976	44,523	47,133
Contracted services	389,921	413,594	438,904
Transfers and subsidies	1,500	1,583	1,670
Other expenditure	194,940	208,608	221,430
Loss on disposal of PPE	28	30	31
Total Operating Expenditure	1,851,509	1,973,889	2,089,607
Surplus/(Deficit)	(1,397,922)	(1,466,213)	(1,554,219)
Transfers & subsidies capital NT & PT	-	-	-
Transfers & subsidies capital agency, oth	-	-	-
Transfers & subsidies capital in-kind	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(1,397,922)	(1,466,213)	(1,554,219)
Taxation	-	-	-
Surplus/(Deficit) after taxation	(1,397,922)	(1,466,213)	(1,554,219)
Attributable to minorities	-	-	-
Surplus/(Deficit) attributable to municipality	(1,397,922)	(1,466,213)	(1,554,219)
Share of surplus/ (deficit) of associate	-	-	-
Surplus/(Deficit) for the year	(1,397,922)	(1,466,213)	(1,554,219)
Capital Expenditure	400,359	281,917	265,214

Table 66 Energy (Vote 6) - operating revenue by source, expenditure by type and total capital expenditure

Directorate: Energy			
Budgeted Financial Performance (revenue and expenditure)			
Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Operating Revenue By Source			
Property rates	–	–	–
Service charges - electricity revenue	12,081,546	13,034,784	14,090,590
Service charges - water revenue	–	–	–
Service charges - sanitation revenue	–	–	–
Service charges - refuse revenue	–	–	–
Service charges - other	–	–	–
Rental of facilities and equipment	820	865	913
Interest earned - external investments	–	–	–
Interest earned - outstanding debtors	22,000	23,210	24,487
Dividends received	–	–	–
Fines, penalties and forfeits	–	–	–
Licences and permits	–	–	–
Agency services	–	–	–
Transfers and subsidies	1,400	1,600	1,000
Other revenue	100,152	105,661	111,473
Gains on disposal of PPE	2,500	2,637	2,783
Total Operating Revenue (excluding capital transfers and contributions)	12,208,418	13,168,758	14,231,246
Expenditure By Type			
Employee related costs	1,145,547	1,245,951	1,352,694
Remuneration of councillors	–	180,517	–
Debt impairment	171,106	353,158	190,445
Depreciation & asset impairment	315,958	–	374,870
Finance charges	278	293	309
Bulk purchases	8,094,800	8,742,384	9,441,775
Other materials	136,750	145,243	154,265
Contracted services	284,564	301,267	319,721
Transfers and subsidies	–	–	–
Other expenditure	206,564	219,107	231,665
Loss on disposal of PPE	184	194	205
Total Operating Expenditure	10,355,750	11,188,113	12,065,949
Surplus/(Deficit)	1,852,668	1,980,644	2,165,297
Transfers & subsidies capital NT & PT	134,600	177,695	246,096
Transfers & subsidies capital agency, oth	52,900	55,200	58,600
Transfers & subsidies capital in-kind	–	–	–
Surplus/(Deficit) after capital transfers & contributions	2,040,168	2,213,539	2,469,993
Taxation	–	–	–
Surplus/(Deficit) after taxation	2,040,168	2,213,539	2,469,993
Attributable to minorities	–	–	–
Surplus/(Deficit) attributable to municipality	2,040,168	2,213,539	2,469,993
Share of surplus/ (deficit) of associate	–	–	–
Surplus/(Deficit) for the year	2,040,168	2,213,539	2,469,993
Capital Expenditure	1,292,814	1,413,174	1,705,351

Table 67 Finance (Vote 7) - operating revenue by source, expenditure by type and total capital expenditure

Directorate: Finance			
Budgeted Financial Performance (revenue and expenditure)			
Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
<u>Operating Revenue By Source</u>			
Property rates	8,558,320	9,114,611	9,707,060
Service charges - electricity revenue	-	-	-
Service charges - water revenue	-	-	-
Service charges - sanitation revenue	-	-	-
Service charges - refuse revenue	-	-	-
Service charges - other	-	-	-
Rental of facilities and equipment	2	2	2
Interest earned - external investments	773,468	826,210	857,268
Interest earned - outstanding debtors	98,344	103,751	109,457
Dividends received	-	-	-
Fines, penalties and forfeits	444	469	494
Licences and permits	-	-	-
Agency services	151,151	159,464	168,235
Transfers and subsidies	4,783,642	5,247,193	5,696,614
Other revenue	36,722	45,323	47,816
Gains on disposal of PPE	-	-	-
Total Operating Revenue (excluding capital transfers and contributions)	14,402,091	15,497,022	16,586,946
<u>Expenditure By Type</u>			
Employee related costs	896,376	961,277	1,038,143
Remuneration of councillors	-	-	-
Debt impairment	342,843	361,700	381,593
Depreciation & asset impairment	14,626	15,967	16,499
Finance charges	992,773	1,427,599	1,793,128
Bulk purchases	-	-	-
Other materials	16,026	16,853	17,782
Contracted services	75,484	68,437	72,341
Transfers and subsidies	2,114	2,230	2,353
Other expenditure	1,004,346	1,058,114	1,117,726
Loss on disposal of PPE	-	-	-
Total Operating Expenditure	3,344,589	3,912,117	4,439,566
Surplus/(Deficit)	11,057,502	11,584,904	12,147,380
Transfers & subsidies capital NT & PT	50	-	-
Transfers & subsidies capital agency, oth	-	-	-
Transfers & subsidies capital in-kind	-	-	-
Surplus/(Deficit) after capital transfers & contributions	11,057,552	11,584,904	12,147,380
Taxation	-	-	-
Surplus/(Deficit) after taxation	11,057,552	11,584,904	12,147,380
Attributable to minorities	-	-	-
Surplus/(Deficit) attributable to municipality	11,057,552	11,584,904	12,147,380
Share of surplus/ (deficit) of associate	-	-	-
Surplus/(Deficit) for the year	11,057,552	11,584,904	12,147,380
Capital Expenditure	17,136	15,249	16,419

Table 70 Water & Sanitation department (Vote 8) - operating revenue by source, expenditure by type and total capital expenditure

Directorate: Informal Settlements, Water & Waste Serv			
Department: Water & Sanitation			
Budgeted Financial Performance (revenue and expenditure)			
Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Operating Revenue By Source			
Property rates	-	-	-
Service charges - electricity revenue	-	-	-
Service charges - water revenue	3,932,868	4,382,084	4,867,180
Service charges - sanitation revenue	2,092,272	2,332,091	2,589,072
Service charges - refuse revenue	-	-	-
Service charges - other	-	-	-
Rental of facilities and equipment	127	134	142
Interest earned - external investments	-	-	-
Interest earned - outstanding debtors	135,000	142,425	150,258
Dividends received	-	-	-
Fines, penalties and forfeits	-	-	-
Licences and permits	807	851	898
Agency services	-	-	-
Transfers and subsidies	1,944	2,073	2,150
Other revenue	33,685	35,538	37,492
Gains on disposal of PPE	3,000	2,646	2,791
Total Operating Revenue (excluding capital transfers and contributions)	6,199,703	6,897,841	7,649,983
Expenditure By Type			
Employee related costs	1,621,218	1,799,790	2,006,645
Remuneration of councillors	-	-	-
Debt impairment	894,414	1,001,745	1,103,964
Depreciation & asset impairment	531,180	618,055	651,586
Finance charges	20,378	21,498	22,681
Bulk purchases	445,335	485,000	525,860
Other materials	307,337	325,402	344,081
Contracted services	834,365	993,989	1,108,214
Transfers and subsidies	-	-	-
Other expenditure	246,764	253,289	270,649
Loss on disposal of PPE	0	0	0
Total Operating Expenditure	4,900,990	5,498,769	6,033,679
Surplus/(Deficit)	1,298,713	1,399,072	1,616,304
Transfers & subsidies capital NT & PT	440,975	564,727	531,744
Transfers & subsidies capital agency, oth	12,000	12,000	12,000
Transfers & subsidies capital in-kind	-	-	-
Surplus/(Deficit) after capital transfers & contributions	1,751,688	1,975,799	2,160,048
Taxation	-	-	-
Surplus/(Deficit) after taxation	1,751,688	1,975,799	2,160,048
Attributable to minorities	-	-	-
Surplus/(Deficit) attributable to municipality	1,751,688	1,975,799	2,160,048
Share of surplus/ (deficit) of associate	-	-	-
Surplus/(Deficit) for the year	1,751,688	1,975,799	2,160,048
Capital Expenditure	1,779,925	1,878,551	1,978,399

Table 69 Solid Waste Management department (Vote 8) - operating revenue by source, expenditure by type and total capital expenditure

Directorate: Informal Settlements, Water & Waste Serv			
Department: Solid Waste Management			
Budgeted Financial Performance (revenue and expenditure)			
Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Operating Revenue By Source			
Property rates	-	-	-
Service charges - electricity revenue	-	-	-
Service charges - water revenue	-	-	-
Service charges - sanitation revenue	-	-	-
Service charges - refuse revenue	1,341,882	1,471,173	1,599,278
Service charges - other	-	-	-
Rental of facilities and equipment	-	-	-
Interest earned - external investments	-	-	-
Interest earned - outstanding debtors	18,000	18,990	20,034
Dividends received	-	-	-
Fines, penalties and forfeits	-	-	-
Licences and permits	-	-	-
Agency services	-	-	-
Transfers and subsidies	1,928	2,055	2,191
Other revenue	1,577	1,664	1,756
Gains on disposal of PPE	2,000	2,110	2,226
Total Operating Revenue (excluding capital transfers and contributions)	1,365,387	1,495,992	1,625,485
Expenditure By Type			
Employee related costs	987,860	1,022,032	1,107,924
Remuneration of councillors	-	-	-
Debt impairment	80,546	84,976	89,650
Depreciation & asset impairment	144,576	145,898	147,217
Finance charges	41,392	46,381	48,932
Bulk purchases	-	-	-
Other materials	165,145	173,675	183,416
Contracted services	796,793	875,652	907,508
Transfers and subsidies	-	-	-
Other expenditure	92,704	101,019	106,904
Loss on disposal of PPE	43	46	48
Total Operating Expenditure	2,309,059	2,449,679	2,591,600
Surplus/(Deficit)	(943,671)	(953,687)	(966,115)
Transfers & subsidies capital NT & PT	-	-	-
Transfers & subsidies capital agency, oth	-	-	-
Transfers & subsidies capital in-kind	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(943,671)	(953,687)	(966,115)
Surplus/(Deficit) after taxation	(943,671)	(953,687)	(966,115)
Attributable to minorities	-	-	-
Surplus/(Deficit) attributable to municipality	(943,671)	(953,687)	(966,115)
Share of surplus/ (deficit) of associate	-	-	-
Surplus/(Deficit) for the year	(943,671)	(953,687)	(966,115)
Capital Expenditure	468,644	533,366	404,769

- Implementation of phase 2 in the construction of a Law Enforcement volunteer base and dispatch centre; and
- Acquisition of firearms and related equipment.

Table 71 Safety & Security (Vote 9) - operating revenue by source, expenditure by type and total capital expenditure

Directorate: Safety & Security			
Budgeted Financial Performance (revenue and expenditure)			
Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Operating Revenue By Source			
Property rates	-	-	-
Service charges - electricity revenue	-	-	-
Service charges - water revenue	-	-	-
Service charges - sanitation revenue	-	-	-
Service charges - refuse revenue	-	-	-
Service charges - other	-	-	-
Rental of facilities and equipment	268	283	298
Interest earned - external investments	-	-	-
Interest earned - outstanding debtors	1,130	1,191	1,256
Dividends received	-	-	-
Fines, penalties and forfeits	1,140,262	1,202,969	1,269,132
Licences and permits	29,962	31,610	33,349
Agency services	11,620	12,353	13,033
Transfers and subsidies	47,931	19,811	19,658
Other revenue	11,754	12,400	13,082
Gains on disposal of PPE	-	-	-
Total Operating Revenue (excluding capital transfers and contributions)	1,242,927	1,280,617	1,349,809
Expenditure By Type			
Employee related costs	1,832,594	1,966,517	2,135,588
Remuneration of councillors	-	-	-
Debt impairment	854,602	901,605	951,193
Depreciation & asset impairment	66,630	79,812	79,093
Finance charges	4,999	5,274	5,564
Bulk purchases	-	-	-
Other materials	79,814	83,928	88,999
Contracted services	105,757	104,273	109,922
Transfers and subsidies	38,805	40,940	43,191
Other expenditure	165,276	172,310	182,200
Loss on disposal of PPE	34	35	37
Total Operating Expenditure	3,148,512	3,354,695	3,595,786
Surplus/(Deficit)	(1,905,585)	(2,074,078)	(2,245,978)
Transfers & subsidies capital NT & PT	24,700	-	-
Transfers & subsidies capital agency, oth	-	-	-
Transfers & subsidies capital in-kind	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(1,880,885)	(2,074,078)	(2,245,978)
Taxation	-	-	-
Surplus/(Deficit) after taxation	(1,880,885)	(2,074,078)	(2,245,978)
Attributable to minorities	-	-	-
Surplus/(Deficit) attributable to municipality	(1,880,885)	(2,074,078)	(2,245,978)
Share of surplus/ (deficit) of associate	-	-	-
Surplus/(Deficit) for the year	(1,880,885)	(2,074,078)	(2,245,978)
Capital Expenditure	191,120	105,722	50,515