

**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY  
ORDINARY COUNCIL MEETING**

**2018.07.26**

**ITEM A-F (51-2018)**

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**CITY OF EKURHULENI UNAUDITED QUARTERLY SDBIP REPORT: QUARTER FOUR OF THE 2017/2018 FINANCIAL YEAR**

**PURPOSE**

To report to Council the City of Ekurhuleni's (CoE) Unaudited Financial and Performance Results for the **Fourth Quarter** of the 2017/2018 financial year as required in terms of Section 52(d) and Section 71 (sec 87 for entities) of the Municipal Finance Management Act and more detailed in the Municipal Budget and Reporting Regulations.

**STRATEGIC OBJECTIVE**

To promote good governance and report on the financial sustainability of the Metro.

**BACKGROUND**

Section 52 (d) and 71 of the MFMA and in terms of Section 28 of the Government Notice 32141 dated 17 April 2009, regarding the "Local Government: Municipal Finance Management Act 2003 Municipal Budget and Reporting Regulations" necessitates that specific financial particulars be reported on and in the format prescribed, hence this report to meet legislative compliance.

*"The mayor of a municipality-*

*52(d) must, within 30 days of the end of each quarter, submit a report to **Council** on the implementation of the budget and the financial state of the municipality;"*

In compliance with section 52(d) relating to the quarterly reporting period ended 30 June 2018 the 30 days' limit expires on **30 July 2018**.

Further, Section 31(1) of the Government Gazette No 32141 of 17 April 2009 prescribes the following:

*"31.(1) The mayor's quarterly report on the implementation of the budget and financial state of affairs of the municipality as required by section 52(d) of the Act must be –*

- (a) in the format specified in Schedule C and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act; and*
- (b) consistent with the monthly budget statement for September, December, March and June as applicable; and*
- (c) Submitted to the National Treasury and the relevant Provincial Treasury within five days of tabling of the report in the council."*

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**The following Annexures are provided:**

**Annexure A:** Departmental Operating Budget Reports for 4<sup>th</sup> Quarter of 2017/18 Financial Year

**Annexure B:** Detailed Capital Expenditure Report for 4<sup>th</sup> Quarter of 2017/18 Financial Year

**Annexure C:** Detailed Performance Report (Pre-Determined Measurable Performance Targets)

**EXECUTIVE SUMMARY**

The **Operating Budget Results** can be summarised as follows:

Details	Annual Budget	Results for Quarter 4		Results for Year-to-Date	
		Budget	Actuals	Budget	Actuals
	R	R	R	R	R
Income	(34,019,042,910)	(7,500,552,083)	(7,596,303,416)	(34,019,042,910)	(32,884,600,569)
Expenditure	31,717,790,497	8,021,970,668	8,230,368,289	31,717,790,497	30,816,532,266
<b>(Surplus)/Deficit before Gains and Losses</b>	<b>(2,301,252,413)</b>	<b>521,418,586</b>	<b>634,064,873</b>	<b>(2,301,252,413)</b>	<b>(2,068,068,304)</b>
Gains and Losses	15,000,000	3,750,000	2,608,527	15,000,000	3,523,123
<b>(SURPLUS) /DEFICIT AFTER GAINS AND LOSSES</b>	<b>(2,286,252,416)</b>	<b>525,168,586</b>	<b>636,673,400</b>	<b>(2,286,252,413)</b>	<b>(2,064,545,181)</b>
Total charges / recoveries	-	85,680,034	(8,094)	-	-
<b>SURPLUS AFTER CHARGES &amp; RECOVERIES</b>	<b>(2,286,252,413)</b>	<b>610,848,620</b>	<b>636,665,306</b>	<b>(2,286,252,413)</b>	<b>(2,064,545,181)</b>
Less Grant Income recognised to fund Capital Expenditure	<b>2,286,123,911</b>	<b>845,873,065</b>	<b>716,385,012</b>	<b>2,286,123,911</b>	<b>1,624,984,092</b>
<b>(SURPLUS) /DEFICIT AFTER CAPITAL GRANTS</b>	<b>(128,502)</b>	<b>1,456,721,685</b>	<b>1,353,050,319</b>	<b>(128,502)</b>	<b>(439,561,089)</b>

**Operating Results**

The Operating Income budgeted for the 4<sup>th</sup> Quarter ended 30 June 2018 is R7.596 billion. The actual income is perfectly aligned to the budget with a positive deviation. The variance is R95.7 million (1.3%) more than budgeted.

The Total Income budgeted for the 2017/18 Financial Year was R34.019 billion. The actual income was R32.884 billion. The Actual Income for the year was R1.134 billion (3.3%) less than budgeted.

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The Total Expenditure budgeted for the 4<sup>th</sup> Quarter was R8.021 billion. The actual expenditure was R8.230 billion which is R208 million (2.6%) more than budgeted.

The Total Expenditure budgeted for the 2017/18 Financial Year is R31.717 billion. The actual expenditure is R30.816 billion which is R901 billion (2.8%) less than budgeted.

In terms of mSCOA requirements the expenditure for **Gains and Losses** must be separated from the Operating Expenditure and an amount of R15 million was budgeted. The major portion of actual expenditure for gains and losses will only be reported and reflected at the end of the 2017/18 financial year, during the Annual Financial Statements preparation process.

The mSCOA Framework requires that interdepartmental **Recoveries and Charges** be classified separately. These secondary/indirect non-cash items include charges/recoveries of electricity, waste management, water & sanitation. It also includes the support services charged by Finance, Information Communication and Technology and Human Resources Management to the services departments. The purpose of these classification is to ensure the cost completeness of the services departments with particular focus on tariff determination. The nett amount of the charges and recoveries is NIL effect from the City's perspective as these are within the departments. The misalignments from third Quarter were corrected in the fourth quarter, with the result that the year to date actual is reflecting no differences.

### **Capital Expenditure**

The actual Capital Expenditure at the end of the 4<sup>th</sup> Quarter of the 2017/18 financial year is R4.758 billion, which represents a spending of 74.79% of the total capital budget of R6.362 billion. It is important to note that the outstanding commitments at the end of June 2018 amounted to R92.4 million. The actual expenditure plus commitments for the 4<sup>th</sup> quarter amounts to R4.850 billion, which represents 76.24% of the Capital Budget.

The comparative results with the previous years as well as the capital spending per department is discussed later in the report.

The following table reflects the comparative spending in previous years for the YTD period after the 4<sup>th</sup> Quarter:

<b>FY</b>	<b>Budget as at 30 June</b>	<b>Actual Expenditure</b>	<b>% of Budget</b>
11/12	2,252,103,854	2,001,014,007.19	88.85%
12/13	2,557,738,725	2,370,436,995.20	92.68%
13/14	2,987,419,379	2,612,301,079.22	87.44%
14/15	3,810,949,622	3,069,164,272.39	80.54%
15/16	4,658,436,676	4,093,865,317.08	87.88%
16/17	5,130,905,700	4,702,034,703.57	91.64%
17/18	6,361,952,326	4,758,067,494.30	74.79%

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**Collection Rate**

The Collection Rate for the **4<sup>th</sup> quarter** ended 30<sup>th</sup> June 2018 is **96.82%** which is higher than the target of 94.0% for the fourth quarter. The Actual Collection Rate over the past 4 quarters has been as follows:

Quarter 1 – 90.85%

Quarter 2 – 93.34%

Quarter 3 – 91.28%

Quarter 4 – 96.82%

**Cash and Investment Position**

With regard to the **Cash and Investment Position** a cash target of 55 days has been set in the SDBIP for the 2017/18FY. The number of days' cash on hand for the month of June 2018 is 21 days.

**Grant Expenditure**

The **unspent grants** at the beginning of the 2017/18FY amounted to R113m. In the 2<sup>nd</sup> Quarter Report it was reported that from the total unspent grants of R113m, an amount of R100m was not approved for roll over. It was further reported that as at 31 December 2017 an amount of R69m was surrendered to National Treasury as an offset against the equitable share and R205, 904 surrendered to Provincial Treasury. It was further reported in the 3<sup>rd</sup> Quarter that R31m was paid to Provincial Treasury on the 31 January 2018.

National Treasury issued Government Gazette number 41394 dated 23<sup>rd</sup> January 2018 but received 26<sup>th</sup> January 2018 (after the adjustment budget had been passed) allocating an additional amount of **R20,574,000** of the Neighborhood Development Partnership Grant (NDPG) to the City. Furthermore, National Treasury issued Government Gazette number 41519 dated 23<sup>rd</sup> March 2018 allocating an additional amount of **R100 million** of the Urban Settlement Development Grant (USDG) to the City. As per section 28(2)(b) of the Municipal Finance Management Act read together with paragraph 23(3) of the Municipal Budget and Reporting Regulations, the mayor of the municipality must, at the next available council meeting, but within 60 days of the approval of the relevant national or provincial adjustments budget, table an adjustment budget in the municipal council to appropriate these additional revenues. An adjustment budget report was approved by Council at the end of April 2018.

The receipts for the Year-to-Date period at the end of the 4<sup>th</sup> quarter amounted to **R7.826 billion** (including fuel levy). The expenditure as at the end of the 4<sup>th</sup> quarter was **R7.137 billion** which represents 91.04% spending. The total unspent funds (including 2016/17 unspent grants) at the end of June 2018 is **R702.5 million**. The unspent amount is most likely to decrease as more invoices are paid before financial year closure.

Full details are supplied later in the report.

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**DISCUSSION**

**Financial Performance of Operating Budget**

**Background information**

The revenue performance for the 4<sup>th</sup> Quarter is reflected in the table below. The following information is provided:

- Total Budget (Income and Expenditure) for the year;
- Budget and Actual Results for the 4<sup>th</sup> Quarter ended 30 June 2018;
- Percentage variance between budget and actuals for the 4<sup>th</sup> Quarter;
- Budget and Actual Results for the Year to date (YTD) ended 30 June 2018; and
- Percentage variance between budget and actuals for the YTD.

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DESCRIPTION	TOTAL BUDGET 2017/18	QUARTERLY RESULTS			YEAR-TO-DATE RESULTS		
		QUARTER 4			Budget	Actual	% of B
		Budget	Actual	% of B			
R	R	R	%	R	R	%	
<b>COE TOTAL</b>							
<b>INCOME</b>							
<b>NON - EXCHANGE REVENUE</b>							
Property Rates	(5,210,904,621)	(1,338,886,274)	(1,248,526,418)	93.3%	(5,210,904,621)	(5,137,919,168)	98.6%
Fines, Penalties and Forfeits	(139,256,800)	(28,545,783)	(29,556,088)	103.5%	(139,256,800)	(127,079,224)	91.3%
Licenses and Permits	(319,873,318)	(79,968,665)	(74,675,676)	93.4%	(319,873,318)	(293,198,719)	91.7%
<b>Transfers and Subsidies</b>	<b>(7,853,697,119)</b>	<b>(1,119,263,383)</b>	<b>(965,386,427)</b>	<b>86.3%</b>	<b>(7,853,697,119)</b>	<b>(7,035,464,603)</b>	<b>89.6%</b>
- Operational: Monetary	(5,567,573,208)	(273,390,318)	(249,001,415)	91.1%	(5,567,573,208)	(5,410,480,511)	97.2%
- Capital: Monetary	(2,286,123,911)	(845,873,065)	(716,385,013)	84.7%	(2,286,123,911)	(1,624,984,092)	71.1%
<b>SUB TOTAL: NON - EXCHANGE REVENUE</b>	<b>(13,523,731,858)</b>	<b>(2,566,664,105)</b>	<b>(2,318,144,609)</b>	<b>90.3%</b>	<b>(13,523,731,858)</b>	<b>(12,593,661,714)</b>	<b>93.1%</b>
<b>EXCHANGE REVENUE</b>							
Service Charges	(19,207,374,844)	(4,608,936,615)	(4,632,911,710)	100.5%	(19,207,374,844)	(18,861,889,850)	98.2%
Interest, Dividends and Rent on Land	(918,529,470)	(215,629,268)	(381,975,445)	177.1%	(918,529,470)	(935,249,315)	101.8%
Operational Revenue	(22,875,070)	(5,718,766)	(6,341,746)	110.9%	(22,875,070)	(23,911,387)	104.5%
Rental from Fixed Assets	(80,108,131)	(19,832,620)	(18,976,247)	95.7%	(80,108,131)	(73,545,553)	91.8%
Sales of Goods and Rendering of Services	(266,423,537)	(83,770,709)	(237,953,659)	284.1%	(266,423,537)	(396,342,750)	148.8%
<b>SUB TOTAL: EXCHANGE REVENUE</b>	<b>(20,495,311,052)</b>	<b>(4,933,887,978)</b>	<b>(5,278,158,807)</b>	<b>107.0%</b>	<b>(20,495,311,052)</b>	<b>(20,290,938,855)</b>	<b>99.0%</b>
<b>TOTAL INCOME</b>	<b>(34,019,042,910)</b>	<b>(7,500,552,083)</b>	<b>(7,596,303,416)</b>	<b>101.3%</b>	<b>(34,019,042,910)</b>	<b>(32,884,600,569)</b>	<b>96.7%</b>

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		QUARTER 4			Budget	Actual	% of B
		Budget	Actual	% of B			
R	R	R	%	R	R	%	
<b>COE TOTAL</b>							
<b>EXPENDITURE</b>							
Employee Related Costs	7,584,443,893	1,706,801,884	1,923,482,921	112.7%	7,584,443,893	7,588,466,662	100.1%
Remuneration of Councilors	133,815,880	34,328,931	33,312,494	97.0%	133,815,880	133,051,734	99.4%
Contracted Services	4,099,728,670	1,109,842,219	1,052,949,560	94.9%	4,099,728,670	3,626,319,271	88.5%
Operational Cost	993,191,899	219,502,274	287,140,375	130.8%	993,191,899	841,940,162	84.8%
Inventory	1,797,079,161	470,290,213	512,303,303	108.9%	1,797,079,161	1,551,671,646	86.3%
Bulk Purchases	12,321,455,353	3,273,607,214	3,204,082,362	97.9%	12,321,455,353	12,246,642,863	99.4%
Interest Dividends and Rent on Land	609,510,921	126,684,228	144,507,780	114.1%	609,510,921	591,181,578	97.0%
Operating Leases	37,955,147	9,242,020	8,068,914	87.3%	37,955,147	32,595,742	85.9%
Contribution for Bad Debt	1,323,638,198	276,581,779	276,581,771	100.0%	1,323,638,198	1,359,856,712	102.7%
Transfers and Subsidies	815,172,214	294,640,127	285,697,642	97.0%	815,172,214	833,397,357	102.2%
Depreciation and Amortisation	2,001,799,161	500,449,780	502,241,167	100.4%	2,001,799,161	2,011,408,539	100.5%
<b>TOTAL EXPENDITURE</b>	<b>31,717,790,497</b>	<b>8,021,970,668</b>	<b>8,230,368,289</b>	<b>102.6%</b>	<b>31,717,790,497</b>	<b>30,816,532,266</b>	<b>97.2%</b>
<b>DEFICIT / (SURPLUS)</b>	<b>(2,301,252,413)</b>	<b>521,418,586</b>	<b>634,064,873</b>	<b>121.6%</b>	<b>(2,301,252,413)</b>	<b>(2,068,068,304)</b>	<b>89.9%</b>
<b>TOTAL GAINS AND LOSSES</b>	<b>15,000,000</b>	<b>3,750,000</b>	<b>2,608,527</b>	<b>69.6%</b>	<b>15,000,000</b>	<b>3,523,123</b>	<b>23.5%</b>
<b>DEFICIT / (SURPLUS) AFTER GAINS AND</b>	<b>(2,286,252,413)</b>	<b>525,168,586</b>	<b>636,673,400</b>	<b>121.2%</b>	<b>(2,286,252,413)</b>	<b>(2,064,545,181)</b>	<b>90.3%</b>
<b>TOTAL CHARGES / RECOVERIES</b>	<b>-</b>	<b>85,680,034</b>	<b>(8,094)</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>DEFICIT / (SURPLUS) AFTER RECOV &amp;</b>	<b>(2,286,252,413)</b>	<b>610,848,620</b>	<b>636,665,306</b>	<b>104.2%</b>	<b>(2,286,252,413)</b>	<b>(2,064,545,181)</b>	<b>90.3%</b>
Less Grant Income recognised to fund Capital	2,286,123,911	845,873,065	716,385,013	84.7%	2,286,123,911	1,624,984,092	71.1%
<b>(SURPLUS) / DEFICIT AFTER CAPITAL</b>	<b>(128,502)</b>	<b>1,456,721,685</b>	<b>1,353,050,319</b>	<b>92.9%</b>	<b>(128,502)</b>	<b>(439,561,089)</b>	<b>#####</b>

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**Analysis of Performance**

**INCOME**

The Operating Income budgeted for the 4<sup>th</sup> Quarter ended 30 June 2018 is R7.596 billion. The actual income is perfectly aligned to the budget with a positive deviation. The variance is R95.7 million (1.3%) more than budgeted.

The Total Income budgeted for the 2017/18 Financial Year was R34.019 billion. The actual income was R32.884 billion. The Actual Income for the year was R1.134 billion (3.3%) less than budgeted.

The discussions of the significant deviations (more than 5%) on the various revenue sources are as follows:

**NON-EXCHANGE REVENUE**

The total Non-Exchange Revenue for the 4<sup>th</sup> quarter was budgeted at R2.566 billion and the actual revenue amounted to R2.318 billion – a deviation of 9.7% less than the budget.

The total Non-Exchange Revenue for the 2017/18 Financial Year was budgeted at R13.523 billion and the actual revenue amounted to R12.593 billion – a deviation of 6.9% less than the budget.

- a. The actual revenue from **assessment rates** for the 2017/18 Financial Year was R5.137 billion, which is slightly less than the budgeted revenue of R5.210 billion.
- b. The total budget for **Fines, Penalties and Forfeits** for the 2017/18 Financial Year is R139 million. The actual revenue amounted to R127 million, which is 8.7% less than the budgeted income. This category includes Traffic Fines budgeted at R129.2 million for the 2017/18 Financial Year and the actual fines collected amounted to R120.2 million.
- c. **Licenses and Permits** reflects income from the Licensing Offices. The biggest income derives from motor vehicle license fees. The income from Licences and Permits for 2017/18 Financial Year was budgeted at R319 million whilst the actual income was R293 million or 8.4% less than the budget.
- d. The **Transfers and Subsidies** represents the income received from National and Provincial government on grant funding (both operational and capital).

The **Transfer and Subsidies: Capital Monetary** represents the grant income for the funding of the Capital Budget. This income reflected a negative deviation of 11.9% (R661 million) for the 2017/18 Financial year.

Capital grant can only be recorded as income once the actual capital grant expenditure has been realised as per the conditions of the grant. It therefore relates directly to the capital expenditure funded by grants. The low spending on the capital budget resulted in the low capital grant recognised.



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**EXCHANGE REVENUE**

Exchange Revenue relates to all income received in exchange for goods and services rendered. It mostly relates to the **Services Charges** generated from trading services. The requirement of mSCOA is that the cost of rendering free basic services be netted off against the services charges of the respective departments. Therefore, the services charges are the nett amount after taking into account the cost of free basic services, as reflected in the tables below:

Department	TOTAL BUDGET	QUARTERLY RESULTS			YEAR-TO-DATE RESULTS		
		QUARTER 4			Budget	Actual	% of B
		Budget	Actual	% of B			
Finance	388,536,711	147,498,006	50,091,542	34.0%	388,536,711	89,533,456	23.0%
Energy Department	(12,938,771,083)	(3,045,118,613)	(3,189,815,535)	104.8%	(12,938,771,083)	(12,900,430,166)	99.7%
Waste Management	(1,278,109,484)	(366,558,260)	(302,907,985)	82.6%	(1,278,109,484)	(1,190,753,847)	93.2%
Water & Sanitation	(5,379,030,988)	(1,344,757,748)	(1,190,279,731)	88.5%	(5,379,030,988)	(4,860,239,293)	90.4%
<b>TOTAL</b>	<b>(19,207,374,844)</b>	<b>(4,608,936,615)</b>	<b>(4,632,911,710)</b>	<b>100.5%</b>	<b>(19,207,374,844)</b>	<b>(18,861,889,850)</b>	<b>98.2%</b>

It should be noted that the implementation of the mSCOA Framework did not affect the billing system of Council and residents still do receive the grants and concessions as per Council policies.

**Finance Income**

The service charges for Finance department is reported expenditure (debt balance) and consist of the following items:

- (a) The cost of free basic services relating to **excess consumption** by approved and deemed indigents.
- (b) The income from warning notices for the 2017/18 Financial Year was budgeted at R97 million. The actual income recovered amounts to R133 million.
- (c) The income budgeted for disconnection fees for the 2017/18 Financial Year was R39 million whilst the actual income was R22.2 million. The reduction in disconnection income might have an indirect impact on the collection rate on outstanding debtors.

**Electricity Income**

DESCRIPTION	TOTAL BUDGET	QUARTERLY RESULTS			YEAR-TO-DATE RESULTS		
		QUARTER 4			Budget	Actual	% of B
		Budget	Actual	% of B			
TOTAL SERVICES CHARGES	(13,297,470,326)	(3,142,564,340)	(3,269,969,895)	104%	(13,297,470,326)	(13,219,608,553)	99%
COST OF FREE BASIC SERVICES	358,699,243	97,445,727	80,154,359	82%	358,699,243	319,178,386	89%
ELEC SALES: DOM HIGH HOME POWER 3 (CST)	222,212,244	55,553,061	61,788,073	111%	222,212,244	245,304,035	110%
ESKOM SUPPLIED AREAS	136,486,999	41,892,666	18,366,286	44%	136,486,999	73,874,352	54%
<b>NET SERVICES CHARGES</b>	<b>(12,938,771,083)</b>	<b>(3,045,118,613)</b>	<b>(3,189,815,535)</b>	<b>105%</b>	<b>(12,938,771,083)</b>	<b>(12,900,430,166)</b>	<b>100%</b>

The Income for electricity services is reflecting a positive deviation of R144.6 million more than the budgeted income for the 2017/18 Financial Year. This deviation is as a result of prepaid sales for March 2018 (3<sup>rd</sup> Quarter) being processed in April 2018 (4<sup>th</sup> Quarter) due to challenges experienced during the finalisation of the 3<sup>rd</sup> Quarter.

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**Waste Management**

The actual income from Waste Management for the 4<sup>th</sup> quarter is R63.6 million or 17.4% less than budgeted. The results for the 2017/18 Financial Year is R87.3 million or 6.8% less than budgeted. This is a major concern and the deviation details in revenue categories are as follows:

DESCRIPTION	TOTAL BUDGET	QUARTERLY RESULTS			YEAR-TO-DATE RESULTS		
		QUARTER 4			Budget	Actual	% of B
		Budget	Actual	% of B			
REFUSE REMOVAL: DISPOSAL SITES	(61,343,931)	(16,173,101)	(10,031,585)	62.0%	(61,343,931)	(26,865,143)	43.8%
REFUSE REMOVAL: REHABILITATION LEVY	(15,978,032)	(4,375,971)	(8,233,160)	188.1%	(15,978,032)	(23,310,153)	145.9%
REFUSE REMOVAL: RESIDENTIAL	(937,463,356)	(280,365,838)	(231,635,019)	82.6%	(937,463,356)	(915,045,812)	97.6%
WASTE MANGEMENT: REFUSE REMOVAL (REB)	(127,369,120)	(14,576,801)	(35,838,760)	245.9%	(127,369,120)	(137,352,840)	107.8%
REFUSE REMOVAL: CONTAINERS	(61,750,452)	(15,269,021)	(15,954,095)	104.5%	(61,750,452)	(51,952,262)	84.1%
REFUSE REMOVAL: SPECIAL	(305,851)	(62,279)	175,481	-281.8%	(305,851)	16,154	-5.3%
REFUSE REMOVAL: ENVIRONMENTAL LEVY	(23,370,245)	(5,916,355)	(2,807,604)	47.5%	(23,370,245)	(10,004,919)	42.8%
REFUSE REMOVAL: LITTER PICKING	(35,195,186)	(12,691,498)	(10,386,788)	81.8%	(35,195,186)	(32,886,734)	93.4%
REFUSE REMOVAL:Industr/BUSINESS/MINING	(157,702,431)	(56,685,058)	(37,229,700)	65.7%	(157,702,431)	(143,898,640)	91.2%
<b>TOTAL SERVICES CHARGES</b>	<b>(1,420,478,604)</b>	<b>(406,115,922)</b>	<b>(351,941,230)</b>	<b>86.7%</b>	<b>(1,420,478,604)</b>	<b>(1,341,300,350)</b>	<b>94.4%</b>
<b>COST OF FREE BASIC SERVICES</b>	<b>142,369,120</b>	<b>39,557,662</b>	<b>49,033,244</b>	<b>124.0%</b>	<b>142,369,120</b>	<b>150,546,503</b>	<b>105.7%</b>
WASTE MANGEMENT: REFUSE REMOVAL INFORMAL SETTLEMENTS	15,000,000	4,500,000	13,165,817	292.6%	15,000,000	13,165,817	87.8%
WASTE MANGEMENT: REFUSE REMOVAL (CST)	127,369,120	35,057,662	35,867,428	102.3%	127,369,120	137,380,686	107.9%
<b>NET SERVICES CHARGES</b>	<b>(1,278,109,484)</b>	<b>(366,558,260)</b>	<b>(302,907,985)</b>	<b>82.6%</b>	<b>(1,278,109,484)</b>	<b>(1,190,753,847)</b>	<b>93.2%</b>

The following factors contributed to the negative deviation on the disposal sites and business/industrial refuse removal:

- Customers are seeking alternatives to utilising sites of CoE's competitors due to service upgrades and timeous sample testing required at Rietfontein to accept hazardous waste;
- Some categories of tariffs charged by CoE compared to other private waste landfill sites are high, resulting in customers using the sites of competitors;
- The waste stream categories of the customers changed to more hazardous waste while this not allowed at CoE landfills;
- The CoE does not have cameras that are able to store images for the purpose of categorizing & charging waste. This presents an opportunity to cheat the system;
- Privately-owned landfill sites such as Genesis, Chloorkop and Holfontein have sales consultants who would meet with customers and negotiate tariff and charges, based on the frequency of visits to the landfill site, tonnages and type of waste, which are expected from the customer.

**Water and Sanitation**

The budgeted income for the 2017/18 Financial Year was R5.379 billion. The actual results is R4.860 billion which represents a negative deviation of R518 million or 9.6%. The deviation of the detailed income is as follows:

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DESCRIPTION	QUARTERLY RESULTS			YEAR-TO-DATE RESULTS		
	QUARTER 4					
	Budget	Actual	% of B	Budget	Actual	% of B
<b>SANITATION INCOME</b>						
SANITATION: INDUSTRIAL EFFLUENT	(40,483,962)	(40,006,684)	98.8%	(161,935,848)	(169,779,376)	104.8%
SANITATION: RESIDENTIAL	(185,940,890)	(156,563,322)	84.2%	(743,763,572)	(689,402,780)	92.7%
SANITATION 6 KL ((REB)	(95,681,253)	(97,359,582)	101.8%	(399,331,998)	(396,865,391)	99.4%
SANITATION: GREASE TRAPS	(2,091,796)	-	0.0%	(5,800,650)	(2,588,662)	44.6%
SANITATION: BASIC CHARGES	(240,846)	(100,976)	41.9%	(963,375)	(814,454)	84.5%
SANITATION: CONNECTIONS	(140,476)	(76,307)	54.3%	(561,901)	(451,932)	80.4%
SANITATION: SUNDRY CHARGES	(104,031)	(175,192)	168.4%	(416,124)	(1,178,623)	283.2%
SANITATION: VACUUM TANK	(35,102)	-	0.0%	(99,688)	(208,147)	208.8%
SANITATION: INDUSTRIAL/BUSINESS/MINING	(82,914,894)	(68,122,495)	82.2%	(331,659,594)	(255,052,102)	76.9%
SANITATION 3 KL (REB)	(13,206,562)	(8,945,228)	67.7%	(36,259,991)	(35,757,144)	98.6%
WASTE WATER MANG: AVAILABILITY CHARGES	(24,599,760)	(13,474,446)	54.8%	(98,399,031)	(45,546,184)	46.3%
<b>TOTAL SERVICES CHARGES</b>	<b>(445,439,572)</b>	<b>(384,824,230)</b>	<b>86.4%</b>	<b>(1,779,191,772)</b>	<b>(1,597,644,794)</b>	<b>89.8%</b>
<b>COST OF FREE BASIC SERVICES</b>	<b>109,539,635</b>	<b>104,865,756</b>	<b>95.7%</b>	<b>435,591,989</b>	<b>429,831,297</b>	<b>98.7%</b>
SANITATION 6 KL (CST)	98,572,870	95,920,528	97.3%	399,331,998	394,074,153	98.7%
SANITATION 3 KL (CST)	10,966,765	8,945,228	81.6%	36,259,991	35,757,144	98.6%
<b>NET SANITATION INCOME</b>	<b>(335,899,937)</b>	<b>(279,958,475)</b>	<b>83.3%</b>	<b>(1,343,599,783)</b>	<b>(1,167,813,497)</b>	<b>86.9%</b>
<b>WATER INCOME</b>						
WATER: CONNECTIONS	(4,964,110)	(4,735,561)	95.4%	(19,856,428)	(19,485,277)	98.1%
WATER: SUNDRY CHARGES	(81,191)	(827,364)	1019.0%	(324,749)	(1,147,154)	353.2%
WATER: RESIDENTIAL	(605,124,465.00)	(582,119,795.76)	96.2%	(2,420,497,860.00)	(2,346,634,021.78)	96.9%
WATER: INDUSTRIAL/BUSINESS/MINING	(366,368,504)	(309,900,764)	84.6%	(1,465,474,001)	(1,247,830,855)	85.1%
WATER: AVAILABILITY CHARGES	(37,537,650)	(21,210,223)	56.5%	(150,150,609)	(97,560,494)	65.0%
WATER: RESIDENTIAL 6 KL (REB)	(128,581,036)	(131,850,396)	102.5%	(537,248,362)	(543,822,184)	101.2%
WATER: RESIDENTIAL 3 KL (REB)	(18,272,638)	(11,991,952)	65.6%	(50,166,328)	(50,903,833)	101.5%
<b>TOTAL SERVICES CHARGES</b>	<b>(1,160,929,597)</b>	<b>(1,025,043,361)</b>	<b>88.3%</b>	<b>(4,907,300,124)</b>	<b>(4,307,539,525)</b>	<b>87.8%</b>
<b>COST OF FREE BASIC SERVICES</b>	<b>152,071,786</b>	<b>114,722,105</b>	<b>75.4%</b>	<b>871,868,919</b>	<b>615,157,221</b>	<b>70.6%</b>
WATER: RESIDENTIAL 3 KL (CST)	15,171,581	11,991,952	79.0%	50,166,328	50,903,833	101.5%
WATER: RESIDENTIAL 6 KL (CST)	130,493,345	94,345,363	72.3%	800,830,149	544,777,475	68.0%
WATER TANKERS	3,275,456	790,982	24.1%	10,436,221	10,427,275	99.9%
WATER TANKERS	3,131,404	7,593,808	242.5%	10,436,221	9,048,639	86.7%
<b>NET WATER INCOME</b>	<b>(1,008,857,811)</b>	<b>(910,321,257)</b>	<b>90.2%</b>	<b>(4,035,431,205)</b>	<b>(3,692,382,304)</b>	<b>91.5%</b>
<b>TOTAL WATER AND SANITATION</b>	<b>(1,344,757,748)</b>	<b>(1,190,279,731)</b>	<b>88.5%</b>	<b>(5,379,030,988)</b>	<b>(4,860,195,801)</b>	<b>90.4%</b>

**Other Exchange Revenue Income**

This category of income contains mainly the interest charged on debtor accounts and the interest earned on the bank account. The Interest, Dividends and Rent on Land income for the 2017/18 Financial Year exceeded the annual budgeted income with 1.8% or R16.7 million.

The details of the various income sources are as follows:

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DESCRIPTION	QUARTERLY RESULTS			YEAR-TO-DATE RESULTS		
	QUARTER 4			Budget	Actual	% of B
	Budget	Actual	% of B			
INTEREST EARNED: ASSESSMENT RATES AND OTHER DEBTORS	(9,490,473)	(21,377,124)	225.2%	(84,654,499)	(72,064,336)	85.1%
INTEREST EARNED: ELECTRICITY ARREARS	(19,999,997)	(9,450,403)	47.3%	(80,000,000)	(38,069,852)	47.6%
INTEREST EARNED: REFUSE REMOVAL ARREARS	(14,121,255)	(13,797,442)	97.7%	(65,804,800)	(44,153,964)	67.1%
INTEREST EARNED: SANITATION ARREARS	(16,285,500)	(12,372,126)	76.0%	(65,142,000)	(39,457,259)	60.6%
INTEREST EARNED: WATER ARREARS	(57,181,500)	(41,223,524)	72.1%	(228,726,000)	(131,108,249)	57.3%
INTEREST EARNED: CURRENT ACCOUNT	(98,550,543)	(283,754,826)	287.9%	(394,202,171)	(610,395,656)	154.8%
<b>TOTAL</b>	<b>(215,629,268)</b>	<b>(381,975,445)</b>	<b>177.1%</b>	<b>(918,529,470)</b>	<b>(935,249,315)</b>	<b>101.8%</b>

The interest earned on debtor accounts has a direct impact on outstanding debtor balances and subsequent potential bad debt.

The only interest earned in real cash is the interest on the current.

#### **EXPENDITURE**

The Total Expenditure budgeted for the 4<sup>th</sup> Quarter was R8.021 billion. The actual expenditure was R8.230 billion which is R208 million (2.6%) more than budgeted.

The Total Expenditure budgeted for the 2017/18 Financial Year is R31.717 billion. The actual expenditure is R30.816 billion which is R901 billion (2.8%) less than budgeted.

#### **REPAIR AND MAINTENANCE PER DEPARTMENT**

The mSCOA Framework does not accommodate the Repair and Maintenance as a type of expenditure and category. These expenditure is embedded in the various categories of new SCOA and form part of the outsourced services, contracted services and inventory categories. Due to the relative importance to monitor expenditure in this regard, repairs and maintenance extracted from the various categories is reflected in the following table as follows:

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DEPARTMENT	AMENDED BUDGET	QUARTERLY RESULTS			YEAR-TO-DATE RESULTS		
		QUARTER 4			Budget	Actual	% of B
		Budget	Actual	% of B			
ENERGY	1,013,831,877	288,350,815	213,517,578	74%	1,013,831,877	765,789,306	75.5%
ROADS AND STORMWATER	837,131,347	199,082,244	111,986,176	56%	837,131,347	735,470,730	87.9%
WATER AND SANITATION	603,189,261	145,380,964	65,656,289	45%	603,189,261	507,491,382	84.1%
REAL ESTATE	156,835,090	29,380,348	34,631,059	118%	156,835,090	103,242,490	65.8%
INFORMATION COMMUNICATION TECHNOLOGY	186,710,507	80,197,625	50,821,888	63%	186,710,507	151,161,057	81.0%
WASTE MANAGEMENT	115,866,405	34,460,487	29,462,243	85%	115,866,405	96,984,855	83.7%
ENVIRONMENTAL RESOURCE MANAGEMENT	99,526,726	25,193,967	23,964,623	95%	99,526,726	91,017,524	91.5%
SPORTS, RECREATION, ARTS AND CULTURE	37,323,633	6,390,369	6,188,432	97%	37,323,633	32,213,813	86.3%
TRANSPORT	36,154,305	4,450,323	7,048,624	158%	36,154,305	27,171,098	75.2%
HUMAN SETTLEMENTS	205,085,210	55,600,440	70,750,050	127%	205,085,210	169,469,812	82.6%
DISASTER AND EMERGENCY MANAGEMENT SERVICES	44,153,870	13,609,335	17,875,459	131%	44,153,870	35,700,521	80.9%
CITY PLANNING	33,485,616	6,230,107	6,859,152	110%	33,485,616	32,137,471	96.0%
EKURHULENI METRO POLICE DEPARTMENT	38,000,817	13,342,387	9,797,137	73%	38,000,817	32,265,598	84.9%
FINANCE	18,027,482	1,801,604	3,424,038	190%	18,027,482	8,403,781	46.6%
CUSTOMER RELATIONS MANAGEMENT	8,721,189	2,349,689	4,155,326	177%	8,721,189	7,397,931	84.8%
HEALTH AND SOCIAL DEVELOPMENT	14,612,360	3,801,777	3,966,590	104%	14,612,360	11,540,995	79.0%
ECONOMIC DEVELOPMENT	4,720,424	1,148,859	1,006,006	88%	4,720,424	3,594,563	76.1%
FLEET MANAGEMENT	4,467,429	1,042,430	1,037,180	99%	4,467,429	3,191,916	71.4%
HUMAN RESOURCES	2,451,206	1,097,514	637,918	58%	2,451,206	2,196,226	89.6%
INTERNAL AUDIT	378,546	115,862	36,826	32%	378,546	81,476	21.5%
COMMUNICATION & BRANDING	95,776	11,679	852	7%	95,776	34,993	36.5%
STRATEGY & CORPORATE PLANNING	1,772,381	1,144,820	1,078,206	94%	1,772,381	1,638,151	92.4%
EXECUTIVE OFFICE	2,449,787	2,223,163	142,153	6%	2,449,787	258,371	10.5%
CITY MANAGER	481,999	(30,754)	63,570	-207%	481,999	241,968	50.2%
LEGISLATURE	90,950	22,737	12,967	57%	90,950	30,714	33.8%
CORPORATE LEGAL	39,053	9,763	6,910	71%	39,053	6,910	17.7%
CHIEF OPERATING OFFICER: DELIVERY CO-ORDINATION	210,965	51,195	24,266	47%	210,965	171,851	81.5%
COUNCIL GENERAL	7,213,026	(9,289,703)	2,482,527	-27%	7,213,026	2,559,834	35.5%
<b>TOTAL REPAIRS AND MAINTENANCE</b>	<b>3,473,027,237</b>	<b>907,170,047</b>	<b>666,634,045</b>	<b>73.5%</b>	<b>3,473,027,237</b>	<b>2,821,465,337</b>	<b>81.2%</b>

The Repairs and Maintenance budgeted amount for the 2017/18 Financial Year was **R3.471 billion**. The actual expenditure amounted to **R2.821 billion**, resulting in an underspending of R651 million (i.e. 81.2% of the budget was spent). It is expected that the actual expenditure might still increase during the finalisation of the financial year-end as invoice are still being processed for 2017/18 Financial Year.

### Employee Related Costs

The amount budgeted for the salaries and contributions towards senior management and other municipal staff amounted to R7.598 billion.

The actual expenditure for Employee Related Costs for the 2017/18 Financial Year is R4 million more than the budgeted expenditure, which represents a deviation of 0.1%.

The amount spent on Overtime is a major concern. The following table reflects the Overtime per department:

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<b>Department</b>	<b>2016/17 Quarter 4 Actuals</b>	<b>2017/18 Quarter 4 Actuals</b>	<b>Increase/ (decrease) in Actual</b>
EKURHULENI METRO POLICE DEPARTMENT	75,419,626	70,711,924	(4,707,702)
WASTE MANAGEMENT	19,674,311	24,814,020	5,139,710
ENERGY	18,313,896	23,615,089	5,301,194
DISASTER & EMERGENCY MANAGEMENT SERVICES	17,790,397	22,907,360	5,116,963
WATER & SANITATION	13,198,817	15,218,743	2,019,926
SPORTS, RECREATION, ARTS & CULTURE	6,796,208	7,943,388	1,147,179
TRANSPORT	4,562,310	5,774,166	1,211,856
ENVIRONMENTAL RESOURCES MANAGEMENT	12,698,024	4,216,826	(8,481,198)
FINANCE	3,207,955	3,141,198	(66,756)
ROADS & STORMWATER	2,771,001	2,684,965	(86,037)
FLEET MANAGEMENT	2,228,534	2,496,679	268,145
HEALTH & SOCIAL DEVELOPMENT	1,314,961	1,451,911	136,951
LEGISLATURE	738,283	677,533	(60,750)
CUSTOMER RELATION MANAGEMENT	734,489	565,969	(168,520)
REAL ESTATE	847,608	563,093	(284,514)
ECONOMIC DEVELOPMENT	475,573	483,061	7,488
HUMAN SETTLEMENTS	245,825	479,238	233,413
INFORMATION COMMUNICATION TECHNOLOGY	443,688	368,675	(75,013)
EXECUTIVE	129,789	319,944	190,155
HUMAN RESOURCES	75,633	174,637	99,004
CITY MANAGER	(63,664)	147,457	211,121
COMMUNICATION & BRANDING	112,724	128,786	16,062
CORPORATE LEGAL	18,524	51,972	33,448
STRATEGY & CORPORATE PLANNING	28,236	50,482	22,246
CITY PLANNING	79,481	49,682	(29,799)
INTERNAL AUDIT	-	851	851
EPMO	22,781	-	(22,781)
<b>TOTAL OVERTIME</b>	<b>181,865,006</b>	<b>189,037,648</b>	<b>7,172,642</b>

The overall spending on overtime has increased by R7.1 million when compared to the 4<sup>th</sup> Quarter of 2016/17. The table above depicts departments with increased spending on overtime at the top, which is a major concern.

### **Remuneration of Councillors**

An amount of R133.8m was budgeted for Councillor's remuneration in the 2017/18 Financial Year. The quarterly budget was R34.3 million whilst the actual expenditure amounts to R33.3 million, resulting in a 3% under expenditure.

The actual expenditure for Remuneration of Councillors for the 2017/18 Financial Year is R764.146 less than the budgeted expenditure, which represents a deviation of 0.6%.

### **Contracted Services**

Contracted Services relates to all expenditure incurred by Council which could/should have been rendered by Council itself. It therefore includes:

- Outsourced services;
- Consultants; and
- Other Contracts.

The budget for Contracted Services for the 2017/18 Financial Year was R4.088 billion whilst the actual expenditure amounted to R3.626 billion (or 88.5% budget spent).

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Cognisance must be taken that expenditure in this nature is not accrued and therefore it could be that some of the invoices must still be processed before the finalisation of the year-end.

The following table reflects the detail expenditure per department:

DEPARTMENT	DESCRIPTION	TOTAL BUDGET	QUARTERLY RESULTS			YEAR-TO-DATE RESULTS		
			QUARTER 4			Budget	Actual	% of B
			Budget	Actual	% of B			
<b>CoE TOTAL</b>	<b>Contracted Services</b>	<b>4,099,728,670</b>	<b>1,109,842,219</b>	<b>1,052,949,560</b>	<b>94.9%</b>	<b>4,099,728,670</b>	<b>3,626,319,271</b>	<b>88.5%</b>
CoE TOTAL	- Outsource Services	2,081,077,355	540,475,311	550,723,878	101.9%	2,081,077,355	1,967,050,198	94.5%
CoE TOTAL	- Consultants and Professional Services	487,993,681	140,149,932	137,261,388	97.9%	487,993,681	381,324,507	78.1%
CoE TOTAL	- Contractors	1,530,657,634	429,216,976	364,964,294	85.0%	1,530,657,634	1,277,944,566	83.5%
<b>Executive Office</b>	<b>Contracted Services</b>	<b>3,034,307</b>	<b>2,400,750</b>	<b>313,117</b>	<b>13.0%</b>	<b>3,034,307</b>	<b>852,194</b>	<b>28.1%</b>
Executive Office	- Outsource Services	686,403	213,774	177,989	83.3%	686,403	641,427	93.4%
Executive Office	- Contractors	2,347,904	2,186,976	135,128	6.2%	2,347,904	210,767	9.0%
<b>Legislature</b>	<b>Contracted Services</b>	<b>8,992,486</b>	<b>2,183,047</b>	<b>2,056,920</b>	<b>94.2%</b>	<b>8,992,486</b>	<b>6,120,975</b>	<b>68.1%</b>
Legislature	- Outsource Services	5,184,115	1,257,531	1,158,160	92.1%	5,184,115	4,802,562	92.6%
Legislature	- Consultants and Professional Services	3,700,263	898,487	880,917	98.0%	3,700,263	1,279,677	34.6%
Legislature	- Contractors	108,108	27,029	17,842	66.0%	108,108	38,735	35.8%
<b>City Manager</b>	<b>Contracted Services</b>	<b>25,825,937</b>	<b>9,525,100</b>	<b>2,430,089</b>	<b>25.5%</b>	<b>25,825,937</b>	<b>16,111,715</b>	<b>62.4%</b>
City Manager	- Outsource Services	404,257	101,064	85,997	85.1%	404,257	256,252	63.4%
City Manager	- Consultants and Professional Services	25,180,658	9,537,530	2,321,593	24.3%	25,180,658	15,709,240	62.4%
City Manager	- Contractors	241,022	(113,494)	22,500	-19.8%	241,022	146,222	60.7%
<b>Strategy &amp; Corporate Planning</b>	<b>Contracted Services</b>	<b>3,911,049</b>	<b>(211,497)</b>	<b>1,350,204</b>	<b>-638.4%</b>	<b>3,911,049</b>	<b>1,821,567</b>	<b>46.6%</b>
Strategy & Corporate Planning	- Outsource Services	1,741,637	(1,180,819)	6,102	-0.5%	1,741,637	133,532	7.7%
Strategy & Corporate Planning	- Consultants and Professional Services	2,168,536	969,103	1,344,102	138.7%	2,168,536	1,688,036	77.8%
Strategy & Corporate Planning	- Contractors	876	219	-	0.0%	876	-	0.0%
<b>Risk Management</b>	<b>Contracted Services</b>	<b>1,253,006</b>	<b>192,026</b>	<b>422,098</b>	<b>219.8%</b>	<b>1,253,006</b>	<b>925,389</b>	<b>73.9%</b>
Risk Management	- Outsource Services	114,675	42,000	29,853	71.1%	114,675	113,595	99.1%
Risk Management	- Consultants and Professional Services	1,134,362	150,026	392,246	261.5%	1,134,362	807,875	71.2%
Risk Management	- Contractors	3,969	-	-	0.0%	3,969	3,920	98.8%
<b>Chief Operating Officer</b>	<b>Contracted Services</b>	<b>903,899</b>	<b>(421,086)</b>	<b>340,146</b>	<b>-80.8%</b>	<b>903,899</b>	<b>787,168</b>	<b>87.1%</b>
Chief Operating Officer	- Outsource Services	272,046	30,546	84,373	276.2%	272,046	262,105	96.3%
Chief Operating Officer	- Consultants and Professional Services	627,012	(451,632)	254,073	-56.3%	627,012	522,713	83.4%
Chief Operating Officer	- Contractors	4,841	-	1,700	#DIV/0!	4,841	2,350	48.5%
<b>EPMO</b>	<b>Contracted Services</b>	<b>13,235,971</b>	<b>3,351,387</b>	<b>2,877,103</b>	<b>85.8%</b>	<b>13,235,971</b>	<b>6,714,963</b>	<b>50.7%</b>
EPMO	- Outsource Services	511,250	227,542	149,953	65.9%	511,250	487,515	95.4%
EPMO	- Consultants and Professional Services	12,723,845	3,123,845	2,727,150	87.3%	12,723,845	6,226,599	48.9%
EPMO	- Contractors	876	-	-	0.0%	876	850	97.0%
<b>Council General</b>	<b>Contracted Services</b>	<b>3,943,500</b>	<b>(10,146,079)</b>	<b>460,338</b>	<b>-4.5%</b>	<b>3,943,500</b>	<b>586,933</b>	<b>14.9%</b>
Council General	- Outsource Services	50,264	12,566	42,565	338.7%	50,264	42,565	84.7%
Council General	- Consultants and Professional Services	49,288	(26,673)	-	0.0%	49,288	49,288	100.0%
Council General	- Contractors	3,843,948	(10,131,972)	417,773	-4.1%	3,843,948	495,080	12.9%
<b>Customer Relations Management</b>	<b>Contracted Services</b>	<b>13,240,974</b>	<b>5,707,118</b>	<b>762,363</b>	<b>13.4%</b>	<b>13,240,974</b>	<b>8,414,985</b>	<b>63.6%</b>
Customer Relations Management	- Outsource Services	3,668,618	914,566	686,573	75.1%	3,668,618	3,119,808	85.0%
Customer Relations Management	- Consultants and Professional Services	8,889,984	4,623,742	25,460	0.6%	8,889,984	4,673,574	52.6%
Customer Relations Management	- Contractors	682,372	168,810	50,331	29.8%	682,372	621,603	91.1%
<b>Roads &amp; Stormwater</b>	<b>Contracted Services</b>	<b>620,163,628</b>	<b>155,083,077</b>	<b>89,871,297</b>	<b>58.0%</b>	<b>620,163,628</b>	<b>574,908,009</b>	<b>92.7%</b>
Roads & Stormwater	- Outsource Services	754,744	188,686	185,337	98.2%	754,744	378,516	50.2%
Roads & Stormwater	- Consultants and Professional Services	7,184,297	1,796,074	2,713,362	151.1%	7,184,297	4,921,839	68.5%
Roads & Stormwater	- Contractors	612,224,587	153,098,316	86,972,599	56.8%	612,224,587	569,607,654	93.0%
<b>Transport</b>	<b>Contracted Services</b>	<b>219,800,133</b>	<b>73,590,935</b>	<b>51,531,792</b>	<b>70.0%</b>	<b>219,800,133</b>	<b>125,634,089</b>	<b>57.2%</b>
Transport	- Outsource Services	23,988,735	4,998,867	8,331,211	166.7%	23,988,735	20,562,495	85.7%
Transport	- Consultants and Professional Services	5,187,689	123,563	-	0.0%	5,187,689	-	0.0%
Transport	- Contractors	190,623,709	68,468,504	43,200,581	63.1%	190,623,709	105,071,594	55.1%
<b>Fleet Management</b>	<b>Contracted Services</b>	<b>2,118,287</b>	<b>520,823</b>	<b>499,405</b>	<b>95.9%</b>	<b>2,118,287</b>	<b>1,787,901</b>	<b>84.4%</b>
Fleet Management	- Outsource Services	832,866	208,217	258,744	124.3%	832,866	777,246	93.3%
Fleet Management	- Consultants and Professional Services	-	-	-	#DIV/0!	-	-	#DIV/0!
Fleet Management	- Contractors	1,285,421	312,606	240,661	77.0%	1,285,421	1,010,655	78.6%
<b>Real Estate</b>	<b>Contracted Services</b>	<b>48,643,248</b>	<b>15,177,825</b>	<b>4,520,653</b>	<b>29.8%</b>	<b>48,643,248</b>	<b>43,680,096</b>	<b>89.8%</b>
Real Estate	- Outsource Services	703,260	(73,442)	430,240	-585.8%	703,260	605,402	86.1%
Real Estate	- Consultants and Professional Services	44,617,774	15,164,550	2,334,595	15.4%	44,617,774	40,727,823	91.3%
Real Estate	- Contractors	3,322,214	86,717	1,755,818	2024.8%	3,322,214	2,346,871	70.6%

**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY  
ORDINARY COUNCIL MEETING**

**2018.07.26**

**ITEM A-F (51-2018)**

DEPARTMENT	DESCRIPTION	TOTAL BUDGET	QUARTERLY RESULTS			YEAR-TO-DATE RESULTS		
			QUARTER 4			Budget	Actual	% of B
			Budget	Actual	% of B			
Health & Social Development	<b>Contracted Services</b>	<b>13,692,210</b>	<b>3,215,642</b>	<b>4,413,120</b>	<b>137.2%</b>	<b>13,692,210</b>	<b>10,841,054</b>	<b>79.2%</b>
Health & Social Development	- Outsource Services	6,634,182	2,516,121	2,262,936	89.9%	6,634,182	5,157,827	77.7%
Health & Social Development	- Consultants and Professional Services	478,145	(268,312)	58,778	-21.9%	478,145	121,094	25.3%
Health & Social Development	- Contractors	6,579,883	967,833	2,091,406	216.1%	6,579,883	5,562,132	84.5%
Disaster & Emergency Management Services	<b>Contracted Services</b>	<b>68,697,351</b>	<b>18,843,764</b>	<b>23,756,272</b>	<b>126.1%</b>	<b>68,697,351</b>	<b>55,462,991</b>	<b>80.7%</b>
Disaster & Emergency Management Services	- Outsource Services	37,427,379	9,493,286	7,162,015	75.4%	37,427,379	28,876,641	77.2%
Disaster & Emergency Management Services	- Consultants and Professional Services	3,419,796	854,949	1,756,437	205.4%	3,419,796	2,386,754	69.8%
Disaster & Emergency Management Services	- Contractors	27,850,176	8,495,529	14,837,820	174.7%	27,850,176	24,199,596	86.9%
Ekurhuleni Metro Police Department (EMPD)	<b>Contracted Services</b>	<b>347,036,345</b>	<b>110,836,983</b>	<b>122,272,573</b>	<b>110.3%</b>	<b>347,036,345</b>	<b>360,382,899</b>	<b>103.8%</b>
Ekurhuleni Metro Police Department (EMPD)	- Outsource Services	312,796,226	105,167,336	113,903,728	108.3%	312,796,226	329,537,653	105.4%
Ekurhuleni Metro Police Department (EMPD)	- Consultants and Professional Services	31,028,329	5,381,799	7,128,119	132.4%	31,028,329	28,215,197	90.9%
Ekurhuleni Metro Police Department (EMPD)	- Contractors	3,211,790	287,848	1,240,726	431.0%	3,211,790	2,630,050	81.9%
Sports, Recreation, Arts & Culture (SRAC)	<b>Contracted Services</b>	<b>21,695,201</b>	<b>4,060,104</b>	<b>4,495,828</b>	<b>110.7%</b>	<b>21,695,201</b>	<b>18,296,432</b>	<b>84.3%</b>
Sports, Recreation, Arts & Culture (SRAC)	- Outsource Services	965,700	236,009	364,802	154.6%	965,700	857,066	88.8%
Sports, Recreation, Arts & Culture (SRAC)	- Consultants and Professional Services	5,189,376	2,092,009	733,624	35.1%	5,189,376	3,775,416	72.8%
Sports, Recreation, Arts & Culture (SRAC)	- Contractors	15,540,125	1,732,086	3,397,402	196.1%	15,540,125	13,663,950	87.9%
Human Settlements	<b>Contracted Services</b>	<b>290,056,597</b>	<b>82,828,450</b>	<b>118,201,725</b>	<b>142.7%</b>	<b>290,056,597</b>	<b>225,930,585</b>	<b>77.9%</b>
Human Settlements	- Outsource Services	75,321	18,831	11,297	60.0%	75,321	51,381	68.2%
Human Settlements	- Consultants and Professional Services	67,147,717	20,328,775	36,050,615	177.3%	67,147,717	51,335,966	76.5%
Human Settlements	- Contractors	222,833,559	62,480,845	82,139,812	131.5%	222,833,559	174,543,238	78.3%
Finance	<b>Contracted Services</b>	<b>225,848,525</b>	<b>66,924,055</b>	<b>55,187,057</b>	<b>82.5%</b>	<b>225,848,525</b>	<b>177,637,904</b>	<b>78.7%</b>
Finance	- Outsource Services	126,929,971	42,024,157	36,138,782	86.0%	126,929,971	105,038,948	82.8%
Finance	- Consultants and Professional Services	69,193,702	20,051,995	9,369,667	46.7%	69,193,702	45,763,119	66.1%
Finance	- Contractors	29,724,852	4,847,904	9,678,609	199.6%	29,724,852	26,835,837	90.3%
Human Resources	<b>Contracted Services</b>	<b>8,905,508</b>	<b>3,501,913</b>	<b>1,806,674</b>	<b>51.6%</b>	<b>8,905,508</b>	<b>4,766,042</b>	<b>53.5%</b>
Human Resources	- Outsource Services	2,792,129	249,568	617,828	247.6%	2,792,129	1,936,585	69.4%
Human Resources	- Consultants and Professional Services	4,087,690	2,271,923	634,790	27.9%	4,087,690	819,104	20.0%
Human Resources	- Contractors	2,025,689	980,422	554,056	56.5%	2,025,689	2,010,353	99.2%
ICT	<b>Contracted Services</b>	<b>186,619,699</b>	<b>80,174,925</b>	<b>50,817,554</b>	<b>63.4%</b>	<b>186,619,699</b>	<b>151,136,930</b>	<b>81.0%</b>
ICT	- Outsource Services	74,856	18,714	9,638	51.5%	74,856	29,754	39.7%
ICT	- Contractors	186,544,843	80,156,211	50,807,916	63.4%	186,544,843	151,107,175	81.0%
Corporate Legal	<b>Contracted Services</b>	<b>49,266,949</b>	<b>12,316,738</b>	<b>36,341,176</b>	<b>295.1%</b>	<b>49,266,949</b>	<b>49,184,720</b>	<b>99.8%</b>
Corporate Legal	- Outsource Services	208,406	52,102	39,682	76.2%	208,406	169,590	81.4%
Corporate Legal	- Consultants and Professional Services	49,025,082	12,256,271	36,301,374	296.2%	49,025,082	49,015,010	100.0%
Corporate Legal	- Contractors	33,461	8,365	120	1.4%	33,461	120	0.4%
Economic Development	<b>Contracted Services</b>	<b>33,012,457</b>	<b>11,802,842</b>	<b>11,425,778</b>	<b>96.8%</b>	<b>33,012,457</b>	<b>27,473,561</b>	<b>83.2%</b>
Economic Development	- Outsource Services	10,419,181	2,837,023	2,615,171	92.2%	10,419,181	10,413,277	99.9%
Economic Development	- Consultants and Professional Services	20,126,897	8,592,974	7,904,030	92.0%	20,126,897	14,919,974	74.1%
Economic Development	- Contractors	2,466,379	372,845	906,576	243.2%	2,466,379	2,140,310	86.8%



**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY  
ORDINARY COUNCIL MEETING**

**2018.07.26**

**ITEM A-F (51-2018)**

DEPARTMENT	DESCRIPTION	TOTAL BUDGET	QUARTERLY RESULTS			YEAR-TO-DATE RESULTS		
			QUARTER 4			Budget	Actual	% of B
			Budget	Actual	% of B			
<b>City Planning</b>	<b>Contracted Services</b>	<b>99,929,475</b>	<b>26,529,870</b>	<b>10,654,866</b>	<b>40.2%</b>	<b>99,929,475</b>	<b>98,538,312</b>	<b>98.6%</b>
City Planning	- Outsource Services	346,242	67,147	21,950	32.7%	346,242	205,192	59.3%
City Planning	- Consultants and Professional Services	66,586,318	20,511,955	3,835,186	18.7%	66,586,318	66,356,551	99.7%
City Planning	- Contractors	32,996,915	5,950,768	6,797,730	114.2%	32,996,915	31,976,569	96.9%
<b>Environmental Resource Management</b>	<b>Contracted Services</b>	<b>129,368,525</b>	<b>33,495,824</b>	<b>37,499,426</b>	<b>112.0%</b>	<b>129,368,525</b>	<b>124,431,093</b>	<b>96.2%</b>
Environmental Resource Management	- Outsource Services	84,160,908	23,232,660	24,419,762	105.1%	84,160,908	81,813,752	97.2%
Environmental Resource Management	- Consultants and Professional Services	3,934,862	(680,133)	1,826,795	-268.6%	3,934,862	2,696,581	68.5%
Environmental Resource Management	- Contractors	41,272,755	10,943,297	11,252,869	102.8%	41,272,755	39,920,761	96.7%
<b>Communication and Brand Management</b>	<b>Contracted Services</b>	<b>557,258</b>	<b>198,915</b>	<b>215,913</b>	<b>108.5%</b>	<b>557,258</b>	<b>480,975</b>	<b>86.3%</b>
Communication and Brand Management	- Outsource Services	543,377	207,711	215,913	103.9%	543,377	480,975	88.5%
Communication and Brand Management	- Contractors	13,881	(8,796)	-	0.0%	13,881	-	0.0%
<b>Internal Audit</b>	<b>Contracted Services</b>	<b>10,607,419</b>	<b>4,038,389</b>	<b>2,838,074</b>	<b>70.3%</b>	<b>10,607,419</b>	<b>9,710,563</b>	<b>91.5%</b>
Internal Audit	- Outsource Services	4,327,890	1,098,639	1,678,743	152.8%	4,327,890	4,056,820	93.7%
Internal Audit	- Consultants and Professional Services	6,197,374	2,913,419	1,152,467	39.6%	6,197,374	5,618,466	90.7%
Internal Audit	- Contractors	82,155	26,331	6,864	26.1%	82,155	35,277	42.9%
<b>Energy Department</b>	<b>Contracted Services</b>	<b>426,700,126</b>	<b>108,302,974</b>	<b>97,275,042</b>	<b>89.8%</b>	<b>426,700,126</b>	<b>351,619,154</b>	<b>82.4%</b>
Energy Department	- Outsource Services	334,241,416	82,075,209	61,886,858	75.4%	334,241,416	286,329,442	85.7%
Energy Department	- Consultants and Professional Services	12,786,991	4,030,074	3,196,125	79.3%	12,786,991	5,030,621	39.3%
Energy Department	- Contractors	79,671,719	22,197,691	32,192,059	145.0%	79,671,719	60,259,092	75.6%
<b>Waste Management</b>	<b>Contracted Services</b>	<b>418,209,421</b>	<b>84,719,569</b>	<b>107,756,452</b>	<b>127.2%</b>	<b>418,209,421</b>	<b>375,107,639</b>	<b>89.7%</b>
Waste Management	- Outsource Services	398,917,594	83,995,621	101,233,444	120.5%	398,917,594	362,015,124	90.7%
Waste Management	- Consultants and Professional Services	15,760,698	511,863	5,856,669	1144.2%	15,760,698	10,398,254	66.0%
Waste Management	- Contractors	3,531,129	212,084	666,339	314.2%	3,531,129	2,694,262	76.3%
<b>Water &amp; Sanitation</b>	<b>Contracted Services</b>	<b>804,459,179</b>	<b>201,097,839</b>	<b>210,556,504</b>	<b>104.7%</b>	<b>804,459,179</b>	<b>796,972,431</b>	<b>99.1%</b>
Water & Sanitation	- Outsource Services	721,303,707	180,244,081	186,514,232	103.5%	721,303,707	717,897,151	99.5%
Water & Sanitation	- Consultants and Professional Services	21,566,996	5,391,755	8,463,215	157.0%	21,566,996	18,265,738	84.7%
Water & Sanitation	- Contractors	61,588,476	15,462,003	15,579,057	100.8%	61,588,476	60,809,542	98.7%

**Operational Costs**

Operational Costs refer to various types of expenditure which form part of the General Expenditure category in the previous reports. The following is merely a list of the detailed expenditure grouped in the category of Operational Costs.

It is necessary to analyse the Operational Costs of each department as reflected in the Departmental Operating Budget Reports.

**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY  
ORDINARY COUNCIL MEETING**

**2018.07.26**

**ITEM A-F (51-2018)**

Description	QUATERLY RESULTS		YEAR TO DATE RESULTS	
	Budget Quarter 4	Actual Quarter 4	Year to Date BUDGET	Year to Date ACTUALS
OPERATIONAL COST	-	-	-	-
OC: ADV/PUB/MARK - AUCTIONS	6,234,945	16,639,073	34,167,435	32,030,334
OC: ADV/PUB/MARK - CORP & MUN ACTIVITIES PUBLICATIONS	2,113,186	2,188,888	7,810,826	5,497,361
OC: ADV/PUB/MARK - CUSTOMER/CLIENT INFO	1,498,244	1,003,302	3,526,205	3,198,133
OC: ADV/PUB/MARK - GIFTS & PROMO ITEMS	8,972	-	343,972	343,972
OC: ADV/PUB/MARK - CORPORATE IMAGE AND MARKETING	140,185	121,187	606,168	438,953
OC: ADV/PUB/MARK - MUNICIPAL NEWSLETTERS	2,763,787	5,067,273	6,931,472	5,711,228
OC: ADV/PUB/MARK - STAFF RECRUITMENT	3,414	-	13,654	11,977
OC: ASSETS LESS THAN CAPITAL THRESHOLD	794	-	3,175	-
OC: AUDIT COST: EXTERNAL	219,644	701,342	916,579	808,691
OC: BC/FAC/C FEES - BANK ACCOUNTS	6,042,839	1,190,050	20,421,354	20,039,815
ABSA: CASH DEPOSIT FEES	297,692	1,190,767	1,190,767	1,190,767
ABSA: CASH DEPOSIT I.D.	1,094,657	979,131	4,378,626	4,267,126
BANK SERVICE CHARGES	207,985	136,428	831,939	533,479
COUNTERFEIT NOTES	41,597	(7,495,750)	166,388	165,727
ABSA: TRANSACTIONAL FEES	1,886	-	7,542	470
ABSA: CASH IN TRANSIT	218,931	148,189	875,725	857,599
ABSA: DEPOSIT MACHINES	919,512	3,678,046	3,678,046	3,678,046
ABSA: DR & CR CARDS	1,007,084	3,891,962	4,028,336	4,028,336
ABSA: E-BANKING SYSTEM	2,189,313	(1,239,326)	8,757,252	8,752,696
ABSA: PAYMENT CHANNEL	1,423,054	4,064,625	5,692,214	5,662,859
POST OFFICE: PAYMENT CHANNEL	3,596,820	12,634,739	13,761,578	13,746,848
EASYPAY: PAYMENT CHANNEL	2,751,282	5,988,050	7,169,639	7,158,768
OC: BURSARIES (EMPLOYEES)	7,443,664	(6,480,576)	29,774,657	29,008,224
GRANTS: EDUCATION (EXTERNAL)	4,627,756	1,714,957	14,611,023	12,275,211
OC: CLEAN SERV - LAUNDRY SERVICES	35,802,748	54,011,874	105,551,756	105,438,971
OC: COMMISSION - THIRD PARTY VENDORS	229,541	155,621	525,940	489,662
OC: COMM - CELL CONTRACT (SUBS & CALLS)	-	244,217	-	1,044,496
TELEPHONE: GENERAL COMMUNICATION & FAX	(255,171)	1,118,865	2,157,213	1,896,582
TELEPHONE: CELLULAR PHONES	9,490,367	9,941,969	37,961,468	33,995,841
OC: COMM - LICENCES (RADIO & TELEVISION)	62,864	62,253	161,836	116,321
LICENSES: RADIO AND TELEVISION	51,786	-	138,036	26,763
OC: COMM - POSTAGE/STAMPS/FRANKING MACH	-	-	373,107	318,807
OC: COMM - RENT PRIVATE BAG & POSTAL BOX	13,471,569	7,669,156	28,962,669	28,372,270
OC: COMM - SATELLITE SIGNALS	197	-	788	-
OC: ENTERTAINMENT - SENIOR MANAGEMENT	38,659	-	140,546	80,823
OC: EXT COM SERV PROV - INFORMATION SERV	82,976	72,261	349,624	215,280
OC: EXT COM SERV PROV - S/WARE LICENCES	4,593,585	7,039,223	19,257,673	7,245,966
OC: INSUR UNDER - INSURANCE AGGREGATION	(18,938,480)	10,554,729	79,837,410	34,669,216
OC: INSUR UNDER - CLAIM PAID 3RD PARTIES	2,039,136	846,614	12,960,904	880,384
OC: INSUR UNDER - INSURANCE CLAIMS	5,594,327	4,168,101	22,377,306	22,376,530
OC: INSUR UNDER - EXCESS PAYMENTS	3,000,753	2,129,806	12,110,153	7,376,317
OC: INSUR UNDER - PREMIUMS	2,204,638	142,140	8,818,553	2,196,952
OC: LEARNERSHIPS & INTERNSHIPS	2,189,313	1,367,375	8,757,252	5,067,687
OC: LIC - VEHICLE LIC & REGISTRATIONS	8,897,997	85,890	35,520,558	35,505,508
OC: MUNICIPAL SERVICES	109,461	-	613,008	-
OC: PRINTING & PUBLICATIONS	7,568,289	5,494,038	20,359,069	19,554,963
OC: PROFESSIONAL BODIES M/SHIP & SUBS	-	-	-	-
OC: PARKING FEES	326,899	211,724	1,722,115	1,368,010
	3,043,392	13,082,705	12,128,508	13,383,361
	1,076	-	3,953	18

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Description	QUATERLY RESULTS		YEAR TO DATE RESULTS	
	Budget Quarter 4	Actual Quarter 4	Year to Date BUDGET	Year to Date ACTUALS
OC: REG FEESPROF & REGULATORY BODIES	10,138	-	33,505	-
OC: RESETTLEMENT COST	(7,180,481)	3,277,149	11,835,219	4,256,701
OC: SYSTEM ACCESS & INFORMATION FEES	2,382	-	9,526	-
OC: SKILLS DEVELOPMENT FUND LEVY	17,016,592	15,279,805	69,961,752	60,852,332
OC: SEARCH FEES	409,960	329,672	1,134,696	903,463
OC: SERVITUDES & LAND SURVEYS	10,283	-	88,608	1,983
OC: STORAGE OF FILES (ARCHIVING)	135,174	25,937	640,696	25,937
OC: TRANSPORT - EVENTS	49,881	152	199,881	199,881
OC: TRANSPORT - FUNERALS	110,931	90,000	767,725	200,969
OC: T&S DOM - ACCOMMODATION	1,424,192	254,760	8,070,312	1,276,319
OC: T&S FOREIGN - ACCOMMODATION	(5,340,534)	1,465,140	15,417,257	5,046,447
OC: TRANSPORT - MUNICIPAL ACTIVITIES	7,164	-	28,660	-
OC: UNIFORM & PROTECTIVE CLOTHING	20,142,254	36,346,371	65,922,720	57,459,224
OC: VEHICLE TRACKING	5,043,737	7,857,452	15,228,152	18,850,981
VEHICLE COST: ONBOARD COMPUTERS	(347,116)	3,156	1,470,950	327,899
OC: WET FUEL	2,313,714	1,123,592	6,657,094	5,002,026
VEHICLE COST: FUEL & LUBRICANTS	51,357,924	44,764,325	162,799,310	160,170,287
OC: WORKMEN'S COMPENSATION FUND	11,547,353	11,548,721	46,203,904	46,209,139
<b>SUB TOTAL : OPERATIONAL COST</b>	<b>219,502,274</b>	<b>287,140,375</b>	<b>993,191,899</b>	<b>841,940,162</b>

### Inventory

In accordance with the terminology list supplied by National Treasury, this category is defined as follows:

*Inventories are assets: (a) in the form of materials or supplies to be consumed in the production process; (b) in the form of materials or supplies to be consumed or distributed in the rendering of services; (c) held for sale or distribution in the ordinary course of operations; or (d) in the process of production for sale or distribution.*

*Plant materials and operating supplies: This account should record the cost of materials purchased primarily for use in the Utility business for construction, operation and maintenance purposes. This account should include also the book cost of materials recovered in connection with construction, maintenance or the retirement of property, such materials being credited to construction, maintenance or accumulated depreciation provision, respectively. Materials and supplies issued should be credited to this account and charged to the appropriate construction, operating expense, or other account on the basis of a unit price determined by the use of weighted average and first-in-first-out, or such other method of inventory accounting as conforms to accepted accounting standards consistently applied.*

*Merchandise: This account should record the book cost of materials and supplies and appliances and equipment held primarily for retail sales. The principles prescribed in accounting for Utility materials and supplies shall be observed in respect to items carried in this account.*

*Other materials and supplies: This account should record the original cost of materials and supplies held primarily for non-utility purposes. The principles prescribed in accounting for Utility materials and supplies shall be observed in respect to items carried in this account.*

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Based on above the inventory include as items such as printing and stationery expenditure, materials and supplies mainly for the purpose of repairs and maintenance and other general expenditure as summarised below.

Description	QUATERLY RESULTS		YEAR TO DATE RESULTS	
	Budget Quarter 4	Actual Quarter 4	Year to Date BUDGET	Year to Date ACTUALS
INVENTORY	-	-	-	-
INV - CONSUMABLE STORES - STANDARD RATED	14,477,838	15,581,150	43,118,705	44,104,821
MATERIALS: HEATING MATERIALS	314,140	480,952	1,376,853	1,323,910
INVENTORY - MATERIALS & SUPPLIES	433,314,968	480,843,855	1,694,573,090	1,454,338,297
MATERIALS: CHEMICALS	1,493,077	1,134,190	4,281,798	3,919,860
MATERIALS: PRINTING & STATIONERY	20,690,191	14,263,156	53,728,715	47,984,759
<b>SUB TOTAL : INVENTORY</b>	<b>470,290,213</b>	<b>512,303,303</b>	<b>1,797,079,161</b>	<b>1,551,671,646</b>

**Conclusion**

The above does not give any details of the expenditure per department and should be analysed from the various individual reports of each department.

The analysis of mainly expenditure categories is an indication that details of expenditure should be analysed in a different format in future reports. Analysis cannot be made on the mere categories of expenditure, but should be analysed in the various segments of mSCOA, namely the funding, the project, the item and costing segments.

**Capital programme performance**

The actual Capital Expenditure at the end of the 4<sup>th</sup> Quarter of the 2017/18 financial year is R4.758 billion, which represents a spending of 74.79% of the total capital budget of R6.362 billion. It is important to note that the outstanding commitments at the end of June 2018 amounted to R92.4 million. The actual expenditure plus commitments for the 4th quarter amounts to R4.850 billion, which represents 76.24% of the Capital Budget.

The following table reflects the comparative spending in previous years for the YTD period after the 4th Quarter:

FY	Budget as at 30 June	Actual Expenditure	% of Budget
11/12	2,252,103,854	2,001,014,007.19	88.85%
12/13	2,557,738,725	2,370,436,995.20	92.68%
13/14	2,987,419,379	2,612,301,079.22	87.44%
14/15	3,810,949,622	3,069,164,272.39	80.54%
15/16	4,658,436,676	4,093,865,317.08	87.88%
16/17	5,130,905,700	4,702,034,703.57	91.64%
17/18	6,361,952,326	4,758,067,494.30	74.79%

The final results are not yet available. Cognisance must be taken that the capital spending amount will still increase during the finalisation of the financial year-end. All the outstanding invoices can only be accrued after final certification thereof.

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The actual spending per department is indicated in the following table.

	ADJUSTED BUDGET	DEPT. PROJECTION	ACTUAL	VARIANCE	ACTUAL EXPENDITURE	% Spent of Total Budget
	R	Quarter 4 R	Quarter 4 R	Quarter 4 %	Year to Date R	%
<b>CAPITAL BUDGET</b>						
Chief Operating Officer	112,200,000	28,020,000	36,466,871	↑ 30.15%	38,800,405	34.58%
City Manager	180,000	35,000	98,868	↑ 182.48%	172,268	95.70%
City Planning	45,142,674	44,133,674	15,350,892	↓ -65.22%	25,614,736	56.74%
Communication and Brand Management	750,000	255,000	681,009	↑ 167.06%	728,969	97.20%
Corporate Legal Services	2,650,000	2,217,039	2,357,276	↑ 6.33%	2,595,608	97.95%
Corporate Planning & Strategy	560,000	303,000	494,820	↑ 63.31%	555,703	99.23%
Council General	513,727,773	513,727,773	336,025,226	↓ -34.59%	450,106,257	87.62%
Customer Relations Management	32,000,000	17,162,522	16,537,168	↑ -3.64%	27,226,958	85.08%
Disaster & Emergency Management Services	194,470,000	137,795,279	80,734,399	↓ -41.41%	183,402,570	94.31%
Economic Development	145,100,000	31,858,334	48,764,965	↑ 53.07%	97,026,357	66.87%
EMPD	162,300,000	58,058,568	52,584,172	→ -9.43%	137,171,078	84.52%
Energy	717,700,000	355,006,896	161,979,666	↓ -54.37%	626,866,183	87.34%
Environmental Resources Management	180,200,000	62,909,394	50,630,869	↓ -19.52%	156,970,647	87.11%
EPMO	530,000	61,911	62,003	↑ 0.15%	524,345	98.93%
Executive Office	7,550,000	7,550,000	4,611,832	↓ -38.92%	4,637,532	61.42%
Finance	2,087,400	2,087,400	1,823,505	↓ -12.64%	2,084,184	99.85%
Fleet Management	13,428,013	6,641,590	6,572,613	↑ -1.04%	11,314,259	84.26%
Health & Social Development	91,989,735	50,151,735	21,560,273	↓ -57.01%	78,435,721	85.27%
Human Resources Management & Development	1,500,000	445,391	898,152	↑ 101.65%	1,312,775	87.52%
Human Settlements	984,879,577	389,399,888	356,229,168	→ -8.52%	676,674,012	68.71%
ICT	609,548,848	188,548,848	169,763,181	→ -9.96%	405,219,544	66.48%
Internal Audit	440,000	73,000	339,050	↑ 364.45%	356,050	80.92%
Legislature	6,444,500	6,444,500	4,111,840	↓ -36.20%	5,037,501	78.17%
Real Estate	208,005,862	86,695,804	85,727,815	↑ -1.12%	167,104,029	80.34%
Risk Management	310,000	116,167	138,781	↑ 19.47%	301,881	97.38%
Roads and Stormwater	717,800,004	315,374,190	256,966,385	↓ -18.52%	593,865,693	82.73%
SRAC	128,989,940	56,126,133	45,087,955	↓ -19.67%	86,336,544	66.93%
Transport	715,918,000	357,089,327	123,687,604	↓ -65.36%	377,831,670	52.78%
Waste Management	166,250,000	77,095,350	69,696,102	→ -9.60%	105,823,192	63.65%
Water & Sanitation	599,300,000	243,670,535	257,744,581	↑ 5.78%	493,970,822	82.42%
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>6,361,952,326</b>	<b>3,039,054,248</b>	<b>2,207,727,042</b>	<b>↓ -27.35%</b>	<b>4,758,067,494</b>	<b>74.79%</b>

**Refinancing of the Capital Budget**

During the compilation of the 2017/18 Capital Budget, provision was made to fund capital projects by means of external loans for the amount of R3, 245,427,170. This amount was adjusted downwards to R3,170,216,164 during the January 2018 adjustment budget.

The funding mixture of the Capital budget included Grants, External Borrowings and internally generated Revenue. External Borrowings made up the bulk (51%) of the funding requirement to the tune of R3.2bn for the 2017/18 FY. Out of the R3,170, 216,164 requirements, CoE targeted to raise 78% of the total amount equalling R2.5bn.

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The Procurement of a long-term loan for the City of Ekurhuleni capital expenditure programme for the 2017/18 financial year was advertised on 18 May 2018 and closed on the 30 May 2018. A total of four bids were received in respect of the required funding. Two out of the four bids were non responsive to the required specifications as set out in the Request for Proposal Document. The remaining two bids pricing was higher than the approved price guidance of 250-270 basis points at 300-345 basis points.

Due to the tender process being non responsive, the shortfall will be funded with internally generated revenue.

A separate item regarding the City not taking up the loan has been submitted to Council for noting.

It is proposed that the refinancing of the 2017/18 Capital Budget be revised as per the following table:

Source Of Finance	2017/18 Original Budget	2017/18 Adjusted Budget	2017/18 Proposed Refinancing	2017/18 Expenditure to date	2017/18 Expenditure to date (Refinanced)	% Spent vs Adjusted Budget	% Spent vs Refinancing
Energy Efficiency & Demand Side Management (EEDMS)	12,000,000	12,000,000	12,000,000	11,790,868	11,790,868	98.26%	98.26%
<b>External Loans</b>	<b>3,245,427,170</b>	<b>3,170,216,164</b>	<b>-</b>	<b>2,308,636,086</b>	<b>-</b>	<b>72.82%</b>	<b>0.00%</b>
Intergrated City Development Grant (ICDG)	48,646,000	48,646,000	48,646,000	48,646,000	48,646,000	100.00%	100.00%
Intergrated National Electrification Programme (INEP)	40,000,000	40,000,000	40,000,000	39,855,336	39,855,336	99.64%	99.64%
Neighborhood Development Partnership Grant (NDPG)	82,000,000	102,574,000	102,574,000	57,890,500	57,890,500	56.44%	56.44%
SRAC Provincial Grant	9,000,000	9,089,940	9,089,940	5,661,714	5,661,714	62.29%	62.29%
Public Transport Network Grant (PTNG)	660,718,000	580,718,000	580,718,000	314,590,714	314,590,714	54.17%	54.17%
<b>Revenue</b>	<b>850,265,300</b>	<b>905,612,248</b>	<b>4,075,828,412</b>	<b>738,177,933</b>	<b>3,046,814,019</b>	<b>81.51%</b>	<b>74.75%</b>
Urban Settlement Development Grant (USDG)	1,451,300,242	1,492,894,896	1,492,894,896	1,232,818,344	1,232,818,344	82.58%	82.58%
Wi-Fi Connectivity-National Grant	-	201,078	201,078	-	-	0.00%	0.00%
<b>Total</b>	<b>6,399,356,712</b>	<b>6,361,952,326</b>	<b>6,361,952,326</b>	<b>4,758,067,494</b>	<b>4,758,067,494</b>	<b>74.79%</b>	<b>74.79%</b>
Funded from Internal Sources	850,265,300	905,612,248	4,075,828,412	738,177,933	3,046,814,019	81.51%	74.75%
Funded from External Loans	3,245,427,170	3,170,216,164	-	2,308,636,086	-	72.82%	0.00%
Funded from External Grants	2,303,664,242	2,286,123,914	2,286,123,914	1,711,253,475	1,711,253,475	74.85%	74.85%

The amount spent on **grant funded** projects amounts to R1.711 billion which represents 74.85% of the budgeted amount of R2.286 billion on grants.

### Debtors Analysis

The Collection Rate for the **4<sup>th</sup> quarter** ended 30<sup>th</sup> June 2018 is **96.82%** which is slightly more than the target of 94.0% for the fourth quarter.

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The Actual Collection Rate over for all quarters have increased as follows:

Quarter 1 – 89.45%  
 Quarter 2 – 90.97%  
 Quarter 3 – 94.34%  
 Quarter 4 – 96.82%

The Accumulated Collection Rate for the 2017/18 financial year is **93.01%** whereas the **collection rate for the 3<sup>rd</sup> quarter is 96.82% which is slighter higher than the target of 94%.**

The debtors' age analysis at the end of the 4<sup>th</sup> quarter of the 2017/18FY was as follows:

<b>SUMMARY</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis By Customer Group</b>									
Organs of State	50,226	14,964	1,816	1,532	2,677	1,449	8,872	31,527	113,063
Municipal	201	288	186	203	375	8	67	21	1,349
Commercial	1,050,025	144,543	111,293	61,268	61,787	55,730	313,670	1,387,521	3,185,838
Households	766,338	354,029	293,656	409,673	291,135	245,667	1,551,663	7,736,772	11,648,933
Other	7,947	3,795	3,034	3,516	4,249	2,855	21,831	154,212	201,439
<b>Total By Customer Group</b>	<b>1,874,736</b>	<b>517,619</b>	<b>409,986</b>	<b>476,193</b>	<b>360,223</b>	<b>305,709</b>	<b>1,896,103</b>	<b>9,310,052</b>	<b>15,150,622</b>

The table above shows an amount of R15.1 billion on outstanding debtors, R9.310 billion (61.4%) has been outstanding for more than period of over the year. The likelihood of recovering this debt is diminishing. The debt payable between 0-30 days is regarded as current debt which amounts to R1.874 billion. The city will continue to put more efforts in collecting the outstanding debt and enforce credit control.

One of the biggest challenges that Council is facing is the limited credit control measures in areas where Eskom is supplying electricity. Council cannot disconnect the electricity of defaulters and the following table reflects the impact on Council's collection rate. The table below shows comparison of collection rate between the Eskom supplied areas and the city.

	<b>Eskom Supply</b>	<b>CoESupply</b>	<b>Total</b>
July 2017	18.47%	92.75%	88.60%
August 2017	24.89%	96.74%	94.10%
September 2017	20.42%	92.63%	89.45%
October 2017	29.82%	96.64%	93.83%
November 2017	19.30%	100.63%	95.11%
December 2017	27.16%	94.59%	90.97%
January 2018	23.90%	94.84%	90.00%
February 2018	22.94%	95.09%	89.45%
March 2018	35.19%	97.79%	94.34%
April 2018	17.02%	103.17%	95.69%
May 2018	23.81%	100.25%	95.42%
June 2018	31.91%	104.47%	99.44%

It is evident from the table above that collection levels are low in areas that rely predominantly on Eskom for supply of electricity.

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**Collection Rate per CCA for the 3<sup>rd</sup> Quarter (April-June 2018)**

The collection rate per CCA for the 4<sup>th</sup> quarter was as follows:

<b>Results for 4th Quarter</b>					
<b>Customer Care Area</b>	<b>Levied</b>	<b>Adjustments</b>	<b>Received</b>	<b>%</b>	<b>Movement in Debt</b>
Alberton	555,842,075.91	(11,717,398.35)	558,957,287.71	✓ 102.73%	(14,832,610.15)
Benoni	492,293,238.06	(73,944,787.27)	470,460,408.01	✓ 112.46%	(52,111,957.22)
Boksburg	503,568,874.42	(9,588,475.61)	499,738,089.03	✓ 101.17%	(5,757,690.22)
Brakpan	383,003,594.91	(22,512,852.05)	366,829,833.17	✓ 101.76%	(6,339,090.31)
Daveyton	97,167,214.41	(14,210,237.42)	39,693,770.87	✗ 47.85%	43,263,206.12
Duduza	42,688,747.97	(14,688,105.36)	11,727,908.11	✗ 41.88%	16,272,734.50
Edenvale	508,997,531.68	(22,702,626.23)	490,446,996.50	✓ 100.85%	(4,152,091.05)
Etwatwa	86,799,345.78	(22,730,990.50)	5,805,721.26	✗ 9.06%	58,262,634.02
Germiston	912,836,848.84	(36,730,512.60)	873,564,640.40	✓ 99.71%	2,541,695.84
Katlehong 1	177,523,765.49	(41,548,466.11)	71,770,604.60	✗ 52.78%	64,204,694.78
Katlehong 2	140,870,715.86	(57,292,468.22)	15,473,781.02	✗ 18.51%	68,104,466.62
Kempton Park	1,088,969,158.44	(21,103,421.71)	1,250,294,417.01	✓ 117.08%	(182,428,680.28)
Kwa-Thema	38,155,141.79	(10,374,674.08)	8,934,192.12	✗ 32.16%	18,846,275.59
Nigel	161,301,651.67	(31,583,450.18)	145,219,833.59	✓ 111.95%	(15,501,632.10)
Springs	253,470,191.33	(25,805,896.25)	230,311,161.07	✓ 101.16%	(2,646,865.99)
Sundries and Other	12,733,182.38	7,905,132.18	7,323,716.89	✗ 35.49%	13,314,597.67
Tembisa 1	67,313,360.36	(21,713,038.50)	50,146,010.34	✓ 109.97%	(4,545,688.48)
Tembisa 2	336,231,199.07	(23,844,460.53)	300,599,498.11	✓ 96.23%	11,787,240.43
Tokoza	96,752,324.33	(24,951,858.24)	23,540,777.87	✗ 32.79%	48,259,688.22
Tsakane	118,325,318.96	(36,536,993.28)	24,761,075.87	✗ 30.27%	57,027,249.81
Vosloorus	235,320,066.30	(33,607,074.75)	132,032,563.68	✗ 65.46%	69,680,427.87
<b>Grand Total</b>	<b>6,310,163,547.96</b>	<b>(549,282,655.06)</b>	<b>5,577,632,287.23</b>	<b>✓ 96.82%</b>	<b>183,248,605.67</b>
<b>Stats for the quarter:</b>					
Best collection level (%)			Kempton Park	117.08%	
Worst collection level			Etwatwa	9.06%	
Highest levied amount			Kempton Park	1,088,969,158	
Higest amount received			Kempton Park	1,250,294,417	
Highest amount not collected			Vosloorus	69,680,428	

The table above shows that collection levels during the 4<sup>th</sup> quarter are high (above 95%) in Alberton, Brakpan, Boksburg, Edenvale, Germiston, Kempton Park, Springs and Tembisa 1, but very low (below 50%) in Daveyton, Duduza, Etwatwa, Katlehong 2, Thokoza and Tsakane. The CCAs with the lowest collection levels are also areas where the high unemployment levels are concentrated. The City should focus its indigent support programmes to these areas of low collection levels.



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**Creditors Analysis**

The creditors' age analysis for creditors at the end of **June 2018** was as follows:

Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	Total -
Bulk Electricity	785,903,219	-	-	785,903,219
Bulk Water	299,980,581	-	-	299,980,581
PAYE deductions	-	-	-	-
VAT (output less input)	-	-	-	-
Pensions / Retirement deductions	-	-	-	-
Loan repayments	-	-	-	-
Trade Creditors	2,548,645,844	112,206,797	24,738,771	2,685,591,412
Auditor General	1,363,214	-	-	1,363,214
Other	-	-	-	-
<b>Total</b>	<b>3,635,892,858</b>	<b>112,206,797</b>	<b>24,738,771</b>	<b>3,772,838,426</b>

The outstanding creditors as at quarter ending June 2018 amounts to R3.7 billion and R3.6 billion is current.

**Investment Portfolio Analysis**

With regard to the **Cash and Investment Position** a cash target of 55 days has been set in the SDBIP for the 2017/18FY. The actual performance for the quarter ended 30<sup>th</sup> June 2018 is **21 days** as compared to the average of 40 and 48 days in 1<sup>st</sup> and 2<sup>nd</sup> quarter respectively.

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The Operating Cash on Hand is calculated as follows:

DESCRIPTION	ACTUAL 2017/18 Apr-18 R	ACTUAL 2017/18 May-18 R	ACTUAL 2017/18 Jun-18 R
Unencumbered Investment	688,033,499	688,003,299	751,075,082
Encumbered Investment	1,462,954,447	1,454,816,599	1,617,372,812
Bank Balances	5,344,524,626.60	4,764,585,946	3,533,580,629.00
Petty Cash	300,000,000.00	300,000,000.00	300,000,000.00
<b>TOTAL CASH AND INVESTMENTS</b>	<b>7,795,512,572.60</b>	<b>7,207,405,843.98</b>	<b>6,202,028,523.00</b>
<b>Less Encumbered Cash:</b>			
1. Encumbered Investments and Investments in ME's (Sinking Fund)	1,462,954,447	1,454,816,599	1,617,372,812
2. <u>Dedicated bank accounts (grants and capex and Capital Replacement Reserve)</u>	2,420,887,209	1,979,047,508	2,072,392,454
a. External Funding	153,039,239	153,039,239	154,590,125
b. Capital Replacement Reserve	347,225,831	350,938,814	555,139,180
c. Primary Account	877,638,272	605,854,467	574,470,613
d. Housing Account	42,400,494	41,925,039	40,991,016
e. USDG Account	998,352,212	825,087,123	744,250,820
f. Capital Projects	1,358,776	1,439,249	1,523,512
g. Springs Market Account	872,385	763,577	1,427,188
<b>TOTAL UNENCUMBERED CASH</b>	<b>3,911,670,917</b>	<b>3,773,541,737</b>	<b>2,512,263,257</b>
<b>TOTAL CASH PAYMENTS</b>	<b>2,746,952,849</b>	<b>3,005,040,174</b>	<b>3,589,756,049</b>
<b>Number of day's total cash held (un-encumbered cash)</b>	<b>43</b>	<b>38</b>	<b>21</b>

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Actual cash in each of the bank accounts are as follows:

DESCRIPTION	ACTUAL 2017/18 Apr-18 R	ACTUAL 2017/18 May-18 R	ACTUAL 2017/18 Jun-18 R
EMM Boksburg Direct Banking 1	190,618,322.96	62,329,098.12	6,840,482.13
EMM Brakpan	85,038,821.97	11,453,808.24	8,336,677.11
EMM Germiston Direct Banking	384,469,236.80	127,172,343.97	13,317,167.56
EMM Kempton Park Direct Bankin	371,827,364.66	83,336,560.09	7,559,044.41
EMM Nigel			
EMM Springs Direct Banking	<b>126,851,381.84</b>	36,364,332.94	9,872,329.82
Primary Bank Account	137,491,151.37	34,293,968.02	
EMM Benoni Income	758,895.91	184,156.85	11,295.84
EMM Benoni Direct Banking	158,790,796.61	30,783,074.67	15,494,807.73
EMM Edenvale Income			
EMM Edenvale Direct Banking	72,151,342.21	17,748,521.67	2,837,421.60
Metro Expenditure/Stores Accou	-210,261.60	3,080.46	2,322.01
Metro Treasury Account	344,224,185.06	221,380,767.58	58,249,730.37
EMM E-Siyakhokha Mask Account	88,564,198.39	20,999,149.86	4,500,059.70
Standard Bank Mask Account	316,127,862.24	326,166,161.41	336,517,003.81
FNB Mask account	231,112,834.32	244,277,136.86	280,898,398.59
EMM IRPTN TRANSPORT- FUNDING	1,187,182.87	1,193,084.19	1,199,313.77
EMM IRPTN TRANSPORT- COLLECTION	171,592.81	246,164.81	324,298.31
EMM SALARY ACCOUNT	264,742,669.96	268,893,021.60	108,308,935.57
EMM EXPENDITURE ACCOUNT	58,389,657.74	333,217,461.43	317,520,366.97
EMM TREASURY ACCOUNT	152,475,418.59	910,454,714.92	190,596,581.69
EMM-USDG ACCOUNT	998,352,211.68	825,087,122.63	744,250,820.37
EMM HOUSING ACCOUNT	42,400,494.45	41,925,038.93	40,991,015.90
EMM DEPRECIATION RESERVE ACCOUNT	347,225,831.01	350,938,414.36	555,139,179.67
EMM EXTERNAL FUNDING FUND	153,039,238.60	153,799,972.48	154,590,124.82
EMM PRIMARY BANK ACCOUNT	740,147,120.68	571,560,498.58	574,470,613.21
EMM SPRINGS MARKET	872,835.28	763,576.56	1,427,188.33
EMM NEDBANK MASK	77,704,240.19	90,014,714.75	100,325,449.59
<b>Total</b>	<b>5,344,524,626.60</b>	<b>4,764,585,945.98</b>	<b>3,533,580,628.88</b>

Cognisance must be taken of the fact that the cash target is based on the **operating cash** available (and not the total cash in the bank). The operating cash available is based on the actual cash less/plus cash flow movement in operating activities, investing activities and financing activities.

Operating, capital expenditure and cost have increased significantly and the income level have remained consistent. The grants income have had positive impact on the cash flow. However, the net flow in cash has had negative cumulative effect of –R882.9 million as at 30 June 2018. Average monthly operating and capital projects payments are –R1.580 billion which is high and in June 2018 the monthly amount was exceeded by R524 million



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COMMEN-CING DATE	MATURITY DATE	TYPE OF INVESTMENT	OPENING BALANCE 1.07.2017	INVESTMENT MADE	INVESTMENT WITHDRAWN	ACCRUED INTEREST/ EARNED	BALANCE 30.06.2018	ENCUMBERED
<b>NEDBANK STRUCTURED DEPOSIT SINKING FUND R800M TO PROVIDE FOR A BOND CAPITALEM03</b>								
1-Jul-16		OPENING BALANCE	419,243,486.26				419,243,486.26	419,243,486.26
18-Dec-12	1-May-24	STRUCTURED DEPOSIT		9,914,238.78			9,914,238.78	9,914,238.78
18-Dec-12	1-May-24	STRUCTURED DEPOSIT		9,914,238.78			9,914,238.78	9,914,238.78
18-Dec-12	1-May-24	STRUCTURED DEPOSIT		9,914,238.78			9,914,238.78	9,914,238.78
18-Dec-12	1-May-24	STRUCTURED DEPOSIT		9,914,238.78			9,914,238.78	9,914,238.78
18-Dec-12	1-May-24	STRUCTURED DEPOSIT		9,914,238.78	40,200,000.00		-30,285,761.22	-30,285,761.22
18-Dec-12	1-May-24	STRUCTURED DEPOSIT		9,914,238.78	991,423.88		8,922,814.90	8,922,814.90
18-Dec-12	1-May-24	STRUCTURED DEPOSIT		8,922,814.90			8,922,814.90	8,922,814.90
18-Dec-12	1-May-24	STRUCTURED DEPOSIT		8,922,814.90			8,922,814.90	8,922,814.90
18-Dec-12	1-May-24	STRUCTURED DEPOSIT		8,922,814.90			8,922,814.90	8,922,814.90
18-Dec-12	1-May-24	STRUCTURED DEPOSIT		8,922,814.90			8,922,814.90	8,922,814.90
18-Dec-12	1-May-24	STRUCTURED DEPOSIT		8,922,814.90			8,922,814.90	8,922,814.90
18-Dec-12	1-May-24	STRUCTURED DEPOSIT		8,922,814.90			8,922,814.90	8,922,814.90
18-Dec-12	1-May-24	STRUCTURED DEPOSIT		8,922,814.90	40,200,000.00		-31,277,185.10	-31,277,185.10
		Accr Inter to May 2018				34,845,030.65	34,845,030.65	34,845,030.65
18-Dec-12	1-May-24	STRUCTURED DEPOSIT		8,922,814.90			8,922,814.90	8,922,814.90
		Accr Interest Jun 2018				3,229,153.96	3,229,153.96	3,229,153.96
			419,243,486.26	113,022,322.08	81,391,423.88	38,074,184.61	488,948,569.07	488,948,569.07
<b>NEDBANK SHORT TERM</b>								
18-Aug-16	CALL	CALL	1,025,120,843.95		800,000,000.00	101,089,398.52	326,210,242.47	
		ACCR INT to May18				45,886,087.87	45,886,087.87	
		ACCR INT JUN-18				2,003,203.53	2,003,203.53	
			1,025,120,843.95	0.00	800,000,000.00	148,978,689.92	374,099,533.87	
<b>LAND BANK</b>								
26-Jul-17	26-Jul-18	Fixed (12 Months)	40,735,388.99				40,735,388.99	
				264,611.01			264,611.01	
			40,735,388.99	264,611.01	0.00		41,000,000.00	
<b>RAND AIRPORT</b>								
		SHAREHOLDING	4,000,000.00				4,000,000.00	
<b>MUNICIPAL ENTITIES</b>								
10-Mar-99		G.G. INNER CITY HSNB	306.00		200.00		106.00	
			306.00		0.00		106.00	
		<b>TOTAL INVESTMENTS</b>	<b>2,535,925,192.77</b>	<b>390,958,977.21</b>	<b>1,052,826,707.88</b>	<b>282,225,175.18</b>	<b>2,168,447,893.85</b>	<b>1,617,372,812.21</b>

The table above shows that, amongst others, the total value of investments as at 30<sup>th</sup> June 2018 amounted to R1.6 billion. Investments amounting to approximately R1.4 billion are encumbered in the form of obligations/ liabilities.

**Allocation and grant receipts and expenditure**

The status of grants as at the end of the period is reflected in the table below. The following comments are given:

- The term “unspent” used in the Annual Financial Statements should be interpreted as being grants received from National and Provincial government, but not yet spent (as at reporting date). It is not necessary for all grants to be spent in the same period, nor is it possible. In terms of accounting rules, grants are shown as a creditor (“unspent conditional grants”) from when received until when the conditions of the grant have been met, i.e. the grant has been spent on the purposes it was provided for.
- Grants that were unspent at the beginning of the financial year and remain unspent at the end of the year will in all probability have to be either surrendered to National Treasury (as per the Division of Revenue Act) or will have to be evaluated if the grant is not subject to surrender.

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- There are exceptional cases where grants will remain unspent for long periods of time due to the nature of the project or litigation involved in the project

A risk rating has been attached to all unspent grants and is indicated as follows:

- No risk – indicated with a “1” and GREEN upward arrows – these grants have been received recently and have no risk of being surrendered as it is expected that the grant will be spent in full as per the conditions of the grant.
- Tolerable risk – indicated with a “2” and an AMBER sideways arrow – the unspent portion of the grant is less than the total of the outstanding amount at the beginning of the year plus the amount received during the year. There is a risk of surrender insofar as the unspent portion of the previous year is concerned. An intervention is required to ensure the grant is spent as per the conditions of the grant.
- Significant risk – indicated with a “3” and a RED downward arrow – the outstanding portion is more than the total of the outstanding amount at the beginning of the year plus the amount received during the year, in other words, the outstanding grant is getting bigger and new allocations are not spent (in addition to old unspent allocations). There is a great risk of the grant being surrendered and urgent attention is required.

The status of grants as at the end of the period is reflected in the table below.

Name of Grant	EMM Responsible Department	Unspent Funds - 16/17 Opening Balances 17/18	Surrenders to National / Provincial Treasury	Accumulated Receipts for the Financial year	Accumulated Expenditure for the Financial year	Balance Available	% Spent	Risk
<b>NATIONAL / DORA GRANTS - OPERATING</b>								
FMG	Finance	-	-	1,050,000.00	(697,883.37)	352,116.63	66.47%	↓ 3
<b>TOTAL</b>		-	-	<b>1,050,000.00</b>	<b>(697,883.37)</b>	<b>352,116.63</b>	<b>66.47%</b>	
Equitable Share - Electricity	Energy	-	-	462,441,647.00	(462,441,647.00)	-	100.00%	↑ 1
Equitable Share - Solid Waste	Waste Management	-	-	460,696,584.00	(460,696,584.00)	-	100.00%	↑ 1
Equitable Share -Water and Wastewater	Water & Sanitation	-	-	1,258,190,291.00	(1,258,190,291.00)	-	100.00%	↑ 1
Equitable Share - Finance	Finance	-	-	538,532,478.00	(538,532,478.00)	-	100.00%	↑ 1
Fuel Levy - Finance	Finance	-	-	1,694,256,000.00	(1,694,256,000.00)	-	100.00%	↑ 1
<b>TOTAL</b>		-	-	<b>4,414,117,000.00</b>	<b>(4,414,117,000.00)</b>	-	<b>100.00%</b>	
<b>NATIONAL / DORA GRANTS - CAPITAL</b>								
USDG	Human Settlements	21,713,359.03	(9,615,610.67)	2,085,010,000.00	(1,792,006,986.41)	305,100,761.95	85.45%	↓ 3
INEP	Energy	-	-	40,000,000.00	(39,855,336.22)	144,663.78	99.64%	↑ 1
PTNG	Public Transport	29,884,180.82	(29,884,180.82)	700,718,000.00	(381,094,624.87)	319,623,375.13	54.39%	↓ 3
NDPG	Human Settlements & City Planning	29,145,705.45	(29,145,705.45)	102,574,000.00	(57,890,499.68)	44,683,500.32	56.44%	↓ 3
Electricity Demand Side Management	Energy	107.24	-	12,000,000.00	(11,790,868.09)	209,239.15	98.26%	↑ 1
Expanded Public Works Programme	Economic Development	2,075.90	(2,075.90)	44,718,000.00	(42,666,563.85)	2,051,436.15	95.41%	↑ 1
Intergrated City Development	Human Settlements	572,426.86	(572,426.86)	48,646,000.00	(48,645,999.80)	0.20	100.00%	↑ 1
Wifi Connectivity roll out	ICT	201,078.31	-	-	-	201,078.31	0.00%	↓ 3
<b>TOTAL</b>		<b>81,518,933.61</b>	<b>(69,219,999.70)</b>	<b>3,033,666,000.00</b>	<b>(2,373,950,878.92)</b>	<b>672,014,054.99</b>	<b>77.94%</b>	
<b>PROVINCIAL GRANTS - OPERATING</b>								
SETA	Human Resources	-	-	10,796,748.09	(10,796,748.09)	-	100.00%	↑ 1
BKB	Environmental Resources Management	16,206.67	-	-	(16,025.98)	180.69	98.89%	↑ 1
HIV/AIDS	Health & Social Development	-	-	13,236,906.15	(12,989,391.92)	247,514.23	98.13%	↑ 1
Township Initiatives	SRAC - Libraries	888,620.26	-	13,594,000.00	(10,537,512.79)	3,945,107.47	72.76%	↓ 3
HSDG Accreditation	Human Settlements	30,976,363.56	(30,976,363.56)	51,203,160.00	(25,258,841.16)	25,944,318.84	49.33%	↓ 3
Disaster Grant	Human Settlements	8,772.71	(8,772.71)	-	-	-	0.00%	↑ 1
<b>TOTAL</b>		<b>31,889,963.20</b>	<b>(30,985,136.27)</b>	<b>88,830,814.24</b>	<b>(59,598,519.94)</b>	<b>30,137,121.23</b>	<b>66.42%</b>	
<b>PROVINCIAL - SUBSIDIES</b>								
Health Subsidies	Health & Social Development	-	-	130,340,000.00	(130,340,000.00)	-	100.00%	↑ 1
Emergency Subsidies	DEMS	-	-	158,155,000.00	(158,155,000.00)	-	100.00%	↑ 1
<b>TOTAL</b>		-	-	<b>288,495,000.00</b>	<b>(288,495,000.00)</b>	-	<b>100.00%</b>	
<b>TOTAL</b>		-	-	-	-	-	-	
<b>Total National / DORA Grants + Subsidies</b>		<b>81,518,933.61</b>	<b>(69,219,999.70)</b>	<b>7,448,833,000.00</b>	<b>(6,788,765,762.29)</b>	<b>672,366,171.62</b>	<b>90.99%</b>	
<b>Total Provincial Grants + Subsidies</b>		<b>31,889,963.20</b>	<b>(30,985,136.27)</b>	<b>377,325,814.24</b>	<b>(348,093,519.94)</b>	<b>30,137,121.23</b>	<b>92.03%</b>	
<b>Total Public Contributions + Foreign Grants</b>		-	-	-	-	-	-	
<b>GRAND TOTAL</b>		<b>113,408,896.81</b>	<b>(100,205,135.97)</b>	<b>7,826,158,814.24</b>	<b>(7,136,859,282.23)</b>	<b>702,503,292.85</b>	<b>91.04%</b>	

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The **unspent grants** at the beginning of the 2017/18FY amounted to R113m.

In the 2<sup>nd</sup> Quarter Report it was reported that from the total unspent grants of R113m, an amount of R100m was not approved for roll over. It was further reported that as at 31 December 2017 an amount of R69m was surrendered to National Treasury as an offset against the equitable share and R205, 904 surrendered to Provincial Treasury. It was further reported in the 3<sup>rd</sup> Quarter that R31m was paid to Provincial Treasury on the 31 January 2018.

National Treasury issued Government Gazette number 41394 dated 23<sup>rd</sup> January 2018 but received 26<sup>th</sup> January 2018 (after the adjustment budget had been passed) allocating an additional amount of **R20,574,000** of the Neighborhood Development Partnership Grant (NDPG) to the City. Furthermore, National Treasury issued Government Gazette number 41519 dated 23<sup>rd</sup> March 2018 allocating an additional amount of **R100 million** of the Urban Settlement Development Grant (USDG) to the City. As per section 28(2)(b) of the Municipal Finance Management Act read together with paragraph 23(3) of the Municipal Budget and Reporting Regulations, the mayor of the municipality must, at the next available council meeting, but within 60 days of the approval of the relevant national or provincial adjustments budget, table an adjustment budget in the municipal council to appropriate these additional revenues. An adjustment budget report was approved by Council at the end of April 2018.

The table above shows that the receipts for the Year-to-Date period at the end of the 4<sup>th</sup> quarter amounted to **R7.826 billion** (including fuel levy). The expenditure as at the end of the 4<sup>th</sup> quarter was **R7.137 billion** which represents 91.04% spending. The total unspent funds (including 2016/17 unspent grants) at the end of June 2018 is **R702.5 million**. The unspent amount is most likely to decrease as more invoices are paid before financial year closure.

**In-year budget statement tables**

The tables as required in terms of the Municipal Budget and Reporting Regulations are included in the report as follows:

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**EKU Ekurhuleni Metro - Table C1 Consolidated Monthly Budget Statement Summary - M12 June**

Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	4,053,558	5,066,264	5,210,905	422,390	5,137,919	5,210,905	(72,985)	-1%	5,210,905
Service charges	18,746,400	19,331,647	19,214,336	1,591,159	18,867,480	19,214,336	(346,856)	-2%	19,214,336
Investment revenue	536,303	399,176	399,176	222,845	617,808	399,176	218,632	55%	399,176
Transfers and subsidies	5,047,640	5,486,348	5,647,866	63,591	5,505,419	5,647,866	(142,448)	-3%	5,647,866
Other own revenue	1,207,861	2,352,180	2,280,488	186,254	2,202,402	2,280,488	(78,086)	-3%	2,280,488
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>29,591,762</b>	<b>32,635,615</b>	<b>32,752,771</b>	<b>2,486,239</b>	<b>32,331,027</b>	<b>32,752,771</b>	<b>(421,743)</b>	<b>-1%</b>	<b>32,752,771</b>
Employee costs	6,051,006	8,053,523	7,927,863	671,101	7,925,180	7,927,863	(2,683)	-0%	7,927,863
Remuneration of Councillors	119,944	130,316	133,816	11,106	133,052	133,816	(764)	-1%	133,816
Depreciation & asset impairment	2,013,797	2,076,706	2,076,706	172,734	2,083,564	2,076,706	6,857	0%	2,076,706
Finance charges	901,847	801,404	672,706	42,333	648,771	672,706	(23,935)	-4%	672,706
Materials and bulk purchases	14,408,224	14,269,430	14,297,538	1,659,942	13,973,363	14,297,538	(324,175)	-2%	14,297,538
Transfers and subsidies	1,206,630	484,724	815,932	123,743	833,479	815,932	17,547	2%	815,932
Other expenditure	5,426,801	6,768,725	6,777,422	788,148	6,152,634	6,777,422	(624,788)	-9%	6,777,422
<b>Total Expenditure</b>	<b>30,128,249</b>	<b>32,584,827</b>	<b>32,701,983</b>	<b>3,469,107</b>	<b>31,750,043</b>	<b>32,701,983</b>	<b>(951,940)</b>	<b>-3%</b>	<b>32,701,983</b>
<b>Surplus/(Deficit)</b>	<b>(536,487)</b>	<b>50,788</b>	<b>50,788</b>	<b>(982,868)</b>	<b>580,985</b>	<b>50,788</b>	<b>530,197</b>	<b>1044%</b>	<b>50,788</b>
Transfers and subsidies - capital (monetary alloc	1,788,457	2,303,664	2,286,124	385,155	1,624,984	2,286,124	(661,140)	-29%	2,286,124
Contributions & Contributed assets	-	378	378	-	1,627	378	1,250	331%	378
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>1,251,969</b>	<b>2,354,830</b>	<b>2,337,289</b>	<b>(597,712)</b>	<b>2,207,596</b>	<b>2,337,289</b>	<b>(129,693)</b>	<b>-6%</b>	<b>2,337,289</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>1,251,969</b>	<b>2,354,830</b>	<b>2,337,289</b>	<b>(597,712)</b>	<b>2,207,596</b>	<b>2,337,289</b>	<b>(129,693)</b>	<b>-6%</b>	<b>2,337,289</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>4,702,035</b>	<b>6,693,806</b>	<b>6,656,401</b>	<b>1,506,499</b>	<b>5,562,215</b>	<b>6,661,531</b>	<b>(1,099,317)</b>	<b>-17%</b>	<b>6,656,401</b>
Capital transfers recognised	1,788,457	2,304,664	2,288,723	474,019	1,713,848	2,288,723	(574,875)	-25%	2,288,723
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	1,300,000	3,245,427	3,170,216	715,199	2,308,636	3,170,316	(861,680)	-27%	3,170,216
Internally generated funds	<b>1,613,578</b>	<b>1,143,714</b>	<b>1,197,462</b>	<b>317,280</b>	<b>1,539,730</b>	<b>1,202,492</b>	<b>337,238</b>	<b>28%</b>	<b>1,197,462</b>
<b>Total sources of capital funds</b>	<b>4,702,035</b>	<b>6,693,806</b>	<b>6,656,401</b>	<b>1,506,499</b>	<b>5,562,215</b>	<b>6,661,531</b>	<b>(1,099,317)</b>	<b>-17%</b>	<b>6,656,401</b>
<b>Financial position</b>									
Total current assets	12,158,527	19,083,911	19,083,911		14,369,368				19,083,911
Total non current assets	51,586,260	56,811,151	56,773,746		57,456,207				56,773,746
Total current liabilities	8,527,819	22,210,752	22,210,752		13,758,351				22,210,752
Total non current liabilities	7,642,029	641,382	641,382		6,400,186				641,382
<b>Community wealth/Equity</b>	<b>47,574,940</b>	<b>50,593,900</b>	<b>50,593,900</b>		<b>47,978,389</b>				<b>50,593,900</b>
<b>Cash flows</b>									
Net cash from (used) operating	3,075,219	4,459,590	4,459,590	-	-	4,459,590	4,459,590	100%	4,459,590
Net cash from (used) investing	(4,930,426)	-	-	-	-	-	-	-	-
Net cash from (used) financing	(307,426)	1,808,793	1,808,793	-	-	1,808,793	1,808,793	100%	1,808,793
<b>Cash/cash equivalents at the month/year end</b>	<b>5,809,954</b>	<b>6,268,382</b>	<b>6,268,382</b>	<b>-</b>	<b>-</b>	<b>6,268,382</b>	<b>6,268,382</b>	<b>100%</b>	<b>6,268,382</b>



**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY  
ORDINARY COUNCIL MEETING**

**2018.07.26**

**ITEM A-F (51-2018)**

**EKU Ekurhuleni Metro - Table C2 Consolidated Monthly Budget Statement - Financial Performance (functional classification) - M12 June**

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Revenue - Functional</b>										
<i><b>Governance and administration</b></i>		<b>7,184,466</b>	<b>8,111,733</b>	<b>8,209,882</b>	<b>732,329</b>	<b>8,340,907</b>	<b>8,209,882</b>	131,025	2%	<b>8,209,882</b>
Executive and council		1,344	-	-	-	-	-	-	-	-
Finance and administration		7,182,294	8,111,733	8,209,882	732,329	8,340,907	8,209,882	131,025	2%	8,209,882
Internal audit		828	-	-	-	-	-	-	-	-
<i><b>Community and public safety</b></i>		<b>1,074,631</b>	<b>1,630,966</b>	<b>1,610,365</b>	<b>234,018</b>	<b>1,229,495</b>	<b>1,610,365</b>	(380,869)	-24%	<b>1,610,365</b>
Community and social services		36,791	205,910	206,503	3,964	195,961	206,503	(10,542)	-5%	206,503
Sport and recreation		22,490	15,904	15,994	1,946	8,724	15,994	(7,270)	-45%	15,994
Public safety		1,700	8,130	8,130	117	3,193	8,130	(4,937)	-61%	8,130
Housing		812,838	1,246,344	1,224,652	227,464	868,597	1,224,652	(356,055)	-29%	1,224,652
Health		200,810	154,679	155,086	527	153,021	155,086	(2,065)	-1%	155,086
<i><b>Economic and environmental services</b></i>		<b>894,535</b>	<b>1,217,361</b>	<b>1,273,925</b>	<b>133,080</b>	<b>810,466</b>	<b>1,273,925</b>	(463,459)	-36%	<b>1,273,925</b>
Planning and development		53,975	86,842	129,130	13,116	98,649	129,130	(30,481)	-24%	129,130
Road transport		840,530	1,130,388	1,144,648	119,964	711,790	1,144,648	(432,858)	-38%	1,144,648
Environmental protection		30	131	147	1	27	147	(120)	-82%	147
<i><b>Trading services</b></i>		<b>21,970,566</b>	<b>23,636,298</b>	<b>23,601,803</b>	<b>1,745,453</b>	<b>23,261,627</b>	<b>23,601,803</b>	(340,176)	-1%	<b>23,601,803</b>
Energy sources		13,814,230	13,987,106	13,962,931	1,119,268	13,912,870	13,962,931	(50,062)	0%	13,962,931
Water management		5,204,690	5,530,881	5,520,560	364,325	5,463,515	5,520,560	(57,045)	-1%	5,520,560
Waste water management		1,112,771	2,259,452	2,259,452	155,658	2,141,806	2,259,452	(117,646)	-5%	2,259,452
Waste management		1,838,876	1,858,860	1,858,860	106,202	1,743,437	1,858,860	(115,423)	-6%	1,858,860
<i><b>Other</b></i>	4	<b>256,021</b>	<b>343,298</b>	<b>343,298</b>	<b>26,514</b>	<b>315,143</b>	<b>343,298</b>	<b>(28,155)</b>	<b>-8%</b>	<b>343,298</b>
<b>Total Revenue - Functional</b>	2	<b>31,380,219</b>	<b>34,939,657</b>	<b>35,039,272</b>	<b>2,871,395</b>	<b>33,957,639</b>	<b>35,039,272</b>	<b>(1,081,633)</b>	<b>-3%</b>	<b>35,039,272</b>
<b>Expenditure - Functional</b>										
<i><b>Governance and administration</b></i>		<b>2,160,069</b>	<b>4,395,476</b>	<b>4,084,502</b>	<b>422,119</b>	<b>3,603,549</b>	<b>4,084,502</b>	(480,953)	-12%	<b>4,084,502</b>
Executive and council		683,447	540,428	530,607	75,474	463,347	530,607	(67,260)	-13%	530,607
Finance and administration		1,114,165	3,792,117	3,489,749	341,425	3,083,389	3,489,749	(406,360)	-12%	3,489,749
Internal audit		362,457	62,931	64,147	5,220	56,814	64,147	(7,333)	-11%	64,147
<i><b>Community and public safety</b></i>		<b>3,367,974</b>	<b>3,945,334</b>	<b>3,887,127</b>	<b>420,116</b>	<b>3,770,892</b>	<b>3,887,127</b>	(116,234)	-3%	<b>3,887,127</b>
Community and social services		410,040	702,428	688,424	66,902	675,210	688,424	(13,214)	-2%	688,424
Sport and recreation		904,770	1,010,399	992,787	92,127	987,325	992,787	(5,463)	-1%	992,787
Public safety		223,814	40,238	38,956	3,637	37,171	38,956	(1,785)	-5%	38,956
Housing		556,533	762,620	774,902	137,320	684,324	774,902	(90,578)	-12%	774,902
Health		1,272,818	1,429,649	1,392,058	120,130	1,386,863	1,392,058	(5,195)	0%	1,392,058
<i><b>Economic and environmental services</b></i>		<b>3,592,028</b>	<b>4,309,549</b>	<b>4,554,460</b>	<b>433,064</b>	<b>4,406,211</b>	<b>4,554,460</b>	(148,250)	-3%	<b>4,554,460</b>
Planning and development		545,430	614,953	644,658	52,397	604,431	644,658	(40,227)	-6%	644,658
Road transport		2,949,545	3,612,127	3,817,088	370,423	3,712,226	3,817,088	(104,862)	-3%	3,817,088
Environmental protection		97,053	82,470	92,715	10,244	89,554	92,715	(3,160)	-3%	92,715
<i><b>Trading services</b></i>		<b>20,804,114</b>	<b>19,672,888</b>	<b>19,928,328</b>	<b>2,196,293</b>	<b>19,748,260</b>	<b>19,928,328</b>	(180,069)	-1%	<b>19,928,328</b>
Energy sources		14,348,856	12,151,702	12,169,606	1,450,249	12,077,108	12,169,606	(92,497)	-1%	12,169,606
Water management		4,663,467	5,328,622	5,577,781	508,236	5,584,346	5,577,781	6,565	0%	5,577,781
Waste water management		595,423	920,395	920,460	105,215	884,506	920,460	(35,954)	-4%	920,460
Waste management		1,196,367	1,272,169	1,260,482	132,594	1,202,300	1,260,482	(58,183)	-5%	1,260,482
<i><b>Other</b></i>		<b>204,065</b>	<b>261,580</b>	<b>247,565</b>	<b>21,134</b>	<b>244,749</b>	<b>247,565</b>	<b>(2,816)</b>	<b>-1%</b>	<b>247,565</b>
<b>Total Expenditure - Functional</b>	3	<b>30,128,249</b>	<b>32,584,827</b>	<b>32,701,983</b>	<b>3,492,725</b>	<b>31,773,661</b>	<b>32,701,983</b>	<b>(928,322)</b>	<b>-3%</b>	<b>32,701,983</b>
<b>Surplus/ (Deficit) for the year</b>		<b>1,251,969</b>	<b>2,354,830</b>	<b>2,337,289</b>	<b>(621,331)</b>	<b>2,183,978</b>	<b>2,337,289</b>	<b>(153,312)</b>	<b>-7%</b>	<b>2,337,289</b>

**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY  
ORDINARY COUNCIL MEETING**

**2018.07.26**

**ITEM A-F (51-2018)**

**EKU Ekurhuleni Metro - Table C3 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M12**

Vote Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue by Vote</b>	1									
Vote 01 - Executive & Council		-	6,215,877	6,314,232	727,570	6,389,536	6,314,232	75,304	1.2%	6,314,232
Vote 02 - Finance And Corporate Services		7,467,422	2,529,775	2,529,976	28,616	2,565,292	2,529,976	35,316	1.4%	2,529,976
Vote 03 - Energy		13,715,715	13,987,106	13,962,931	1,119,268	13,912,870	13,962,931	(50,062)	-0.4%	13,962,931
Vote 04 - Water And Sanitation		6,477,290	7,790,333	7,780,012	519,983	7,605,320	7,780,012	(174,691)	-2.2%	7,780,012
Vote 05 - Waste Management		1,694,152	1,859,476	1,859,476	106,283	1,744,260	1,859,476	(115,216)	-6.2%	1,859,476
Vote 06 - Human Settlements		716,872	1,291,540	1,269,849	232,954	900,672	1,269,849	(369,177)	-29.1%	1,269,849
Vote 07 - City Planning		31,754	30	42,318	8,468	21,733	42,318	(20,585)	-48.6%	42,318
Vote 08 - Economic Development		36,339	67,991	67,991	3,392	64,575	67,991	(3,416)	-5.0%	67,991
Vote 09 - Disaster And Emergency Management Services		73,748	15,549	15,549	515	7,941	15,549	(7,608)	-48.9%	15,549
Vote 10 - Sports, Recreation, Arts & Culture (Srac)		(36,046)	17,593	18,276	2,364	10,820	18,276	(7,456)	-40.8%	18,276
Vote 11 - Health And Social Development		165,026	2,090	2,090	63	880	2,090	(1,210)	-57.9%	2,090
Vote 12 - Environmental Resource Management		(22,318)	-	-	-	-	-	-	-	-
Vote 13 - Ekurhuleni Metropolitan Police Department (Empd)		145,715	156,337	131,337	9,720	122,475	131,337	(8,862)	-6.7%	131,337
Vote 14 - Transport Planning & Provisioning		746,346	809,243	809,243	60,560	417,059	809,243	(392,183)	-48.5%	809,243
Vote 15 - Other		168,204	164,867	204,127	49,684	172,257	204,127	(31,870)	-15.6%	204,127
<b>Total Revenue by Vote</b>	2	<b>31,380,219</b>	<b>34,907,805</b>	<b>35,007,405</b>	<b>2,869,442</b>	<b>33,935,689</b>	<b>35,007,405</b>	<b>(1,071,715)</b>	<b>-3.1%</b>	<b>35,007,405</b>
<b>Expenditure by Vote</b>	1									
Vote 01 - Executive & Council		349,497	5,305,986	4,932,372	488,002	4,650,966	4,932,372	(281,406)	-5.7%	4,932,372
Vote 02 - Finance And Corporate Services		1,829,254	1,100,335	1,091,705	112,780	918,221	1,091,705	(173,484)	-15.9%	1,091,705
Vote 03 - Energy		14,316,223	12,151,702	12,169,606	1,450,249	12,077,108	12,169,606	(92,497)	-0.8%	12,169,606
Vote 04 - Water And Sanitation		5,242,947	6,231,211	6,481,875	609,430	6,455,568	6,481,875	(26,307)	-0.4%	6,481,875
Vote 05 - Waste Management		1,196,367	1,272,307	1,260,582	132,601	1,202,369	1,260,582	(58,213)	-4.6%	1,260,582
Vote 06 - Human Settlements		556,540	1,166,211	1,181,268	173,605	1,029,921	1,181,268	(151,347)	-12.8%	1,181,268
Vote 07 - City Planning		254,360	148,162	144,239	9,045	136,654	144,239	(7,585)	-5.3%	144,239
Vote 08 - Economic Development		295,838	123,673	176,698	16,735	164,971	176,698	(11,727)	-6.6%	176,698
Vote 09 - Disaster And Emergency Management Services		649,056	462,502	469,057	40,068	466,698	469,057	(2,359)	-0.5%	469,057
Vote 10 - Sports, Recreation, Arts & Culture (Srac)		728,461	579,896	560,930	49,089	551,872	560,930	(9,058)	-1.6%	560,930
Vote 11 - Health And Social Development		879,978	241,595	224,824	19,675	222,245	224,824	(2,579)	-1.1%	224,824
Vote 12 - Environmental Resource Management		683,010	-	-	-	-	-	-	-	-
Vote 13 - Ekurhuleni Metropolitan Police Department (Empd)		1,396,498	1,468,350	1,677,139	194,564	1,699,015	1,677,139	21,876	1.3%	1,677,139
Vote 14 - Transport Planning & Provisioning		397,210	382,177	410,227	34,911	302,569	410,227	(107,658)	-26.2%	410,227
Vote 15 - Other		1,353,010	1,779,521	1,746,142	144,968	1,723,926	1,746,142	(22,216)	-1.3%	1,746,142
<b>Total Expenditure by Vote</b>	2	<b>30,128,249</b>	<b>32,413,629</b>	<b>32,526,664</b>	<b>3,475,722</b>	<b>31,602,104</b>	<b>32,526,664</b>	<b>(924,561)</b>	<b>-2.8%</b>	<b>32,526,664</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>1,251,969</b>	<b>2,494,177</b>	<b>2,480,740</b>	<b>(606,281)</b>	<b>2,333,586</b>	<b>2,480,740</b>	<b>(147,154)</b>	<b>-5.9%</b>	<b>2,480,740</b>

**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY  
ORDINARY COUNCIL MEETING**

**2018.07.26**

**ITEM A-F (51-2018)**

<b>EKU Ekurhuleni Metro - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June</b>									
<b>Description</b>	<b>2016/17</b>	<b>Budget year 2017/18</b>							
	<b>Audited Outcome</b>	<b>Original Budget</b>	<b>Adjusted Budget</b>	<b>Monthly actual</b>	<b>YearTD actual</b>	<b>YearTD budget</b>	<b>YTD variance</b>	<b>YTD variance</b>	<b>Full Year Forecast</b>
<b>R thousands</b>								<b>%</b>	
<b>Revenue By Source</b>									
Property rates	4,053,558	5,066,264	5,210,905	422,390	5,137,919	5,210,905	(72,985)	-1%	5,210,905
Service charges - water revenue	3,395,581	3,594,817	3,513,993	302,119	3,414,512	3,513,993	(99,481)	-3%	3,513,993
Service charges - sanitation revenue	1,109,672	1,344,228	1,344,228	89,442	1,169,059	1,344,228	(175,169)	-13%	1,344,228
Service charges - refuse revenue	1,273,529	1,280,355	1,280,355	100,832	1,192,438	1,280,355	(87,917)	-7%	1,280,355
Service charges - other	61,307						-		
Rental of facilities and equipment	67,521	118,429	118,429	11,009	108,827	118,429	(9,602)	-8%	118,429
Interest earned - external investments	536,303	399,176	399,176	222,845	617,808	399,176	218,632	55%	399,176
Interest earned - outstanding debtors	304,694	571,664	524,971	35,318	326,023	524,971	(198,948)	-38%	524,971
Dividends received	-	90	90	-	45	90	(45)	-50%	90
Fines, penalties and forfeits	346,153	164,257	139,257	9,868	127,079	139,257	(12,178)	-9%	139,257
Licences and permits	50,249	319,873	319,873	24,419	293,199	319,873	(26,675)	-8%	319,873
Agency services	282,219						-		
Transfers and subsidies	5,047,640	5,486,348	5,647,866	63,591	5,505,419	5,647,866	(142,448)	-3%	5,647,866
Other revenue	157,024	1,177,867	1,177,867	105,633	1,345,526	1,177,867	167,659	14%	1,177,867
Gains on disposal of PPE	-	-	-	7	1,702	-	1,702	#DIV/0!	-
<b>Total Revenue (excluding capital trans</b>	<b>29,591,762</b>	<b>32,635,615</b>	<b>32,752,771</b>	<b>2,486,239</b>	<b>32,331,027</b>	<b>32,752,771</b>	<b>(421,743)</b>	<b>-1%</b>	<b>32,752,771</b>
<b>Expenditure By Type</b>									
Employee related costs	6,051,006	8,053,523	7,927,863	671,101	7,925,180	7,927,863	(2,683)	(0)	7,927,863
Remuneration of councillors	119,944	130,316	133,816	11,106	133,052	133,816	(764)	-1%	133,816
Debt impairment	2,609,579	1,549,864	1,332,553	92,582	1,364,767	1,332,553	32,214	2%	1,332,553
Depreciation & asset impairment	2,013,797	2,076,706	2,076,706	172,734	2,083,564	2,076,706	6,857	0%	2,076,706
Finance charges	901,847	801,404	672,706	42,333	648,771	672,706	(23,935)	-4%	672,706
Bulk purchases	12,402,511	12,221,456	12,321,455	1,383,844	12,246,643	12,321,455	(74,812)	-1%	12,321,455
Other materials	2,005,713	2,047,974	1,976,082	276,098	1,726,720	1,976,082	(249,362)	-13%	1,976,082
Contracted services	1,061,354	3,904,725	4,153,892	511,153	3,687,263	4,153,892	(466,629)	-11%	4,153,892
Transfers and subsidies	1,206,630	484,724	815,932	123,743	833,479	815,932	17,547	2%	815,932
Other expenditure	1,763,820	1,299,135	1,275,977	183,954	1,097,776	1,275,977	(178,201)	-14%	1,275,977
Loss on disposal of PPE	(7,951)	15,000	15,000	460	2,828	15,000	(12,172)	-81%	15,000
<b>Total Expenditure</b>	<b>30,128,249</b>	<b>32,584,827</b>	<b>32,701,983</b>	<b>3,469,107</b>	<b>31,750,043</b>	<b>32,701,983</b>	<b>(951,940)</b>	<b>-3%</b>	<b>32,701,983</b>
<b>Surplus/(Deficit)</b>	<b>(536,487)</b>	<b>50,788</b>	<b>50,788</b>	<b>(982,868)</b>	<b>580,985</b>	<b>50,788</b>	<b>530,197</b>	<b>0</b>	<b>50,788</b>
Transfers and subsidies - capital (monetar	1,788,457	2,303,664	2,286,124	385,155	1,624,984	2,286,124	(661,140)	(0)	2,286,124
Transfers and subsidies - capital (moneta	-						-		
Transfers and subsidies - capital (in-kind	-	378	378	-	1,627	378	1,250	0	378
Surplus/(Deficit) after capital transfers &	1,251,969	2,354,830	2,337,289	(597,712)	2,207,596	2,337,289			2,337,289
Taxation	-	-	-	23,618	23,618	-	23,618	-	-
<b>Surplus/(Deficit) after taxation</b>	<b>1,251,969</b>	<b>2,354,830</b>	<b>2,337,289</b>	<b>(621,331)</b>	<b>2,183,978</b>	<b>2,337,289</b>			<b>2,337,289</b>
Attributable to minorities									
<b>Surplus/(Deficit) attributable to munic</b>	<b>1,251,969</b>	<b>2,354,830</b>	<b>2,337,289</b>	<b>(621,331)</b>	<b>2,183,978</b>	<b>2,337,289</b>			<b>2,337,289</b>
<b>Share of surplus/ (deficit) of associate</b>									
<b>Surplus/ (Deficit) for the year</b>	<b>1,251,969</b>	<b>2,354,830</b>	<b>2,337,289</b>	<b>(621,331)</b>	<b>2,183,978</b>	<b>2,337,289</b>			<b>2,337,289</b>

**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY  
ORDINARY COUNCIL MEETING**

**2018.07.26**

**ITEM A-F (51-2018)**

**EKU Ekurhuleni Metro - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M12 June**

Vote Description	2016/17	Budget year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Capital Expenditure - Functional Classification</b>									
Governance and administration	1,044,335	1,498,032	1,510,822	435,212	1,116,998	1,511,852	(394,854)	-26%	1,510,822
Executive and council	407,217	128,575	126,375	31,383	48,648	127,555	(78,907)	-62%	126,375
Finance and administration	206,949	1,369,018	1,384,008	403,784	1,067,994	1,383,858	(315,863)	-23%	1,384,008
Internal audit	430,168	440	440	45	356	440	(84)	-19%	440
Community and public safety	1,277,676	1,594,936	1,570,619	362,774	1,173,593	1,569,619	(396,026)	-25%	1,570,619
Community and social services	191,742	402,370	386,821	98,165	346,630	386,821	(40,190)	-10%	386,821
Sport and recreation	58,746	98,900	105,939	21,751	69,726	104,939	(35,214)	-34%	105,939
Public safety	285,633	-	-	-	-	-	-	-	-
Housing	659,765	1,002,516	985,870	234,781	678,801	985,870	(307,068)	-31%	985,870
Health	81,790	91,150	91,990	8,077	78,436	91,990	(13,554)	-15%	91,990
Economic and environmental services	1,270,333	1,823,928	1,798,251	327,765	1,242,943	1,806,151	(563,208)	-31%	1,798,251
Planning and development	140,743	158,710	194,333	43,712	126,612	200,133	(73,521)	-37%	194,333
Road transport	1,117,468	1,654,818	1,593,018	277,388	1,105,978	1,593,618	(487,640)	-31%	1,593,018
Environmental protection	12,122	10,400	10,900	6,665	10,354	12,400	(2,046)	-17%	10,900
Trading services	1,081,745	1,776,909	1,776,709	380,747	2,028,680	1,773,909	254,771	14%	1,776,709
Energy sources	628,256	717,700	717,700	80,975	626,866	717,700	(90,834)	-13%	717,700
Water management	223,472	599,300	599,300	153,556	493,971	598,500	(104,529)	-17%	599,300
Waste water management	104,331	293,459	293,459	93,202	802,020	293,459	508,561	173%	293,459
Waste management	125,686	166,450	166,250	53,013	105,823	164,250	(58,427)	-36%	166,250
Other	27,946	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional Classification</b>	<b>4,702,035</b>	<b>6,693,806</b>	<b>6,656,401</b>	<b>1,506,499</b>	<b>5,562,215</b>	<b>6,661,531</b>	<b>(1,099,317)</b>	<b>-17%</b>	<b>6,656,401</b>
<b>Funded by:</b>									
National Government	1,757,650	2,172,664	2,134,460	447,574	1,607,846	2,134,460	(526,614)	-25%	2,134,460
Provincial Government	30,807	10,000	11,689	7,057	8,256	11,689	(3,433)	-29%	11,689
District Municipality	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	122,000	142,574	19,389	97,746	142,574	(44,828)	-31%	142,574
<b>Transfers recognised - capital</b>	<b>1,788,457</b>	<b>2,304,664</b>	<b>2,288,723</b>	<b>474,019</b>	<b>1,713,848</b>	<b>2,288,723</b>	<b>(574,875)</b>	<b>-25%</b>	<b>2,288,723</b>
Borrowing	1,300,000	3,245,427	3,170,216	715,199	2,308,636	3,170,316	(861,680)	-27%	3,170,216
Internally generated funds	1,613,578	1,143,714	1,197,462	317,280	1,539,730	1,202,492	337,238	28%	1,197,462
<b>Total Capital Funding</b>	<b>4,702,035</b>	<b>6,693,806</b>	<b>6,656,401</b>	<b>1,506,499</b>	<b>5,562,215</b>	<b>6,661,531</b>	<b>(1,099,317)</b>	<b>-17%</b>	<b>6,656,401</b>

**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY  
ORDINARY COUNCIL MEETING**

**2018.07.26**

**ITEM A-F (51-2018)**

<b>EKU Ekurhuleni Metro - Table C6 Monthly Budget Statement - Financial Position - M12 June</b>					
Description	2016/17	Budget year 2017/18			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>					
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	5,809,954	10,989,519	10,989,519	3,637,034	10,989,519
Call investment deposits	116,917	2,884,626	2,884,626	23,533	2,884,626
Consumer debtors	4,778,588	4,985,790	4,985,790	4,797,039	4,985,790
Other debtors	925,361	52,462	52,462	5,207,259	52,462
Inventory	527,708	171,514	171,514	679,674	171,514
<b>Total current assets</b>	<b>12,158,527</b>	<b>19,083,911</b>	<b>19,083,911</b>	<b>14,369,368</b>	<b>19,083,911</b>
<b>Non current assets</b>					
Long-term receivables	3,124	-	-	3,377	-
Investments	1,353,011	-	-	2,173,539	-
Investment property	524,734	-	-	407,604	-
Property, plant and equipment	49,287,779	56,484,135	56,406,703	54,482,368	56,406,703
Intangible assets	355,095	327,015	367,044	319,595	367,044
Other non-current assets	62,517	-	-	65,723	-
<b>Total non current assets</b>	<b>51,586,260</b>	<b>56,811,151</b>	<b>56,773,746</b>	<b>57,456,207</b>	<b>56,773,746</b>
<b>TOTAL ASSETS</b>	<b>63,744,788</b>	<b>75,895,062</b>	<b>75,857,657</b>	<b>71,825,574</b>	<b>75,857,657</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Borrowing	402,710	-	-	52,292	-
Consumer deposits	807,026	-	-	894,206	-
Trade and other payables	6,840,712	22,156,308	22,156,308	11,361,549	22,156,308
Provisions	477,371	54,444	54,444	1,450,304	54,444
<b>Total current liabilities</b>	<b>8,527,819</b>	<b>22,210,752</b>	<b>22,210,752</b>	<b>13,758,351</b>	<b>22,210,752</b>
<b>Non current liabilities</b>					
Borrowing	4,669,348	641,382	641,382	6,319,351	641,382
Provisions	2,972,681	-	-	80,835	-
<b>Total non current liabilities</b>	<b>7,642,029</b>	<b>641,382</b>	<b>641,382</b>	<b>6,400,186</b>	<b>641,382</b>
<b>TOTAL LIABILITIES</b>	<b>16,169,848</b>	<b>22,852,134</b>	<b>22,852,134</b>	<b>20,158,537</b>	<b>22,852,134</b>
<b>NET ASSETS</b>	<b>47,574,940</b>	<b>53,042,927</b>	<b>53,005,523</b>	<b>51,667,037</b>	<b>53,005,523</b>
<b>COMMUNITY WEALTH/EQUITY</b>					
Accumulated Surplus/(Deficit)	47,574,940	50,593,900	50,593,900	47,451,476	50,593,900
Reserves	-	-	-	526,913	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>47,574,940</b>	<b>50,593,900</b>	<b>50,593,900</b>	<b>47,978,389</b>	<b>50,593,900</b>

**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY  
ORDINARY COUNCIL MEETING**

**2018.07.26**

**ITEM A-F (51-2018)**

**EKU Ekurhuleni Metro - Table C7 Monthly Budget Statement - Cash Flow - M12 June**

Description	Budget year 2017/18						
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	Full Year Forecast
<b>R thousands</b>							
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
Property rates	4,459,590	4,459,590	397,570	4,679,117	4,459,590	219,528	4,459,590
Service charges	-	-	1,469,738	16,253,972	-	16,253,972	-
Other revenue	-	-	(567,295)	613,122	-	613,122	-
Government - operating	-	-	(320,117)	5,197,918	-	5,197,918	-
Interest	-	-	258,779	945,943	-	945,943	-
Dividends	-	-	-	45	-	45	-
<b>Payments</b>							
Suppliers and employees			(1,491,980)	(26,547,064)		26,547,064	
Finance charges			(46,271)	(706,361)		706,361	
Transfers and Grants			(3,372)	(713,107)		713,107	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>4,459,590</b>	<b>4,459,590</b>	<b>25,319</b>	<b>2,483,397</b>	<b>4,459,590</b>	<b>1,976,193</b>	<b>4,459,590</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
<b>Receipts</b>							
Proceeds on disposal of PPE			(460)	(2,742)		(2,742)	
Decrease (Increase) in non-current debtors						-	
Decrease (increase) other non-current receivables			(10)	(24)		(24)	
Decrease (increase) in non-current investments			(225,628)	367,477		367,477	
<b>Payments</b>							
Capital assets			(1,000,383)	(4,455,499)		4,455,499	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>(1,226,480)</b>	<b>(4,090,788)</b>	<b>-</b>	<b>4,090,788</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
<b>Receipts</b>							
Short term loans						-	
Borrowing long term/refinancing	1,790,950	1,790,950	-	1,300,000	1,790,950	(490,950)	1,790,950
Increase (decrease) in consumer deposits	17,842	17,842	32,922	83,237	17,842	65,394	17,842
<b>Payments</b>							
Repayment of borrowing			(117,511)	(484,897)		484,897	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>1,808,793</b>	<b>1,808,793</b>	<b>(84,590)</b>	<b>898,340</b>	<b>1,808,793</b>	<b>910,453</b>	<b>1,808,793</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>6,268,382</b>	<b>6,268,382</b>	<b>(1,285,751)</b>	<b>(709,051)</b>	<b>6,268,382</b>		<b>6,268,382</b>
Cash/cash equivalents at beginning:				6,000,822	-		6,000,822
Cash/cash equivalents at month/year end:	6,268,382	6,268,382		5,291,771	6,268,382		12,269,205

**Other supporting documents**

In terms of Council's Unauthorised, Fruitless, Wasteful and Irregular Expenditure policy, all known instances of Fruitless, Wasteful and Irregular Expenditure are reported to Council on a quarterly basis as part of the SDBIP report.

The following cases have been reported by Internal Audit Department for the 4<sup>th</sup> Quarter ended 30<sup>th</sup> June 2018.

**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY  
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**2018.07.26**

**ITEM A-F (51-2018)**

<b>REGISTER AS AT 30 June 2018 OF FRUITLESS &amp; WASTEFUL, IRREGULAR AND UNAUTHORISED EXPENDITURE AS IDENTIFIED</b>									
<b>BY INTERNAL AUDIT DEPARTMENT</b>									
<b>No</b>	<b>DESCRIPTION</b>	<b>DETAILS OF FINDINGS</b>	<b>DEPT</b>	<b>TYPE</b>	<b>REFERENCE</b>	<b>AMOUNT</b>	<b>CONDONED</b>	<b>AFFECTED FINANCIAL YEAR</b>	<b>FINANCIAL YEAR IDENTIFIED</b>
1	Allegations that a senior official of the Real Estate department disclosed information related to a new tender and assisted the successful service provider to be awarded the tender in question	Meddling by official at Real Estate department resulted to an award of contract no. PS-RE-39-2016 to a service provider who did not meet the requirement.	Real Estate	Irregular	046FOR 16/17	R31 445 324.34	No	2014-2015	2016-2017
2	Allegations of falsified signatures on requisitions and invoices.	The signatures of the DH: CRM and HOD: Waste Management were forged resulting to payment of services not rendered.	CRM and Waste Management	Fruitless & Wasteful	004FOR 16/17	R585,790.00	No	2015-2016	2016-2017
3	Allegations of CoE not receiving value for money paid on Project A-WMS01-2016	1.Poor project Management on utilisation of Cooperatives led to CoE paying for services not rendered. 2 Payment for plastic liners not delivered	Waste Management	Fruitless & Wasteful	038FOR 16/17	R564,442.00	No	2016-2017	2016-2017

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**ITEM A-F (51-2018)**

<b>REGISTER AS AT 30 June 2018 OF FRUITLESS &amp; WASTEFUL, IRREGULAR AND UNAUTHORISED EXPENDITURE AS IDENTIFIED</b>									
<b>BY INTERNAL AUDIT DEPARTMENT</b>									
<b>N o</b>	<b>DESCRIPTIO N</b>	<b>DETAILS OF FINDINGS</b>	<b>DEPT</b>	<b>TYPE</b>	<b>REFE RENCE</b>	<b>AMOUNT</b>	<b>CONDON ED</b>	<b>AFFEC TED FINANC IAL YEAR</b>	<b>FINAN CIAL YEAR IDENTI FIED</b>
4	Irregular expenditure relates to the Aerotropolis Industrial Custer Development and Investment Conference.	Economic development failed to procure services of a programme director for the conference. Economic development requested a contract from City Planning department to procure the services of the programme director and other marketing related services, however the items procured were not in line with the City Planning department's contract. As a result, the service provider was not paid.	Economic Development	Irregular	036FOR 15/16	R546,351.84	Yes	2015-2016	2016-2017



**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY  
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**2018.07.26**

**ITEM A-F (51-2018)**

<b>REGISTER AS AT 30 June 2018 OF FRUITLESS &amp; WASTEFUL, IRREGULAR AND UNAUTHORISED EXPENDITURE AS IDENTIFIED</b>									
<b>BY INTERNAL AUDIT DEPARTMENT</b>									
<b>No</b>	<b>DESCRIPTION</b>	<b>DETAILS OF FINDINGS</b>	<b>DEPT</b>	<b>TYPE</b>	<b>REFERENCE</b>	<b>AMOUNT</b>	<b>CONDONED</b>	<b>AFFECTED FINANCIAL YEAR</b>	<b>FINANCIAL YEAR IDENTIFIED</b>
5	Alleged procurement irregularities. Variation of a contract amount without following correct procedures	The official extended the contract with more than 100% without obtaining authority from BAC. The original contract amount was R246,379.54 additional resources were deployed due to time pressure at the cost of R212,443.56. The entire amount of R458,872 is regarded as irregular. The R212,468.72 is regarded as fruitless and wasteful expenditure	Internal Audit	Irregular / Fruitless and wasteful	01SUP1718	R458 847.72	No	2017/18	2017/18
6	Allegation that services providers forged the signatures of CoE officials	Service providers paid for service not rendered. Competing quotations used were falsified	Economic development	Fruitless and wasteful	029FOR1718	R179,325.00	no	2016/17	2017/18

**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY  
ORDINARY COUNCIL MEETING**

**2018.07.26**

**ITEM A-F (51-2018)**

<b>REGISTER AS AT 30 June 2018 OF FRUITLESS &amp; WASTEFUL, IRREGULAR AND UNAUTHORISED EXPENDITURE AS IDENTIFIED</b>									
<b>BY INTERNAL AUDIT DEPARTMENT</b>									
<b>No</b>	<b>DESCRIPTION</b>	<b>DETAILS OF FINDINGS</b>	<b>DEPT</b>	<b>TYPE</b>	<b>REFERENCE</b>	<b>AMOUNT</b>	<b>CONDONED</b>	<b>AFFECTED FINANCIAL YEAR</b>	<b>FINANCIAL YEAR IDENTIFIED</b>
7	Allegation of irregular expenditure relating to the aerotropolis industrial cluster development and investment conference	A service provider rendered services not in line with City Planning department and their action led to the commitment of irregular expenditure	Communication and Brand Management and Economic Development	Irregular expenditure	036FOR1617	R546,351.81	YES	2015/16	2016/17
8	Irregular expenditure incurred by Real Estate during the 2015/16 financial year	Irregular expenditure incurred as a result of the maximum contract value of R1 250 000.00 exceeded.	Real Estate	Irregular expenditure	042FOR1617	R7 923 645.00	Yes	2015/16	2015/16
9	Irregular expenditure incurred by the dept during the construction of Tembisa licencing centre	Service rendered did not form part of the Schedule of Pricing as per the contract awarded	Transport, Planning and Provision	Irregular expenditure	048FOR1718	R391 539.42	No	2014/15	2015/16

**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY  
ORDINARY COUNCIL MEETING**

**2018.07.26**

**ITEM A-F (51-2018)**

<b>REGISTER AS AT 30 June 2018 OF FRUITLESS &amp; WASTEFUL, IRREGULAR AND UNAUTHORISED EXPENDITURE AS IDENTIFIED</b>									
<b>BY INTERNAL AUDIT DEPARTMENT</b>									
<b>N o</b>	<b>DESCRIPTIO N</b>	<b>DETAILS OF FINDINGS</b>	<b>DEPT</b>	<b>TYPE</b>	<b>REFE RENCE</b>	<b>AMOUNT</b>	<b>CONDON ED</b>	<b>AFFEC TED FINANC IAL YEAR</b>	<b>FINAN CIAL YEAR IDENTI FIED</b>
10	Allegation of cover quoting	One supplier submitted 3 quotes , 2 of the quotes were fictitious .	Health and Social Developm ent	Irregul ar expend iture	051FOR 1718	R36 125.00	No	2016/17	2017/18
11	The department incurred an undisclosed amount of irregular expenditure with procurement under contract PS-PT 60/2014. The department requested an investigation of the irregular expenditure	Irregular and unauthorised expenditure due to increase in scope of work without following the established procedures. Work done but not yet paid will result to unauthorised and irregular expenditure.	Transport Planning and Provision	Irregul ar and unauth orised	048FOR 1718	R538 558.82	No	2015/16	2017/18

**Key Financial Ratio's**

As part of the requirements of the Municipal Budget and Reporting Regulations, Council must complete schedule SC2 (Monthly Budget Statement Performance Indicators) and submit to National Treasury.

The National Treasury tables SC2 are as follows:

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**EKU Ekurhuleni Metro - Supporting Table SC2 Monthly Budget Statement - performance indicators - M12 June**

Description of financial indicator	Basis of calculation	Ref	2016/17	Budget year 2017/18			
			Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b><u>Borrowing Management</u></b>							
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure		1.8%	8.8%	8.4%	2.0%	2.5%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants		27.6%	48.5%	47.6%	41.5%	47.6%
<b><u>Safety of Capital</u></b>							
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves		25.0%	45.1%	45.1%	37.0%	45.1%
Gearing	Long Term Borrowing/ Funds & Reserves		0.0%	0.0%	0.0%	1199.3%	0.0%
<b><u>Liquidity</u></b>							
Current Ratio	Current assets/current liabilities	1	142.6%	85.9%	85.9%	104.4%	85.9%
Liquidity Ratio	Monetary Assets/Current Liabilities		69.5%	62.5%	62.5%	26.6%	62.5%
<b><u>Revenue Management</u></b>							
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing						
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		19.3%	15.4%	15.4%	31.0%	15.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old		0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Creditors Management</u></b>							
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))						
<b><u>Funding of Provisions</u></b>							
Employee costs	Employee costs/Total Revenue - capital revenue		20.4%	24.7%	24.2%	24.5%	24.2%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		0.0%	6.8%	6.5%	5.9%	6.5%
Interest & Depreciation	I&D/Total Revenue - capital revenue		9.9%	8.8%	8.4%	2.0%	2.5%
<b><u>IDP regulation financial viability indicators</u></b>							
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)						
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services						
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure						

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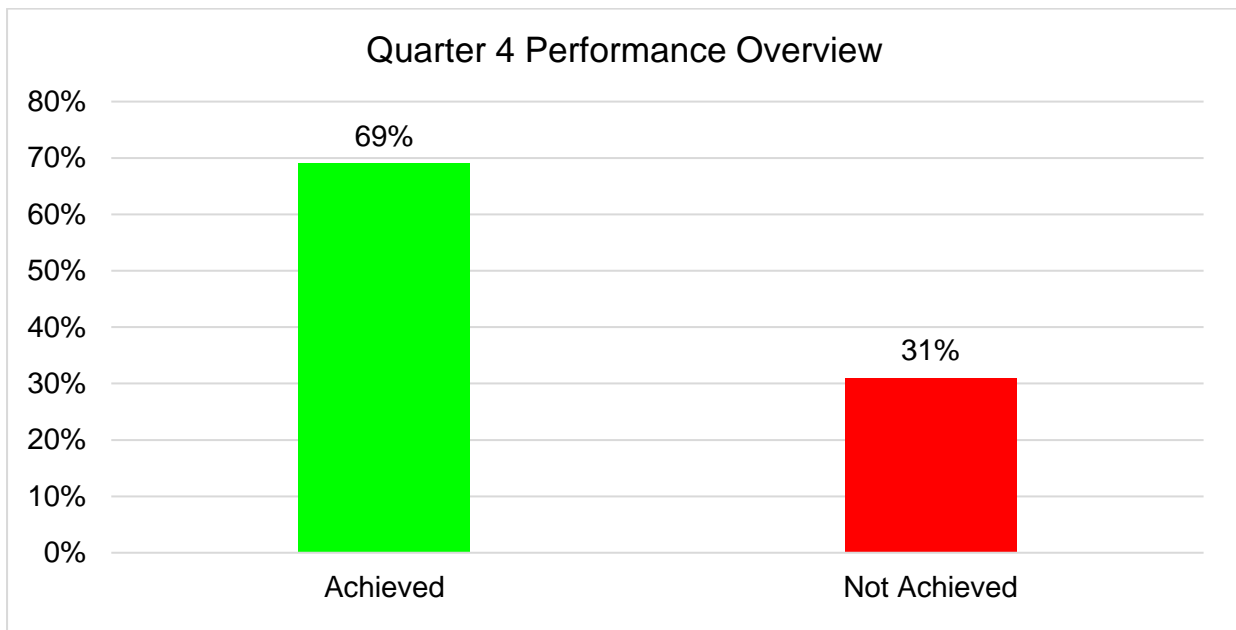
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SUMMARY OF THE UNAUDITED QUARTERLY SDBIP REPORT: QUARTER FOUR OF THE  
2017/2018 FINANCIAL YEAR

SUMMARY OF THE FOURTH QUARTER NON-FINANCIAL PERFORMANCE INFORMATION  
(CITY WIDE)

FIGURE 1: CITY-WIDE 2017/2018 QUARTER 4 PERFORMANCE



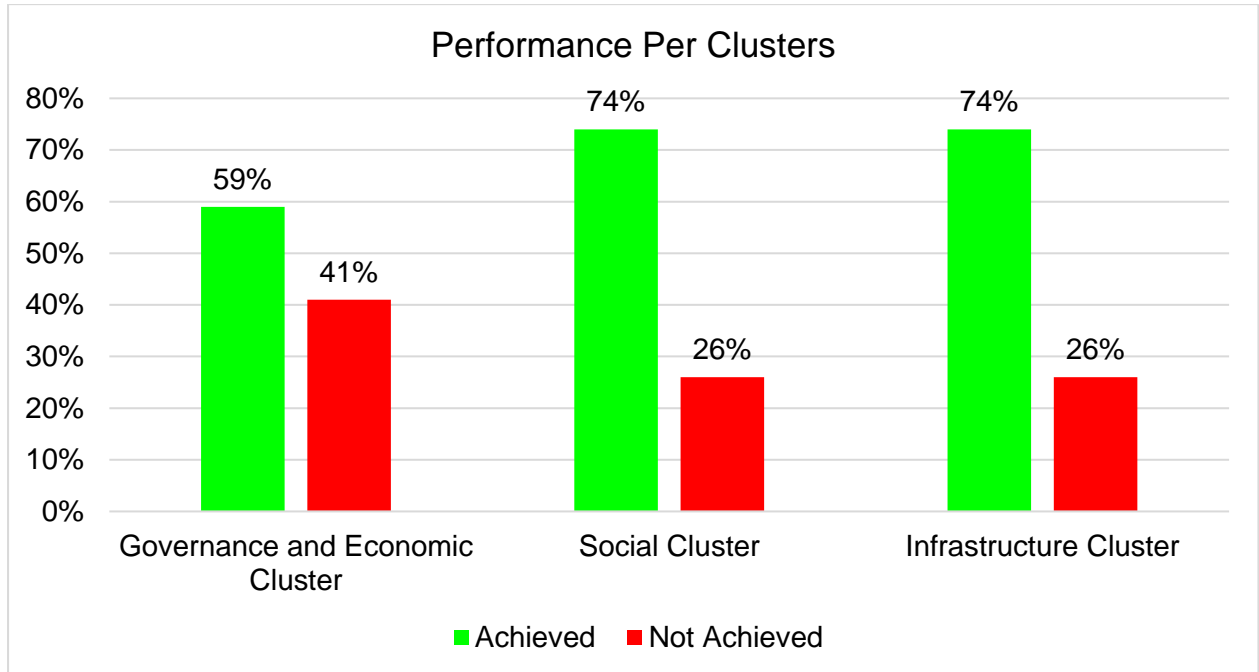
The City committed to a total of 80 targets in the fourth quarter of the 2017/18 financial year. Against these commitments, 55 (69%) targets were achieved and 25 (31%) were not achieved. Of the 25 targets recorded as not achieved, 18 recorded partial achievement and 7 recorded no performance at all. The departments that recorded non-performance on some of their targets included ICT (number of new Wi-Fi hotspots/nodes provided with Wi-Fi), Energy (number of high mast lights installed), Transport (number of new public transport facilities constructed) Water and Sanitation (Number of additional megalitres of storage constructed), Human Settlement (number of social housing units built), as well as Customer Relations Management (% of customer queries resolved in accordance with Ekurhuleni Service Standards and number of multidisciplinary campaigns implemented). **It should be noted that Customer Relations Management Department did not submit their quarter 4 performance report.**

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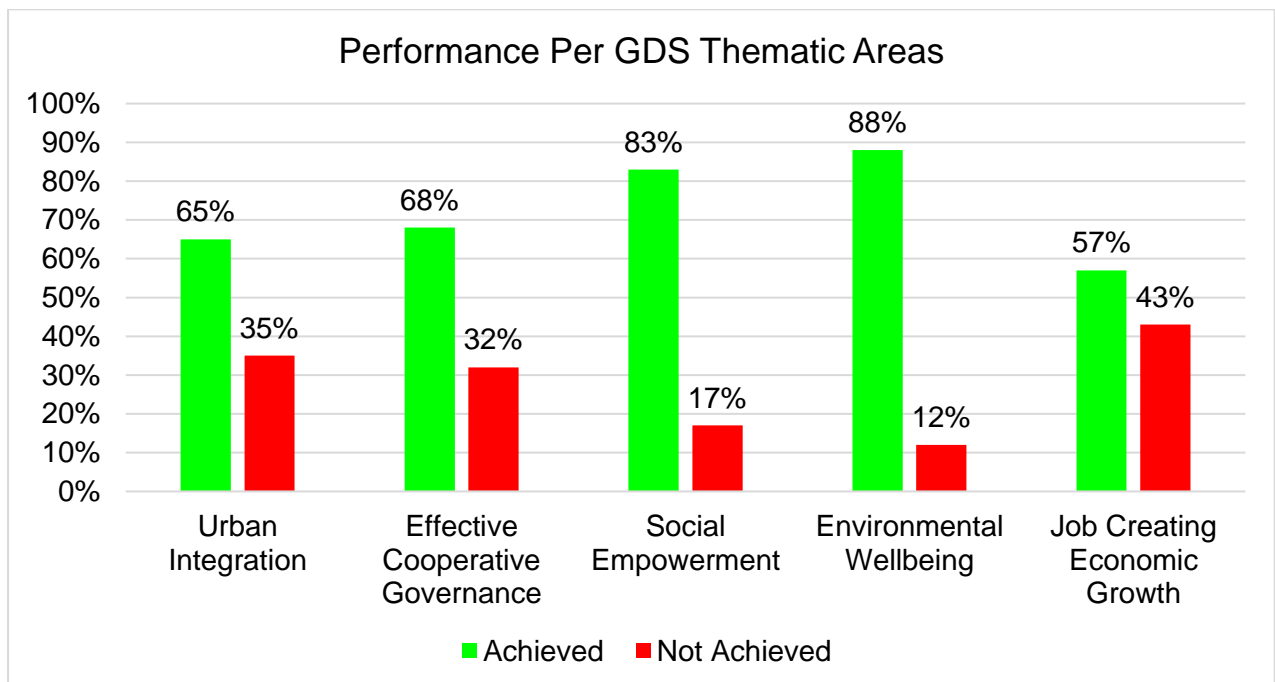
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**FIGURE 2: CITY-WIDE 2017/18 QUARTER 4 PERFORMANCE PER CLUSTER**



As indicated in Figure 1, the overall target achievement against the targets set during the fourth quarter of the 2017/18 financial year is 69%. The Social and Infrastructure Clusters recorded the highest performance of 74% target achievement respectively, followed by the Governance and Economic Cluster which recorded the lowest performance of 59% target achievement.

**FIGURE 3: CITY-WIDE QUARTER 4 PERFORMANCE BY GDS THEMATIC AREAS**



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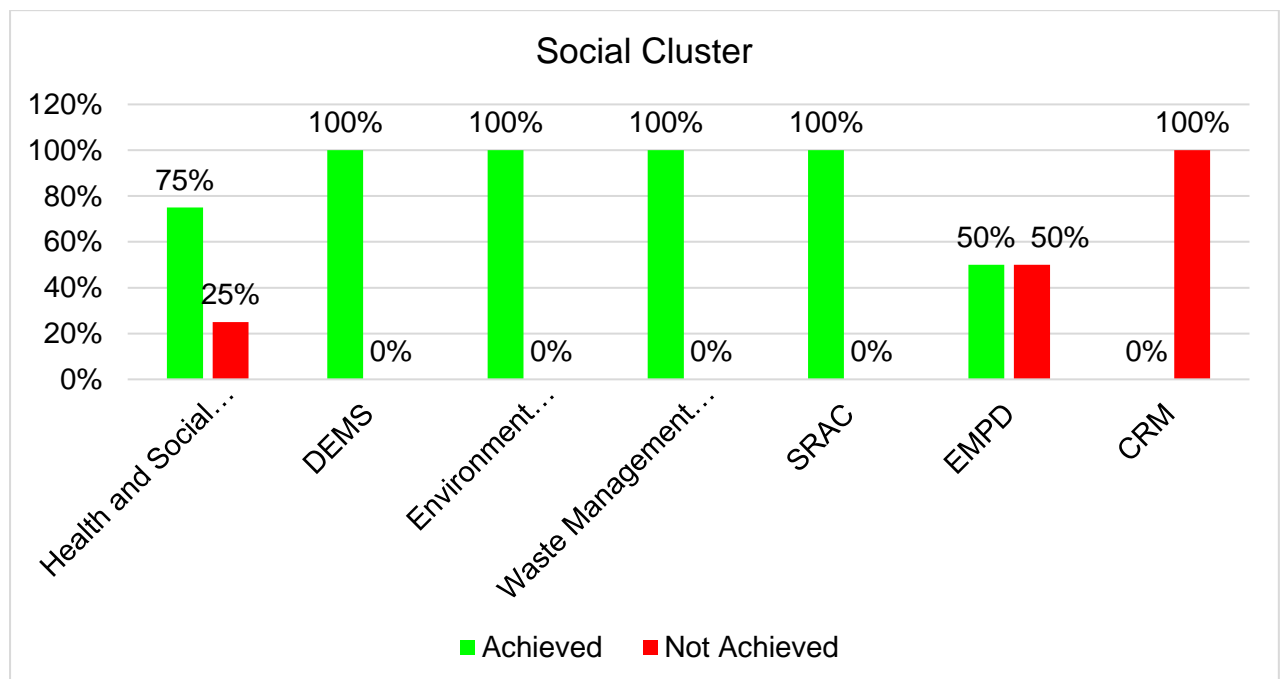
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Performance against the Thematic Areas of the Growth and Development Strategy (GDS) is summarised as follows:

- Aligned to the Sustainable Urban Integration GDS Thematic Area, a total of 34 targets were planned. Of the 34 targets, 22 (65%) were achieved and 12 (35%) were not achieved.
- A total of seven targets were planned to be delivered over the period under review in the Job Creation Economic Growth GDS Thematic Area and 4 (57%) targets were achieved and 3 (43%) were not achieved.
- Eight targets were planned to be delivered on the Environmental Wellbeing GDS Thematic Area and 7 (88%) of the targets were achieved.
- A total of twelve targets were planned for the Social Empowerment GDS Thematic Area, of which 10 (83%) were achieved and 2 (17%) were not achieved.
- A total of nineteen targets were planned for the Effective Cooperative Governance GDS Thematic Area. Of these 19 targets, 13 (68%) were achieved and 6 (32%) were not achieved.

**FIGURE 4: CITY-WIDE QUARTER 4 PERFORMANCE ACROSS SOCIAL CLUSTER**



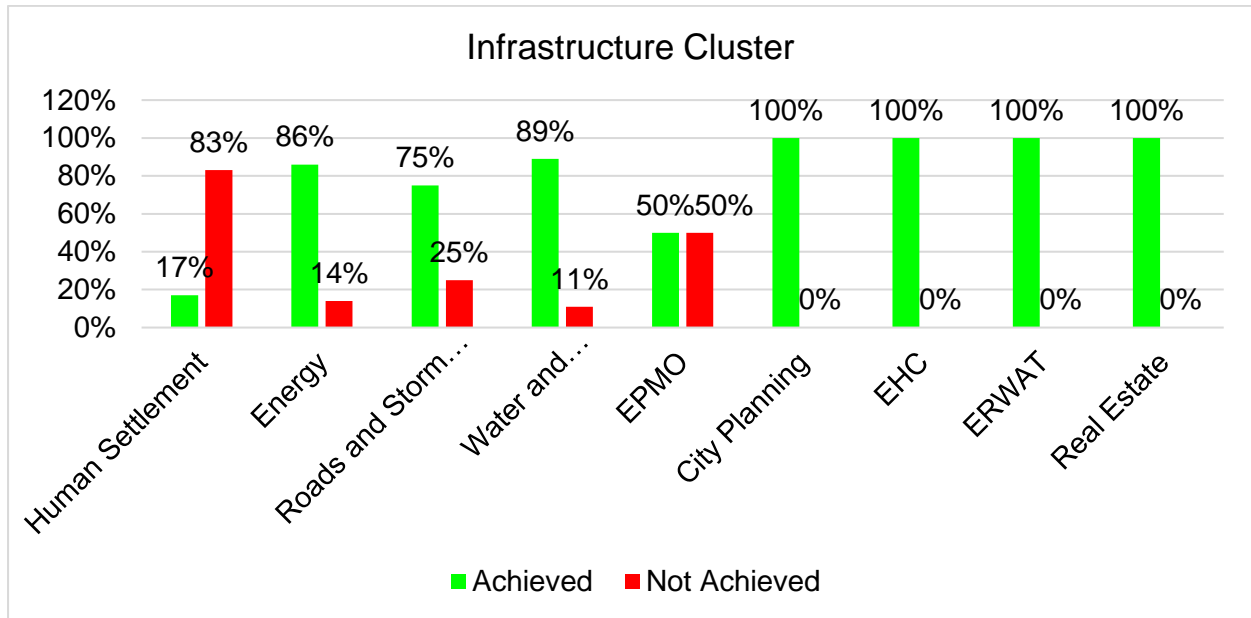
**Social Cluster** – the cluster committed to a total of nineteen targets and of the 19 targets, 14 (74%) targets were achieved and 5 (26%) targets were not achieved. A total of four departments (DEMS, Environmental Management Services, SRAC, and Waste Management Services) in this cluster achieved 100% of their planned targets for the period under review, followed by the Department Health and Social Development which achieved 75% of its planned targets. The Department of Ekurhuleni Metro Police achieved 50% of its planned targets, while Customer Relations Management Department did not achieve its planned targets for the quarter.

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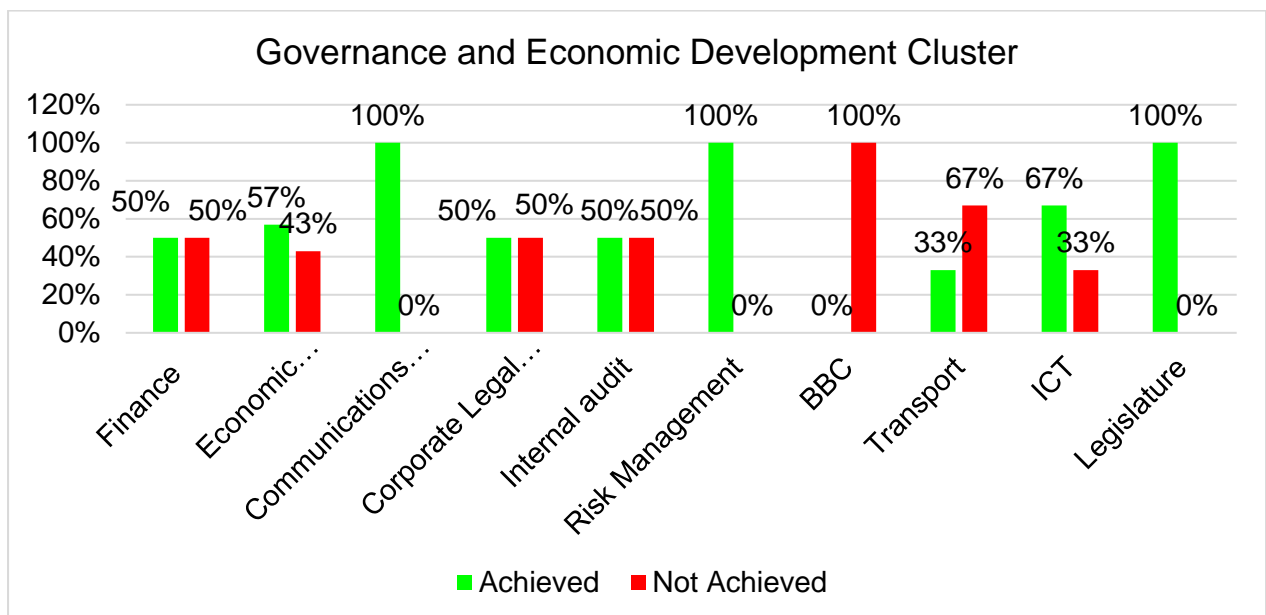
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**FIGURE 5: CITY-WIDE QUARTER 4 PERFORMANCE ACROSS INFRASTRUCTURE CLUSTER**



**Infrastructure Cluster** – the cluster committed to a total of 34 targets and of the 34 targets committed to, 25 (74%) were achieved and 9 (26%) were not achieved. A total of four departments/entities (City Planning, EHC, ERWAT and Real Estate) achieved 100% of their planned targets. This is followed Water and Sanitation at 89%, Energy at 86%, Roads and Stormwater at 75%, EPMO at 50%, while Human Settlement only achieved 17% of its set targets.

**FIGURE 6: CITY-WIDE QUARTER 4 PERFORMANCE ACROSS GOVERNANCE AND ECONOMIC DEVELOPMENT CLUSTER**





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**Governance and Economic Development Cluster** – In the period under review, the cluster's performance was measured against twenty seven targets planned for delivery. A total of 16 (59%) targets were achieved and 11 (41%) were not achieved. A total of three departments (Communications and Brand Management, Risk Management and Legislature) achieved 100% of their set targets. This is followed by ICT at 67%, Economic Development at 57%, while Finance, Corporate Legal and Internal Audit achieved 50% of their targets respectively. It is also important to note that Brakpan Bus Company did not achieve their set target.

#### **HIGHLIGHTS FOR QUARTER 4**

The City continued to express its commitment to the pro-poor agenda by broadening its reach through its service delivery to all informal settlements. The focus was on the improvement of quality, predictability and constancy of services. The provision of water, sanitation, waste collection and PV solar lighting units in the informal settlements and maintenance of service levels in the affluent areas as well as increase in approval of indigent households are some of the key service delivery highlights that the City prides itself for.

#### **1. SUSTAINABLE URBAN INTEGRATION**

In its efforts to re-urbanise the City, CoE focused on improving service delivery across all areas of service delivery. The results of these efforts included:

- Significant strides were made in the connection of households to water and sewer services. In this regard, a total of 2 284 additional households were provided with water and sewer connections against a planned target of 1 200.
- The City continued to maintain the Blue Drop status above 95% for the period under review. This is indicative of City's positive efforts in promoting the quality of drinking water within the municipal area.
- The City focused on the maintenance of road and stormwater infrastructure network. In this regard, a total of 799.280 km of the road network and 2 228 stormwater systems were maintained.
- Furthermore, the City focused on reducing the risk of flooding and damage to infrastructure. In this regard a total of 29 stormwater systems were added to the existing stormwater network.
- In its effort to improve spatial justice and sustainable development, CoE finalised 100% development planning applications in accordance with the Approved Municipal Spatial Development Framework (MSDF), the City also finalised 84% of the building plans within prescribed period.
- In its effort to increase the provision of public lighting, the City continued to install a total of 829 streets lights within the region against the planned target of 300.
- The City also focused on increasing access to electricity, in this regard a total of 4 486 subsidised households were electrified against the quarterly target of 3 000.

#### **2. SOCIAL EMPOWERMENT**

This thematic area is aimed at building a socially cohesive, healthy, active and engaged citizenry, capable of working in partnership. The City embarked on a number of initiatives that yielded some commendable results. These included:

- SRAC implemented 4 school programmes engaging children on leading active and positive lives for their own development.

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- Commendable strides were made in the provision of health care services, notable achievements include Reduction of HIV transmission from Mother-To-Child to a level below 1.20% against the quarterly target of <2%.
- In contributing towards the attainment of the national outcome of a long and healthy life for all South Africans, the Department of Health and Social Development continued its vector control programme aimed at the eradication of rodents, a total of 41 informal settlements received baiting interventions for rodent control.

Safety and security across the City continues to be a high priority. The City focused on reducing accidents, fatalities and injuries, restore confidence, and respect for road traffic management. This was done through intensified awareness of road traffic safety issues and by-law enforcement operations thereby inculcating good road user behaviour and voluntary compliance to by-laws and traffic laws.

### **3. ENVIRONMENTAL WELLBEING**

In this thematic area, the City focused on promoting a clean and healthy environment for the residents of the City. In this regard, the following were achieved:

- The City recorded level 2 achievement on the cleanliness of Ekurhuleni Metro Central Business District (CBD) areas as determined by GDARD Waste Standards.

The City continued to increase access to recreation facilities and management of cemeteries, in this regard a total of one park was developed and one cemetery was upgraded.

### **4. EFFECTIVE CORPORATE GOVERNANCE**

The CoE through its Risk Management Department continued to conduct insurance audits to improve effectiveness of risk financing and transfer. In its efforts to improve performance and accountability, the City continued to ensure the functionality of Section 79 Committee system. In its effort to improve corporate governance the City finalised a total of 66.7% forensic investigations.

### **ORGANISATIONAL AND HUMAN RESOURCE IMPLICATIONS**

None

### **FINANCIAL IMPLICATIONS**

The detailed financial implications have been addressed in the report.

### **LEGAL IMPLICATIONS**

The report is compiled in accordance with the requirements of the MFMA and Municipal Budget and Reporting Regulations.

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**COMMUNICATION IMPLICATION**

The contents of the report must be communicated to National and Provincial Treasury as well as the Auditor General. This will be done by the Finance Department.

The Marketing and Brand Management Department will ensure that the report is placed on the official website of Council.

**OTHER DEPARTMENTS/ BODIES CONSULTED**

- The Finance Management Team was consulted and the recommendations are supported.
- The Strategy and Corporate Planning Department was responsible for the compilation of the Performance Report.
- The Municipal Entities compiled their own Performance Reports.

**RECOMMENDATION**

1. **That** the report on the City of Ekurhuleni's Unaudited Financial and Performance Results for the Fourth Quarter of the 2017/2018 financial year as required in terms of Section 52(d) and Sec 87 (Entities) of the Municipal Finance Management Act, **BE NOTED**.
2. **That**, in compliance with Section 52(d) and Section 71 of the MFMA and in terms of Government Notice 32141 dated 17 April 2009, regarding the "Local Government: Municipal Finance Management Act 2003 Municipal Budget and Reporting Regulations", the financial results regarding the operating and capital budgets for the 4<sup>th</sup> quarter of the 2017/18 financial year, and supporting documents as required by National Treasury (Schedule C) as at 31 March 2018, **IS SUBMITTED**.
3. **That** in order to comply with Section 31(1) of the Government Gazette No 32141 of 17 April 2009, this report **BE SUBMITTED** to the National Treasury and the relevant Provincial Treasury within five days of tabling of the report in the Council, in both a Council approved document and in electronic format.
4. **That** the projects funded from external loans amounting to R3.1 billion in the 2017/18 Capital Budget **BE REFINANCED** from Revenue.