



**CITY OF CAPE TOWN  
ISIXEKO SASEKAPA  
STAD KAAPSTAD**

**ANNEXURE B**

**HIGH LEVEL SUMMARY OF CHANGES  
BETWEEN THE TABLED AND PROPOSED  
2021/22 BUDGET**

## HIGH LEVEL SUMMARY OF CHANGES BETWEEN THE TABLED AND PROPOSED 2021/22 BUDGET

The Tabled Budget was drafted with the theme of low Rates and tariff increases in order to utilise surplus cash. A review of the City's revenue sources and expenditure items was undertaken and future funding positions per the March tabled budget re-evaluated to incorporate unknown budget realities at the time of tabling the budget for inclusion into the proposed 2021/22 budget. These amendments/additions to the March tabled budget allocations are listed below.

### a) 2021/22 Operating Budget

- Additional requirements in various directorates funded from prior years' VAT-clawback and increased amount in respect of depreciation strategy within Rates services.

The table below shows the additional allocations and nature of expenditure per directorate.

Directorate	Amount	Comments
Corporate Services	3 496 800	Provision for the appointment of professional services related to Unfunded Mandates project.
Corporate Services	8 955 924	Provision for the City's COVID-19 vaccination roll-out programme for staff not covered by a medical aid.
Office of the City Manager	630 714	Top-up for increased 2021/22 SALGA membership fees.
Various directorates	170 823 397	To cover security costs and additional staff costs to address capacity gaps stemming from the recent spate of land invasions.

- Operating Grants and Donations amendments as per the Provincial Gazette No 8400, dated 16 March 2021.

Provincial Grant	Amount	Comments
Resources for Tourism Safety Law Enforcement Unit Project Grant	5 000 000	Reduction within Safety & Security directorate
Community Development Workers Operational Support Grant	33 000	Reduction within Urban Management directorate
Human Settlements Development Grant	106 580 000	Reduction within Human Settlements directorate
Financial Management Capacity Building Grant	250 000	Increase within Corporate Services directorate
Community Library Services Grant	8 781 000	Reduction within Community Services & Health directorate
Library Service – Periodicals and Newspapers Grant	382 000	Reduction within Community Services & Health directorate
Personal Primary Health Care Grant	5 734 000	Reduction within Community Services & Health directorate
Integrated Nutrition Grant	112 000	Reduction within Community Services & Health directorate
HIV & Aids Grant	8 680 000	Increase within Community Services & Health directorate

Other Grants and Donations	Amount	Description/Reason
PTI & SG Interest	2 000 000	Increase within Transport directorate to fund the appointment of professional services for the IRT Business Plan, MYFIN, Other IRT Business Development matters and for the implementation of the Phase 2A project.
Private Funding	2 804 301	Increase within Safety & Security directorate for the deployment of part-time law enforcement and traffic officers at schools and within City Improvement Districts.
ESKOM	4 263 000	Increase within Transport directorate for the appointment of professional services for the development of the Koeberg Evacuation Simulation Model funded by Eskom in terms of a signed Memorandum of Agreement.

- Shifting of R88 million from the capital budget to the operating budget for COVID-19 related expenditure within the Water & Sanitation Services department.
- Adjustment on External Interest Expenditure as a result of a review of borrowing requirements for the year. The outcome of the cash flow analysis performed to determine the level of borrowing required to be taken up for the year indicated that a R4bn borrowings amount was not necessary and could be reduced to R2,5 billion. This resulted in the following amendments:
  - 2021/22: No change
  - 2022/23: Reduction of R154 118 266
  - 2023/24: Increase of R41 250 000

## b) 2021/22 Capital Budget

The City's Portfolio Committees were afforded the opportunity in April 2021 to discuss and make further proposals to the tabled budget. Changes to ward allocation projects and to certain grant-funded projects where revised gazettes or changes to frameworks allowed for further refinement were also proposed.

The table below reflects the high-level changes per major funding source between the March tabled budget and the May proposed budget.

Major Fund Source R'000	Tabled Budget 2021/22	Proposed Budget 2021/22	Increase/ Decrease 2021/22	Tabled Budget 2022/23	Proposed Budget 2022/23	Increase/ Decrease 2022/23	Tabled Budget 2023/24	Proposed Budget 2023/24	Increase/ Decrease 2023/24
CGD	3 231 086	3 138 842	- 92 245	2 957 472	2 961 645	4 172	2 913 511	2 877 431	- 36 080
CRR	894 485	901 795	7 309	928 457	934 447	5 990	962 569	968 969	6 400
EFF	4 222 710	4 187 779	- 34 931	4 821 230	5 125 883	304 653	7 429 788	7 555 044	125 256
REVENUE	84 052	86 352	2 300	88 573	88 573	-	74 674	74 674	-
<b>Grand Total</b>	<b>8 432 333</b>	<b>8 314 767</b>	<b>- 117 566</b>	<b>8 795 732</b>	<b>9 110 548</b>	<b>314 816</b>	<b>11 380 543</b>	<b>11 476 119</b>	<b>95 576</b>

- High-level changes to Capital Grants and Donations (CGD)**

Grant and Directorate	Increase/ Decrease 2021/22	Increase/ Decrease 2022/23	Increase/ Decrease 2023/24
<b>NT USDG</b> - Water & Waste directorate	( 88 545 618)	-	-
<b>Private Sector Fin</b> - Energy & Climate Change directorate	2 031 049	10 345 477	-
<b>Provincial House Development Board</b> - Human Settlements directorate	-	-	(30 000 000)
<b>PT Library: Metro</b> - Community Services & Health directorate	(5 730 000)	(6 173 000)	(6 080 000)
<b>Total</b>	<b>(92 244 569)</b>	<b>4 172 477</b>	<b>(36 080 000)</b>

The above changes mainly relate to:

- Water & Waste directorate: Reduction to national allocations where grant conditions changed to allow for more operating projects (funded ex USDG);
- Community Services & Health directorate: Reduction due to reduced provincial gazette allocation (funded ex Library Metro Grant); and
- Energy & Climate Change directorate: Increase for Morgen Gronde Switching Station project (funded ex private sector).

- High-level changes to Capital Replacement Reserves (CRR)**

Directorate	Increase/ Decrease 2021/22	Increase/ Decrease 2022/23	Increase/ Decrease 2023/24
Energy & Climate Change	4 659 354	5 990 050	6 400 000
Spatial Planning & Environment	150 000	-	-
Transport	2 500 000	-	-
<b>Total</b>	<b>7 309 354</b>	<b>5 990 050</b>	<b>6 400 000</b>

The aforementioned changes mainly relate to the following projects:

- Grassy Park Switching Station Busbar Replacement - R 4.7 million in 2021/22 (Energy & Climate Change directorate);
- HV Substations - Facilities refurb FY23 – R3.5 million in 2022/23 (Energy & Climate Change directorate);
- HV Substations - Facilities refurb FY24 – R3.9 million in 2023/24 (Energy & Climate Change directorate);
- HV Substations - Isolator replace FY23 – R2.5 million in 2022/23 (Energy & Climate Change directorate);
- HV Substations - Isolator replace FY24 – R2.5 million in 2023/24 (Energy & Climate Change directorate);
- Blaauwberg Nature Reserve - CCTV surveillance: R150 000 (2021/22) (Spatial Planning & Environment) funded ex Ward Allocations supported by a sub council; and
- TSM - Harfield & Main Rd: R2.5 million (2021/22) (Transport directorate).

- **High-level changes to External Financing Fund (EFF)**

Directorate	Increase/ Decrease 2021/22	Increase/ Decrease 2022/23	Increase/ Decrease 2023/24
Community Services & Health	- 17 130 000	20 750 000	- 3 420 000
Economic Opportunities & Asset Management	- 51 246 256	26 740 000	24 506 256
Energy & Climate Change	13 250 486	233 713 445	65 819 545
Safety & Security	27 494 580	28 500 000	26 000 000
Spatial Planning & Environment	- 7 300 000	- 5 050 000	12 350 000
<b>Grand Total</b>	<b>- 34 931 190</b>	<b>304 653 445</b>	<b>125 255 801</b>

The changes reflected in the above table mainly relate to the following:

- Latest available implementation plans requiring minor re-phasing across the MTREF for the following directorates:
  - Community Services & Health directorate;
  - Economic Opportunities & Asset Management directorate; and
  - Spatial Planning & Environment directorate.
- Additional allocations submitted by the Safety & Security Portfolio Committee resulted in a net increase of R27.5 million, R28.5 million and R26 million in 2021/22, 2022/23 and 2023/24 respectively. This additional allocation is mainly for the replacement of vehicles to ensure core Traffic-, Metro Police-, Law Enforcement- and Fire Services are facilitated with improved efficiencies in mind as well as ensuring safety. The replacement of vehicles is based on a strategy where vehicles identified to be problematic will be replaced in a phased coordinated approach having considered the operational impact of existing vehicles in context with value added benefit derived from the replacement of those vehicles. In addition, the Online Volunteer Application System project has been brought forward from 2023/24 to 2021/22 due to a revised implementation plan.
- Requests for substitutions and additional allocations were submitted by the Energy & Climate Change Portfolio Committee resulting in a net increase of R13.3 million, R234 million and R66 million in 2021/22, 2022/23 and 2023/24 respectively. The network constraints require electrical infrastructure upgrading as a result of the load growth that is projected due a 'large consumer' who made application and paid for these services. A consequential increase in energy demand and sales is anticipated, which will positively contribute to absorbing the operating impact. These additional requests will result in an annual impact of below 0.1% on the electricity revenue parameters contained in the 2021/22 LTFP.

In addition to the above, the City's Treasury department reviewed its latest cash position post tabling of the budget in March 2021. It is anticipated that the R4.1 billion EFF will be funded from the take-up of external loans amounting to R2.5 billion towards the end of the 2021/22 financial year, while R1.69 billion will be funded from ring-fenced internal resources.

- High-level changes to Revenue**

Directorate	Increase/ Decrease 2021/22
Energy & Climate Change	2 300 000
<b>Grand Total</b>	<b>2 300 000</b>

The above change relates to the Insurance Contingency Holding vote within the Energy & Climate Change directorate. No expenditure will be incurred against this contingency but will be viremented out to make provision for insurance claim settlements once known.

In summary, the net result of the proposed changes on the 2021/22 MTREF per directorate are as follows:

Directorate R'000	Tabled Budget 2021/22	Proposed Budget 2021/22	Increase/ Decrease 2021/22	Tabled Budget 2022/23	Proposed Budget 2022/23	Increase/ Decrease 2022/23	Tabled Budget 2023/24	Proposed Budget 2023/24	Increase/ Decrease 2023/24
Community Services & Health	322 592	299 732	- 22 860	219 678	234 255	14 577	159 303	149 803	- 9 500
Corporate Services	248 768	248 768	-	398 624	398 624	-	562 244	562 244	-
Economic Opportunities & Asset Managemnt	267 047	215 801	- 51 246	279 069	305 809	26 740	394 010	418 516	24 506
Energy & Climate Change	992 416	1 014 657	22 241	912 178	1 162 227	250 049	1 414 633	1 486 852	72 220
Finance	25 515	25 515	-	90 315	90 315	-	16 650	16 650	-
Human Settlements	915 747	827 201	- 88 546	1 008 878	1 008 878	-	1 086 944	1 056 944	- 30 000
Office of the City Manager	1 103	1 103	-	705	705	-	705	705	-
Safety & Security	241 904	258 298	16 395	167 342	187 842	20 500	192 646	218 646	26 000
Spatial Planning & Environment	137 772	141 722	3 950	220 503	221 453	950	261 303	263 653	2 350
Transport	2 189 355	2 191 855	2 500	2 076 400	2 076 400	-	1 798 343	1 798 343	-
Urban Management	46 729	46 729	-	84 577	86 577	2 000	82 577	92 577	10 000
Water & Waste	3 043 384	3 043 384	-	3 337 462	3 337 462	-	5 411 185	5 411 185	-
<b>Grand Total</b>	<b>8 432 333</b>	<b>8 314 767</b>	<b>- 117 566</b>	<b>8 795 732</b>	<b>9 110 548</b>	<b>314 816</b>	<b>11 380 543</b>	<b>11 476 119</b>	<b>95 576</b>