

1. **ITEM NUMBER : C 48/01/13**

2. **SUBJECT**
LSUA1980

QUARTERLY FINANCIAL REPORT: DECEMBER 2012

ONDERWERP
KWARTAALLIKSE FINANSIËLE VERSLAG: DESEMBER 2012

ISIHLOKO
INGXELO YEMALI YARHOQO NGEKOTA: DISEMBA 2012

3. **STRATEGIC INTENT**

Provide and maintain economic and social infrastructure to ensure infrastructure-led growth and development.

- Opportunity City
- Safe City
- Caring City
- Inclusive City
- Well-run City

4. **PURPOSE**

In terms of Section 52 (d) of the Municipal Finance Management Act, the Mayor is required to submit a quarterly report to Council on the implementation of the budget and the financial state of affairs of the municipality. The report is submitted in terms of relevant legislation.

5. **FOR NOTING BY**

- This report is for noting only/information only.



As prescribed by the Municipal Finance Management Act (MFMA), the quarterly financial report for the quarter ended 31 December 2012 is submitted for noting by Council.

6. EXECUTIVE SUMMARY

The Municipal Finance Management Act requires municipalities to submit regular reports on matters related to their financial performance. This quarterly financial report provides is submitted in accordance with MFMA stipulations (Section 52) and an overview of the City's budget implementation status and its financial viability and sustainability).

This report presents the financial position of the abovementioned indicators as at 31 December 2012.

7. RECOMMENDATIONS

The Quarterly Financial Report for the quarter ended 31 December 2012 is submitted for information and noting only.

AANBEVELING

Die kwartaallikse finansiële verslag vir die kwartaal geëindig 31 Desember 2012 word slegs ter inligting en kennisname voorgelê.

ISINDULULO

INgxelo yeMali yaRhoqo ngeKota yekota ephela ngowama-31 Disemba 2012 ingeniselwa iinjongo zolwazi nokuqatshelwa kuphela.



8. DISCUSSION/CONTENTS

8.1. Constitutional and Policy Implications

In terms of the MFMA the Mayor must within 30 days after the end of a quarter submit a report to Council on the implementation and progress on the budget and financial state of affairs of the municipality.

8.2. Environmental implications

Does your report have any environmental implications:	No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/>
---	--	------------------------------

8.3. Legal Implications

Compliance to the Municipal Finance Management Act, 2003 (Act 56 of 2003), Section 52.

8.4. Staff Implications

Does this report impact on staff resources, budget, grading, remuneration, allowances, designation, job description, location or your organisational structure?

No

Yes

8.5. Risk Implications

Does this report and/or its recommendations expose the City to any risk

No

Yes

8.6. Other Services Consulted

n/a

ANNEXURES

Annexure A: Financial report – 31 December 2012

FOR FURTHER DETAILS CONTACT:

019

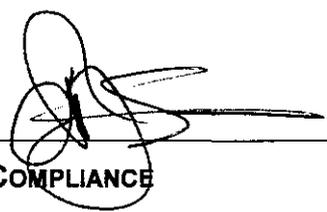
NAME	Johan Steyl
CONTACT NUMBERS	0214002070
E-MAIL ADDRESS	johan.steyl@capetown.gov.za
DIRECTORATE	Finance
SIGNATURE : DIRECTOR	 21/1/2013



EXECUTIVE DIRECTOR
[Kevin Jacoby]

Comment:

DATE 21-01-2013



LEGAL COMPLIANCE

- REPORT COMPLIANT WITH THE PROVISIONS OF COUNCIL'S DELEGATIONS, POLICIES, BY-LAWS AND ALL LEGISLATION RELATING TO THE MATTER UNDER CONSIDERATION.
- NON-COMPLIANT

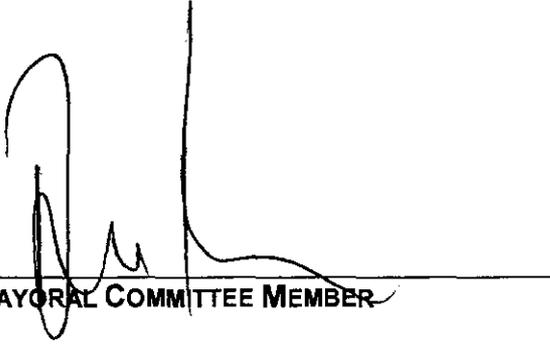
NAME Seán Roman
 TEL (021) 400 2753
 DATE 22-01-2013

Comment:

For noting.
 Report to be submitted to Council by 31 January 2013
 in line with MFMA Sec 52(d)

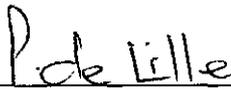


020


MAYORAL COMMITTEE MEMBER

Comment:

NAME BRETT HERRON
DATE 22/01/2013



EXECUTIVE MAYOR

- APPROVED
- NOTED
- REFUSED
- REFERRED BACK

DATE 25.1.2013

COMMENT:

Annexure A: Financial Report – December 2012

CONTENTS

PART 1 - IN-YEAR REPORT	2
1.1 IN-YEAR BUDGET STATEMENT TABLES	2
Table C1: Monthly budget statement summary.....	2
Table C3: Monthly Budget Statement – Financial Performance (revenue and expenditure by municipal vote).....	4
Table C4: Monthly Budget Statement – Financial Performance (revenue by source and expenditure by type).....	8
Table C5: Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding).....	11
Table C6: Monthly Budget Statement - Financial Position.....	14
Table C7: Monthly Budget Statement - Cash Flow.....	15
Table SC9: Monthly Budget Statement - Actual and revised targets for cash receipts and cash flows.....	17
PART 2 - SUPPORTING DOCUMENTATION	19
SECTION 1 - DEBTORS' ANALYSIS	19
1.1 SC3 Monthly budget statement Aged Debtors.....	19
1.2 Additional debtor's information.....	19
SECTION 2 - CREDITORS' ANALYSIS	20
2.1 SC4 Monthly budget Statement Aged Creditors.....	20
SECTION 3 - ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE	21
3.1 SC7 - Monthly Budget Statement - transfers and grants expenditure.....	21
SECTION 4 - CAPITAL PROGRAMME PERFORMANCE	23
4.1 SC12 Monthly Budget Statement - capital expenditure trend.....	23

PART 1 - IN-YEAR REPORT**1.1 IN-YEAR BUDGET STATEMENT TABLES**

The 'Audited Outcome' columns in all ensuing tables are populated with 2011/12 pre-audited figures.

Table C1: Monthly budget statement summary

The table below provides a high-level summation of the City's operating- and capital budgets, actuals to date, financial position and cash flow.

Description	2011/12	Budget Year 2012/13						
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Financial Performance								
Property rates	4,712,096	5,124,299	5,161,135	2,609,330	2,548,832	60,398	2%	5,161,135
Service charges	11,966,765	13,339,039	13,344,835	6,429,506	6,491,403	(61,695)	-1%	13,344,835
Investment revenue	561,761	461,236	461,033	230,965	240,517	(9,532)	-4%	461,033
Transfers recognised - operational	1,639,075	2,325,525	2,077,413	1,172,054	1,256,665	(84,611)	-7%	2,077,413
Other own revenue	2,604,963	2,631,557	2,659,692	1,567,769	1,569,333	(1,564)	-	2,659,692
Total Revenue (excluding capital transfers and contributions)	21,504,682	23,991,656	23,724,398	12,999,646	12,197,950	(97,404)	-1%	23,724,398
Employee costs	6,916,012	7,777,521	7,628,658	3,524,930	3,978,049	(451,119)	-11%	7,628,658
Remuneration of Councilors	97,772	122,384	122,384	53,167	61,192	(8,025)	-13%	122,384
Depreciation & asset impairment	1,399,490	1,444,096	1,444,096	768,067	710,176	57,911	9%	1,444,096
Finance charges	661,533	766,506	766,506	313,147	342,223	(29,078)	-6%	766,506
Materials and bulk purchases	5,976,665	8,837,913	8,762,358	3,195,652	3,165,167	10,865	-	8,762,358
Transfers and grants	103,492	50,606	44,166	44,991	22,421	22,560	101%	44,166
Other expenditure	6,002,549	7,381,496	7,246,312	3,137,614	3,372,396	(234,784)	-7%	7,246,312
Total Expenditure	21,179,612	24,362,424	24,238,682	11,037,778	11,669,646	(631,868)	-6%	24,238,682
Surplus/(Deficit)	326,179	(469,768)	(514,374)	971,868	437,404	534,464	122%	(514,374)
Transfers recognised - capital	2,061,755	3,277,122	3,567,230	1,140,042	696,731	243,311	27%	3,567,230
Contributions & Contributed assets	120,356	57,707	56,920	16,671	19,604	(933)	-5%	56,920
Surplus/(Deficit) after capital transfers & contributions	2,507,283	2,674,961	3,109,776	2,139,781	1,353,939	776,642	57%	3,109,776
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	2,507,283	2,674,961	3,109,776	2,139,781	1,353,939	776,642	57%	3,109,776
Capital expenditure & funds sources								
Capital expenditure	4,233,262	5,926,699	6,392,939	1,863,683	1,646,467	208,126	13%	6,931,761
Capital transfers recognised	2,061,776	3,260,447	3,571,027	1,141,226	694,905	246,321	26%	3,551,043
Public contributions & donations	44,206	54,362	53,123	17,284	19,455	(1,171)	-6%	42,791
Borrowing	1,374,791	1,765,377	1,622,624	526,795	494,570	32,225	7%	1,746,221
Internally generated funds	752,469	326,406	865,955	168,276	237,628	(69,252)	-29%	689,796
Total sources of capital funds	4,233,246	6,926,611	6,392,939	1,863,691	1,646,468	208,123	13%	6,931,761
Financial position								
Total current assets	10,769,190	9,113,527	12,110,969	12,110,969				12,110,969
Total non current assets	24,772,540	29,691,064	30,171,190	30,171,190				30,171,190
Total current liabilities	7,101,568	5,875,515	9,525,694	9,525,694				9,525,694
Total non current liabilities	9,252,622	11,344,930	10,757,830	10,757,830				10,757,830
Community wealth/Equity	19,187,640	21,764,146	21,996,636	21,996,636				21,996,636
Cash flows								
Net cash from (used) operating	5,241,829	4,726,735	4,945,627	1,259,934	334,357	925,577	277%	4,645,627
Net cash from (used) investing	(4,173,488)	(5,803,343)	(6,216,523)	(1,601,487)	(1,815,102)	213,615	-12%	(6,216,523)
Net cash from (used) financing	(156,902)	1,925,729	1,869,122	(131,467)	1,884,350	(2,015,817)	-107%	1,889,122
Cash/cash equivalents at the month/year end	6,169,940	4,623,611	6,659,966	6,667,629	6,664,446	(876,626)	-13%	6,659,966

The ensuing tables provide further explanations on the year-to-date material variances reflected in the summary table.

The graphs below illustrate the revenue and expenditure trend per month.

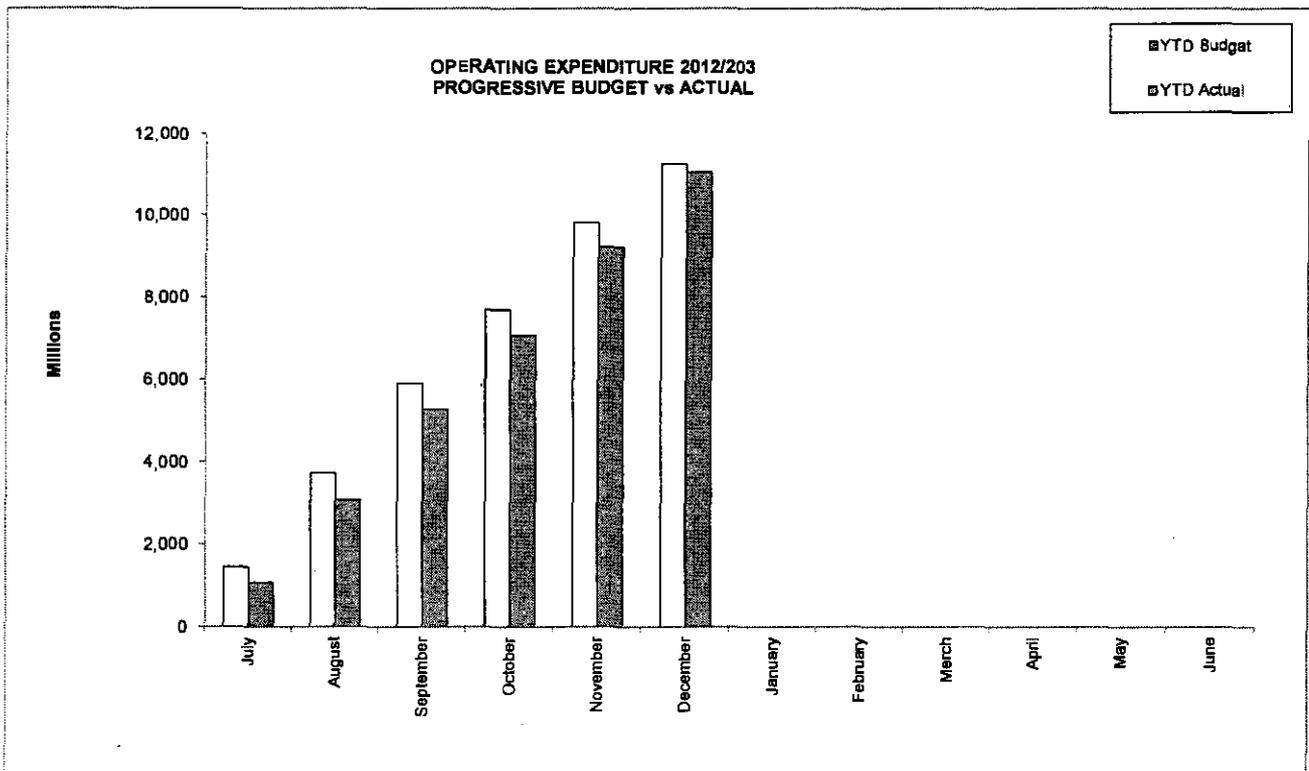
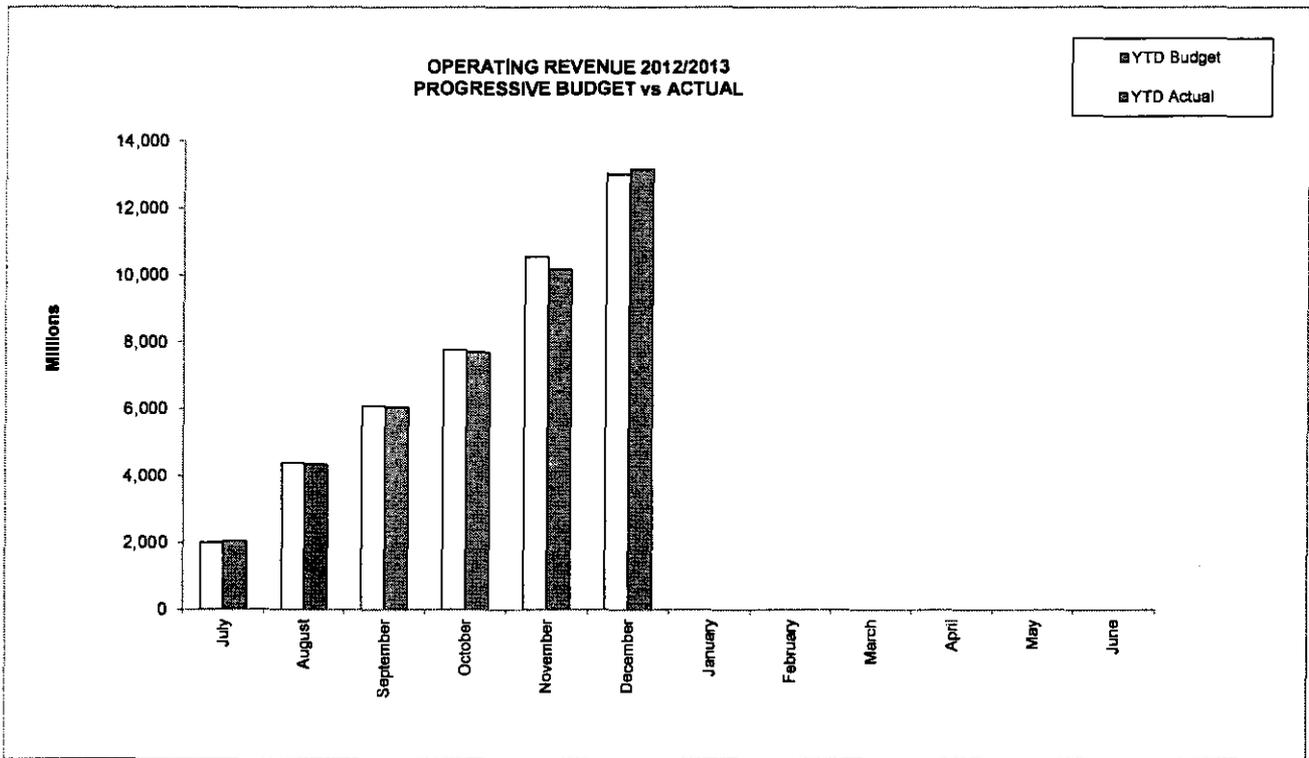


Table C3: Monthly Budget Statement – Financial Performance (revenue and expenditure by municipal vote)

The table below shows budgeted financial performance in relation to the revenue and expenditure by vote as well as the operating surplus or deficit.

	2011/12	Budget Year 2012/13						
	Audited Outcome	Original Budget	Adjusted Budget	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Revenue by Vote								
Vote 01 - Community Services	152,762	208,071	216,916	67,773	75,053	(7,280)	-10,0%	216,916
Vote 02 - Corporate Services	118,739	31,537	31,537	14,521	5,472	9,049	165,0%	31,537
Vote 03 - Economic, Environment & Spatial Planning	80,525	88,257	98,932	49,897	50,029	(132)	0,0%	98,932
Vote 04 - Finance Services	779,397	802,451	629,581	291,158	280,837	10,321	4,0%	629,581
Vote 05 - Health	366,750	414,622	415,951	177,347	211,644	(34,297)	-16,0%	415,951
Vote 06 - Human Settlements	887,218	1,031,290	1,097,063	441,328	463,445	(22,117)	-5,0%	1,097,063
Vote 07 - City Manager	9	-	-	-	-	-	-	-
Vote 08 - Deputy City Manager	10,373	34,550	18,750	10,230	11,628	(1,598)	-14,0%	18,750
Vote 09 - Rates & Other	7,258,182	7,861,963	7,898,800	4,502,951	4,459,955	42,996	1,0%	7,898,800
Vote 10 - Safety & Security	223,889	215,131	230,888	89,134	110,795	(21,661)	-20,0%	230,888
Vote 11 - Social and Early Childhood Development	2,178	380	1,302	355	1,112	(757)	-68,0%	1,302
Vote 12 - Transport, Roads and Stormwater	1,323,005	2,783,688	2,726,188	886,805	662,403	224,402	34,0%	2,726,188
Vote 13 - Utility Services	12,460,951	13,936,894	13,950,527	6,627,295	6,676,128	(48,833)	-1,0%	13,950,527
Vote 14 - Tourism, Events and Marketing	22,818	27,653	34,047	9,763	14,881	(5,118)	-34,0%	34,047
Total Revenue by Vote	23,686,796	27,236,487	27,348,482	13,168,667	13,023,682	144,975	1,0%	27,348,482
Expenditure by Vote								
Vote 01 - Community Services	1,212,353	1,300,365	1,309,956	580,266	668,672	(88,406)	-13%	1,309,956
Vote 02 - Corporate Services	1,803,768	1,693,578	1,698,100	826,435	829,211	(776)	0%	1,698,100
Vote 03 - Economic, Environment & Spatial Planning	425,680	445,677	459,434	224,978	234,057	(9,081)	-4%	459,434
Vote 04 - Finance Services	1,465,749	1,723,728	1,755,864	797,357	833,674	(36,317)	-4%	1,755,864
Vote 05 - Health	679,278	770,819	768,232	357,577	392,573	(34,996)	-9%	768,232
Vote 06 - Human Settlements	719,888	857,895	873,927	380,283	395,347	(15,064)	-4%	873,927
Vote 07 - City Manager	22,108	27,473	17,280	13,069	13,216	(149)	-1%	17,280
Vote 08 - Deputy City Manager	431,629	647,977	683,765	237,858	308,652	(70,994)	-23%	683,765
Vote 09 - Rates & Other	499,886	805,470	625,714	334,603	332,251	2,352	1%	625,714
Vote 10 - Safety & Security	1,237,949	1,381,532	1,390,083	643,061	895,764	(52,703)	-8%	1,390,083
Vote 11 - Social and Early Childhood Development	46,006	58,237	62,004	23,494	30,211	(6,717)	-22%	62,004
Vote 12 - Transport, Roads and Stormwater	1,258,136	1,843,355	1,580,422	657,804	768,197	(110,393)	-14%	1,580,422
Vote 13 - Utility Services	11,042,767	12,391,854	12,414,919	5,779,728	5,991,245	(211,517)	-4%	12,414,919
Vote 14 - Tourism, Events and Marketing	334,515	414,464	438,982	179,479	178,574	2,905	2%	438,982
Total Expenditure by Vote	21,179,512	24,362,424	24,238,682	11,087,770	11,668,648	(831,878)	-5%	24,238,682
Surplus/ (Deficit) for the year	2,507,284	2,874,063	3,109,780	2,130,787	1,353,836	775,851	57%	3,109,780

Note: the above table includes capital grant and donations (CGD).

The following tables reflect the percentage variance for revenue and expenditure by vote, reasons for material deviations and the remedial action thereof.

026

Material variance explanations for revenue by vote (refer Table 03)

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
Revenue by Vote				
Vote 01 - Community Services	(7,280)	-10%	The under-recovery is the result of under performance on Capital Grant funded projects mainly within Sport, Recreation and Amenities.	The situation is monitored by finance manager. Budget to be amended in mid-year review and adjustments budget in January 2013.
Vote 02 - Corporate Services	9,049	165%	This over-recovery is mainly due to the receipt of LGSETA payments on Skills Development Levy early than planned.	The situation is monitored by finance manager. Budget to be amended in mid-year review and adjustments budget in January 2013.
Vote 03 - Economic, Environment & Spatial Planning	(132)	0%	-	-
Vote 04 - Finance Services	10,321	4%	The over-recovery is mainly due to higher than expected revenue on Agency income for transactions performed on behalf of Province and higher than expected interest earned from credit card transaction fees.	The situation is monitored by finance manager. Budget to be amended in mid-year review and adjustments budget in January 2013.
Vote 05 - Health	(34,297)	-16%	The under-recovery is mainly on Operating Grants & Donations where certain transactions were not reflected on the relevant operating projects as it was booked against cost centres and not directly against the projects as well as expenditure claims, which must still to be submitted to Province.	Transactions booked against cost centres are transferred to the respective projects when so identified. Claims are submitted on a monthly basis. Progress is monitored by the finance manager on a monthly basis.
Vote 06 - Human Settlements	(22,117)	-5%	The under-recovery mainly relates to a number of Operating and Capital Grants & Donations projects that are in various stages of completion. Their progress is influenced by funding approvals by Province, environmental issues, procurement processes, the impact of community dynamics and appointment of contract staff. The accurate calculation of monthly budgets and monthly planned progress are not possible.	Progress is monitored by the finance manager on a monthly basis and amendments will be made in mid-year review and adjustments budget in January 2013.
Vote 07 - City Manager	-	-	-	-
Vote 08 - Deputy City Manager	(1,598)	-14%	The under-recovery is mainly as a result of EPWP projects where the actual trend of expenditure/revenue is not aligned with the period budget.	Budget to be amended in mid-year review and adjustments budget in January 2013.
Vote 09 - Rates & Other	42,995	1%	The over-recovery is mainly the result of rates billing and income forgone for the period to date. The actual billing is done on a daily basis and therefore difficult to align accurately per monthly cycles.	Situation is monitored on monthly basis.
Vote 10 - Safety & Security	(21,661)	-20%	The under-recovery is mainly on Fines income and is the result of the number of fines issued, non payment of fines, fines reviewed by the municipal court and lack of capacity in courts to deal with cases.	Budget to be amended in mid-year review and adjustments budget in January 2013.
Vote 11 - Social and Early Childhood Development	(757)	-68%	The under-recovery is mainly as a result of slower than planned progress on the Leonsdale ECD Centre project (Capital grant funded) where problems with the contractor resulted in delays and the subsequent cancellation of the contract. The project will now be completed in a phased approach.	The situation is monitored by the finance manager. Project still to be completed, but later than anticipated. Adjustments will be done during the mid-year review in January 2013, if required.
Vote 12 - Transport, Roads and Stormwater	224,402	34%	The over-recovery is the result of Capital grant funded projects progressing faster than planned. This mainly relates to major road rehabilitation projects and non-motorised transport projects.	The situation is monitored by the finance manager. Adjustments will be made to the period budgets to reflect the planned progress during the mid-year review in January 2013.
Vote 13 - Utility Services	(48,833)	-1%	The under-recovery is the combined result of an over-recovery on Credit Sales within Electricity department, due to lower than planned consumer savings and seasonal fluctuations in consumption and an under-recovery on Water & Sanitation revenue, due to non-alignment of the period budgets with the actual trends of consumption as well as the influence of on-going account queries, investigations and billing corrections.	The situation is monitored by the finance manager. Adjustments will be made during the mid-year review in January 2013.
Vote 14 - Tourism, Events and Marketing	(5,118)	-34%	This is mainly the combination of an under-recovery on Filming Fees and Miscellaneous revenue where the period budgets are not aligned to reflect the actual trend of revenue received to date and an over-recovery on Rentals income from Facilities, due to a higher usage rate.	The situation is monitored by the finance manager on a monthly basis.

Material variance explanations for expenditure by vote (refer Table C3)

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
Expenditure by Vote				
Vote 01 - Community Services	(68,406)	-13%	The variance is mainly due to under-expenditure on Salaries Wages & Allowances as a result of the internal filling of vacant posts, the turnaround time in the filling of vacancies and the impact of the TASK outcome and the results to date. Further under-expenditure reflects against Contracted Services, mainly due to delays in roll-out of repairs and maintenance (R&M) plans and finalisation of the Parks mowing tender. Lack of project management capacity to implement R&M programmes within Library Services and the Special Technical Services department further contributed to the variance.	Recruitment and selection processes are on-going. R&M projects are underway and request for quotations are being used in absence of mowing tenders. Expenditure trend is expected to increase over the ensuing months. Further monitoring will be done by the finance manager on an on-going basis and budgetary alignment or corrective action will be undertaken where necessary.
Vote 02 - Corporate Services	(776)	0%	Immaterial variance	-
Vote 03 - Economic, Environment & Spatial Planning	(9,081)	-4%	Immaterial variance	-
Vote 04 - Finance Services	(36,317)	-4%	Salaries Wages & Allowances reflect under-expenditure as a result of the internal filling of vacant posts, the turnaround time in the filling of vacancies, the impact of the lower than budgeted increases during task process. Finance Charges also reflects under-expenditure, due to a decision by the audit committee to write off bond costs. Other Expenditure reflects over-expenditure mainly as a result of audit fees payments and Unicity insurance premiums that are not in line with the period budget.	The recruitment and selection processes are on-going. Expenditure trend will be monitored by the Finance Manager on a monthly basis and corrective action to amend the period budgets will be undertaken where necessary.
Vote 05 - Health	(34,996)	-9%	The variance is mainly due to under-expenditure on Salaries Wages & Allowances as a result of the internal filling of vacant posts and the turnaround time in the filling of vacancies. General Expenses also reflects under-expenditure mainly as a result of outstanding invoices for Pharmaceutical suppliers as well as Testing and Sampling costs not yet received for December 2012.	The recruitment and selection processes are on-going. Expenditure trend will be monitored by the Finance Manager on a monthly basis and corrective action to amend the period budgets will be undertaken where necessary.
Vote 06 - Human Settlements	(15,084)	-4%	The variance is mainly due to under-expenditure on Salaries Wages & Allowances as a result of the internal filling of vacant posts, the turnaround time in the filling of vacancies as well as the impact of the lower than budgeted increases and task process. In addition, Consultants and Contracted Services reflects under-expenditure, which is linked to the rate of progress on various housing development projects. Peoples Housing Projects reflects over-expenditure, largely due to the rate of progress achieved so far, which will in turn result in non-alignment of the cash flows with the period budget.	The recruitment and selection processes are on-going. Expenditure is expected to increase during upcoming months as projects progress. On-going monitoring is performed by the finance manager and corrective action done where necessary. Budget and cash flows to be amended in line with project timeframes in the mid-year review and adjustments budget in January 2013.
Vote 07 - City Manager	(149)	-1%	Immaterial variance	-
Vote 03 - Deputy City Manager	(70,994)	-23%	The variance is mainly due to under-expenditure on Salaries Wages & Allowances as a result of the internal filling of vacant posts, the turnaround time in the filling of vacancies and the impact of the councillor increases, which has not been implemented yet. Other Expenditure reflects under-expenditure mainly as a result of the provision for the Mayor's Job Creation Programme (EPWP) and Ward Allocation projects, which still needs to be transferred to the various departments responsible for the implementation of the projects.	The recruitment and selection processes are on-going. Councillor increases expected to be implemented in February 2013. The transfer of the provisions will be processed during the adjustment budget in January 2013. On-going monitoring is performed by the Finance Manager and corrective action done where necessary.
Vote 09 - Rates & Other	2,352	1%	Immaterial variance	-
Vote 10 - Safety & Security	(52,703)	-8%	The variance is mainly due to under-expenditure on Salaries Wages & Allowances as a result of the internal filling of vacant posts, the turnaround time in the filling of vacancies, lower than budget increases and initial Task projections. In addition, Other Expenditure reflects lower than anticipated spend mainly on collection costs, due to December 2012 invoices not received yet which is based on the collection rate of fines income.	The recruitment and selection processes are on-going. The finance manager will monitor the expenditure and corrective action to align the period budget will be undertaken.

Table continues on next page

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
Expenditure by Vote				
Vote 11 - Social and Early Childhood Development	(6,717)	-22%	The variance is mainly due to under-expenditure on Salaries Wages & Allowances as a result of delays in filling of vacancies, which is subject to the outcome of the Business Improvement Process within the directorate. Other expenditure also reflects lower than anticipated spend, due to slower than expected implementation rate of business improvement- and Ward Allocation Projects.	The business improvement process to align current vacancies with new proposed structure is underway. The situation is monitored by the respective finance manager and corrective action will be undertaken where necessary.
Vote 12 - Transport, Roads and Stormwater	(110,393)	-14%	The variance is mainly due to under-expenditure on Salaries Wages & Allowances as a result of the internal filing of vacant posts, the turnaround time in the filling of vacancies and the impact of the task process, which is underway. In addition, Contracted Services reflects under-expenditure, mainly due to delays in awarding contracts, non-alignment of the period budget to R&M programmes, delays in processing invoices from contractors and slower than anticipated implementation of transport projects.	The recruitment and selection processes are on-going. Further monitoring will be performed by the Finance Manager and corrective action to amend the period budgets will be undertaken during the adjustment budget.
Vote 13 - Utility Services	(211,517)	-4%	The variance is mainly due to under-expenditure on: 1) Salaries Wages & Allowances as a result of the internal filing of vacant posts, the turnaround time in the filling of vacancies and the impact of the lower than budget increases and task projections. 2) Other Materials, largely due to lower than anticipated spend on Water Services projects, delays on implementation of R&M projects within Solid Waste Services, due to capacity constraints. 3) Contracted Services, due to lower than anticipated rollout of R&M plans in Electricity Services, delays in submitting invoices by service providers and delays in awarding of Cape Flats sludge maintenance tender within Water Services. 4) Other Expenditure, largely due to lower than anticipated spend on Chemicals (Water Services), due to a lower usage demand than initially expected. 5) Consultants (Solid Waste management), largely due to delays in the appointment of a Transaction Advisor and various other demand driven items across all functions within the directorate, which are difficult to plan accurately per monthly cycles.	The recruitment and selection process is on-going. Expenditure is expected to pick up in the ensuing months in line with maintenance plans. Further monitoring will be done by the finance manager on a monthly basis and corrective action will be undertaken where necessary.
Vote 14 - Tourism, Events and Marketing	2,905	2%	The variance is mainly due to the over expenditure on Transfers and Grants as a result of the non-alignment of the period budget related to adhoc grants approved by the Events committee.	Corrective action to align the period budget is under way. Further monitoring is performed by the Finance manager on an on-going basis.

Table C4: Monthly Budget Statement – Financial Performance (revenue by source and expenditure by type)

The table below is a view of the budgeted financial performance in relation to the revenue by source and expenditure by type.

Description	2011/12	Budget Year 2012/13						
	Audited Outcomes	Original Budget	Adjusted Budget	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Revenue By Source								
Property rates	4,822,441	5,030,753	5,067,589	2,566,028	2,502,159	63,870	3%	5,067,589
Property rates - penalties & collection charges	88,857	93,546	93,548	43,301	46,773	(3,472)	-7%	93,548
Service charges - electricity revenue	8,081,684	8,971,405	8,971,405	4,526,312	4,473,270	53,042	1%	8,971,405
Service charges - water revenue	1,817,183	2,106,357	2,108,357	867,364	923,185	(55,801)	-6%	2,106,357
Service charges - sanitation revenue	1,002,887	1,127,122	1,127,122	483,346	534,424	(51,078)	-10%	1,127,122
Service charges - refuse revenue	813,287	896,924	906,816	444,794	448,758	(3,962)	-1%	906,916
Service charges - other	291,714	237,231	233,035	107,692	111,788	(4,096)	-4%	233,035
Rental of facilities and equipment	288,736	278,754	303,008	157,167	144,370	12,797	9%	303,006
Interest earned - external investments	333,336	244,439	244,439	127,373	122,220	5,153	4%	244,439
Interest earned - outstanding debtors	228,425	238,797	236,584	103,612	118,297	(14,685)	-12%	236,594
Fines	144,394	160,917	164,817	53,613	77,750	(24,137)	-31%	164,817
Licences and permits	41,471	33,121	33,121	19,451	17,678	1,775	10%	33,121
Agency services	123,851	115,993	115,993	60,583	57,197	3,388	6%	115,993
Transfers recognised - operational	1,639,075	2,325,525	2,077,413	1,172,054	1,256,865	(84,811)	-7%	2,077,413
Other revenue	1,881,587	1,973,772	1,973,955	1,276,955	1,262,478	14,479	1%	1,973,955
Gains on disposal of PPE	44,144	69,000	69,000	-	9,864	(9,864)	-100%	69,000
Total Revenue (excluding capital transfers and contributions)	21,504,892	23,901,858	23,724,308	12,809,648	12,187,060	(97,404)	-1%	23,724,308
Expenditure By Type								
Employee related costs	6,916,012	7,777,521	7,828,858	3,524,930	3,976,049	(451,119)	-11%	7,828,858
Remuneration of councillors	97,772	122,384	122,384	53,187	61,192	(8,025)	-13%	122,384
Debt impairment	818,450	991,028	991,026	495,513	495,513	-	-	991,026
Depreciation & asset impairment	1,399,490	1,444,096	1,444,096	768,087	710,176	57,911	8%	1,444,096
Finance charges	681,533	768,508	768,508	313,147	342,223	(29,076)	-8%	768,508
Bulk purchases	5,705,263	6,441,273	8,441,273	3,064,415	3,015,528	48,887	2%	8,441,273
Other materials	273,402	396,540	341,083	131,437	169,659	(38,222)	-23%	341,083
Contracted services	2,193,662	2,579,848	2,693,185	1,040,039	1,275,517	(235,478)	-18%	2,693,185
Transfers and grants	103,492	50,606	44,188	44,981	22,421	22,560	101%	44,168
Other expenditure	2,988,712	3,790,624	3,564,101	1,602,062	1,601,388	694	0%	3,564,101
Loss on disposal of PPE	1,724	-	-	-	-	-	-	-
Total Expenditure	21,178,512	24,362,424	24,238,682	11,037,778	11,888,646	(631,868)	-5%	24,238,682
Surplus/(Deficit)	326,178	(460,768)	(514,374)	871,886	437,484	(534,464)	-122%	(514,374)
Transfers recognised - capital	2,061,755	3,277,122	3,567,230	1,140,042	896,731	243,311	-	3,567,230
Contributions recognised - capital	44,230	57,707	58,920	18,468	19,804	(1,336)	-	58,920
Contributed assets	76,128	-	-	403	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	2,507,283	2,674,061	3,108,778	2,130,781	1,363,838	(9,361)	-	3,189,778
Taxation	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	2,507,283	2,674,061	3,108,778	2,139,781	1,363,839	48,560	-	3,109,778
Attributable to minorities	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	2,507,283	2,674,061	3,189,778	2,130,781	1,363,838	97,437	-	3,189,778
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	2,507,283	2,674,061	3,108,778	2,130,781	1,363,839	(138,041)	-	3,108,778

The following tables reflect the percentage variance for revenue by source and expenditure by type, reasons for material deviations and the remedial action thereof.

Material variance explanations for revenue by source (refer Table C4)

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
Revenue By Source				
Property rates	63,870	3%	The over-recovery is on Rates billing and income forgone, mainly due to difficulties in aligning the period budget with the actual billing which is done on a daily basis.	The situation is monitored on a monthly basis.
Property rates - penalties & collection charges	(3,472)	-7%	The under-recovery is the result of lower than expected penalties imposed on outstanding Rates Debtors as well as corrections on debtor accounts.	The situation is monitored on a monthly basis.
Service charges - electricity revenue	53,042	1%	The over-recovery is mainly on Credit Sales, due to lesser than expected consumer savings and the impact of the seasonal fluctuations.	Adjustments will be made during the mid-year review in January 2013.
Service charges - water revenue	(55,801)	-8%	The under-recovery is a combination of non-alignment of the period budgets with the actual trends of consumption and the influence of on-going account queries, investigations and billing corrections.	The situation is monitored on a monthly basis.
Service charges - sanitation revenue	(51,078)	-10%	The under-recovery is a combination of non-alignment of the period budgets with the actual trends of consumption and the influence of on-going account queries, investigations and billing corrections.	The situation is monitored on a monthly basis.
Service charges - refuse revenue	(3,982)	-1%	The under-recovery is mainly as a result of less than planned revenue received on Refuse Charges, Cleansing Fees and Refuse Disposal coupons, due to lower demand for the services.	The situation is monitored on a monthly basis.
Service charges - other	(4,096)	-4%	The under-recovery is the result of less than planned revenue received to date on a range of various other miscellaneous user charges within the different departments of the City.	The situation is monitored on a monthly basis and adjustments will be made during the mid-year review.
Rental of facilities and equipment	12,797	0%	The over-recovery on rental income is mainly within Community Services and TEAM, due to the higher rate of usage of City facilities.	The situation is monitored on a monthly basis.
Interest earned - external investments	5,153	4%	The over-recovery is due to higher interest earned resulting from a higher than expected opening cash balance. In addition, grant income received earlier than expected and under-spending on various capital projects further contributed to this variance.	The situation is monitored on a monthly basis.
Interest earned - outstanding debtors	(14,885)	-12%	The under-recovery is as a result of corrections on interest charged on debtor accounts and lower than anticipated outstanding debtors.	The situation is monitored on a monthly basis.
Dividends received	-	-	-	-
Fines	(24,137)	-31%	The under-recovery is mainly within Safety & Security and is the result of the number of fines issued, non-payment of fines, fines reviewed by the municipal court and lack of capacity in courts to deal with the numbers of cases.	Additional funding has been allocated in the January 2013 Adjustment Budget to appoint additional traffic officers.
Licences and permits	1,775	10%	The over-recovery is mainly within Safety & Security as a result of an increase in the number of drivers and learner licences issued, PrDP's and roadworthy appointments.	The situation is monitored on a monthly basis.
Agency services	3,386	6%	The over-recovery is within Finance as a result of an increased number of transactions processed on a monthly basis on behalf of Provincial Government.	The situation is monitored on a monthly basis.
Transfers recognised - operational	(84,811)	-7%	The main contributors to the under-recovery are: (a) Health (R25 million under), where expenditure was incurred directly against cost centres and need to be transferred to the relevant projects, claims for expenditure still to be submitted to Province and transactions for month still to be processed; (b) Transport Roads & Stormwater (R36.8 million under), due to delays in the awarding of contracts and processing of invoices; (c) Solid Waste (R11 million under), where expenditure on EPWP projects were incorrectly booked directly against the cost centre and not against the project.	Situation is monitored on a monthly basis, improvement in projects progress are expected as the year progresses.
Other revenue	14,479	1%	The over-recovery is due to payment received from LGSETA for Skills Development Levy earlier than planned, payment received from National Government for Taxi Scrapping Allowance and an under-recovery on Development Levies within Electricity Services, due to a lower demand from customers.	The situation is monitored on a monthly basis.
Gains on disposal of PPE	(9,864)	-100%	The under-recovery is due to difficulties in planning the finalisation date of various property sales and transactions in various stages of progress.	The situation is monitored on a monthly basis.

Material variance explanations for expenditure by type (refer Table C4)

Description	YTD Variance R Thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
Expenditure By Type				
Employee related costs	(451 119)	-11%	The variance is mainly due to under-expenditure on Salaries Wages & Allowances, due to the internal filling of vacant posts, the turnaround time in the filling of vacancies, lower than budget increases and the impact of Task outcome and the results to date.	The recruitment and selection processes are on-going. The increase of 0.5 % as per the wage agreement will be implemented in January 2013 and the task process is underway and expected to be finalised in February 2013.
Remuneration of councillors	(8 025)	-13%	The variance is mainly due to lower than anticipated transport claims by Councillors and the non-implementation of the budgeted increase for Councillors, which is expected to be approved by Council in January 2013.	The situation will be monitored by the finance manager and corrective action taken where necessary. The Councillor increases is expected to be implemented in February 2013.
Debt impairment	-	0%	Immaterial variance.	-
Depreciation & asset impairment	57 911	8%	The variance is mainly due to the accelerated completion of capital projects ahead of plan largely within Transport Roads and Stormwater, Utility Services, Human Settlements and Corporate Services directorates.	The situation will be monitored by the finance manager and corrective action will be undertaken during the January 2013 adjustment budget.
Finance charges	(29 076)	-8%	The variance is mainly due to lower than anticipated spend on bond costs as a result of a decision by the Audit Steering Committee to write-off bond costs.	The situation will be monitored by the finance manager and corrective action will be taken where necessary.
Bulk purchases	48 887	2%	The variance is a result of increased bulk electricity purchases, due to higher than expected consumer demand during the winter months (July and August) as well as lower than anticipated customer savings.	The situation will be monitored by the finance manager and corrective action will be taken during the mid-year review and adjustments budget in January 2013.
Other materials	(38 222)	-23%	The variance is mainly due to lower than anticipated spend on Water Services projects as well as delays on implementation of R&M projects in Solid Waste Services, due to capacity constraints.	The expenditure rate is expected to improve during the upcoming months. The finance managers will be monitoring the expenditure trend and budgetary alignment will be undertaken where necessary.
Contracted services	(235 478)	-18%	The variance is mainly due to: 1) the non-alignment of the period budget to the R&M programmes, delays in awarding contracts and processing of invoices within Transport, Roads and Storm Water; 2) slower than anticipated implementation of R&M programmes within Community Services, largely due to the Parks mowing tender not awarded yet; 3) delays on R&M programmes within Electricity department and Solid waste Management; and 4) delays in submitting invoices by service providers and awarding of Cape Flats sludge maintenance tender within Water Services.	This will be monitored by the respective finance managers and corrective action taken where necessary. The review of period budgets to ensure alignment of current and projected expenditure trends is on-going.
Transfers and grants	22 560	101%	The variance is mainly due to the non-alignment of the period budget with the actual expenditure relating to adhoc grants approved by the Events Committee within Tourism, Events and Marketing directorate.	Corrective action to align the period budget is underway. Further monitoring is performed by the finance managers on an on-going basis.
Other expenditure	694	0%	Immaterial variance	-
Loss on disposal of PPE	-	-	Immaterial variance	-

Table C5: Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding)

The table below reflects the City's capital programme in relation to capital expenditure by municipal vote; capital expenditure by standard classification; and funding sources required to fund the capital budget, including information on capital transfers from National and Provincial departments.

Vote Description	2011/12	Budget Year 2012/13						Full Year Forecast
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands								
Multi-Year expenditure appropriation								
Vote 01 - Community Services	162,771	198,523	206,236	44,352	55,646	(11,294)	-20%	179,481
Vote 02 - Corporate Services	204,094	250,030	254,150	52,249	67,141	(14,892)	-22%	236,523
Vote 03 - Economic, Environment & Spatial Planning	36,727	52,457	52,522	9,608	8,553	1,055	12%	36,719
Vote 04 - Finance Services	119,904	48,975	48,975	4,816	6,770	(1,954)	-29%	19,986
Vote 05 - Health	22,801	27,459	28,567	6,142	13,388	(7,246)	-54%	30,650
Vote 06 - Human Settlements	490,726	603,872	656,337	228,374	258,479	(30,105)	-12%	634,935
Vote 07 - City Manager	122	252	224	26	31	(5)	-16%	224
Vote 08 - Deputy City Manager	14,641	26,947	29,418	9,435	7,997	1,438	18%	26,973
Vote 09 - Rates & Other	-	-	-	-	-	-	-	-
Vote 10 - Safety & Security	87,079	52,434	57,179	15,316	28,690	(13,372)	-47%	50,944
Vote 11 - Social and Early Childhood Development	9,448	11,858	14,277	1,054	3,622	(2,568)	-71%	10,477
Vote 12 - Transport, Roads and Stormwater	1,280,796	2,335,654	2,593,751	836,481	576,341	258,140	45%	2,534,646
Vote 13 - Utility Services	1,761,270	2,241,299	2,266,706	591,228	568,408	22,820	4%	2,173,590
Vote 14 - Tourism, Events and Marketing	62,875	77,049	92,588	54,500	48,391	6,109	13%	96,413
Total Capital Expenditure	4,233,262	6,926,609	6,302,930	1,663,663	1,646,467	206,126	13%	6,031,761
Capital Expenditure - Standard Classification								
Governance and administration	358,545	320,903	334,367	69,397	80,702	(21,315)	-26%	272,989
Executive and council	3,555	14,204	17,775	927	2,230	(1,403)	-63%	3,730
Budget and treasury office	17,593	5,623	10,886	3,108	4,235	(1,127)	-27%	10,688
Corporate services	338,397	300,876	305,704	55,452	74,237	(18,785)	-25%	258,350
Community and public safety	634,941	1,009,409	1,066,393	374,775	411,114	(36,339)	-9%	1,068,221
Community and social services	56,068	83,798	68,776	12,883	17,618	(4,735)	-27%	44,643
Sport and recreation	166,051	219,083	241,917	86,901	88,303	(1,402)	-2%	239,019
Public safety	101,232	109,996	108,245	40,848	39,425	1,421	4%	114,673
Housing	489,925	589,472	641,287	226,004	252,479	(24,475)	-10%	629,636
Health	21,665	27,060	28,168	8,141	13,269	(7,148)	-54%	30,250
Economic and environmental services	1,311,540	2,394,163	2,649,448	843,965	690,566	253,429	43%	2,664,440
Planning and development	25,960	39,529	40,319	7,707	12,716	(5,009)	-39%	32,358
Road transport	1,272,448	2,326,649	2,581,198	633,884	575,634	258,050	45%	2,521,744
Environmental protection	13,132	27,805	27,961	2,394	2,006	388	19%	10,338
Trading services	1,727,221	2,202,116	2,232,724	575,435	563,064	12,351	2%	2,136,134
Electricity	880,176	1,251,120	1,254,671	329,618	394,044	(64,426)	-18%	1,226,640
Water	258,890	297,584	338,026	119,208	52,122	67,086	129%	345,991
Waste water management	354,031	404,057	380,679	69,821	51,779	38,042	73%	347,187
Waste management	229,904	245,506	255,506	38,735	63,719	(28,984)	-42%	214,173
Other	4,216	3,849	3,842	53	1,420	(1,367)	-96%	2,143
Total Capital Expenditure - Standard Classification	4,233,247	6,926,611	6,302,932	1,953,662	1,646,466	206,126	13%	6,031,763
Funded by:								
National Government	1,717,564	2,921,635	3,174,389	967,536	717,180	270,376	38%	3,157,858
Provincial Government	335,474	355,487	392,841	152,505	176,887	(24,382)	-14%	369,388
District Municipality	-	-	-	-	-	-	-	-
Other transfers and grants	8,740	3,325	3,797	1,165	858	327	38%	3,797
Transfers recognised - capital	2,061,779	3,280,447	3,571,027	1,141,226	894,905	246,321	26%	3,551,043
Public contributions & donations	44,208	54,382	53,123	17,284	16,455	(1,171)	-6%	42,791
Borrowing	1,374,791	1,765,377	1,822,824	526,795	494,570	32,225	7%	1,748,221
Internally generated funds	752,469	826,405	855,956	168,276	237,528	(69,252)	-29%	689,708
Total Capital Funding	4,233,246	6,926,611	6,302,930	1,953,661	1,646,466	206,123	13%	6,031,761

The following table reflects the percentage variance for capital expenditure by vote as well as reasons for material deviations and the remedial action thereof.

Material variance explanations for capital expenditure (refer Table C5)

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
Capital Expenditure by Vote				
Vote 01 - Community Services	(11,294)	-20%	1. Sport Recreation: Delays experienced in the implementation of the Valhalla Park - Functional Rec Area project, due to way-leaves being issued to the contractor two months later than anticipated. 2. Three artificial turf projects delayed, approved by Bid Adjudication Committee on 10 December 2012 with statutory appeal period ending on 8 January 2013, where after contractors should move on site.	Budget and cash flow to be amended in mid-year review and adjustments budget in January 2013.
Vote 02 - Corporate Services	(14,892)	-22%	1. Delays as a result of appeals lodged against most of the projects within IS&T department, mainly linked to Broadband Infrastructure and WCG Broadband projects. 2. Delay in receipt of funding from Western Cape Government. The IS&T department is confident that funds will be spent by 30 June 2013.	1. The tender for Broadband Wireless Connectivity project was cancelled as a result of the appeal process and request for deviation. The appointment of interim service provider was considered by BAC on the 10th December 2012. 2. Western Cape Government has confirmed revised allocations via the Provincial Gazette and the City will be receiving R27 million over the next 3 financial years. The cash flows and budget provisions will be updated during the mid-year review and adjustments budget process in January 2013. Budget and cash flow to be amended in mid-year review and adjustments budget in January 2013.
Vote 03 - Economic, Environment & Spatial Planning	1,055	12%	The tender for Development Application Management System (DAMS) project was finalised earlier than anticipated, which resulted in the project commencing earlier than planned.	Budget and cash flow to be amended in mid-year review and adjustments budget in January 2013.
Vote 04 - Finance Services	(1,854)	-29%	1. IT tender delays. 2. Finalising designs and tender specifications for warehouse equipment, delivery expected in May 2013.	Budget and cash flow to be amended in mid-year review and adjustments budget in January 2013.
Vote 05 - Health	(7,248)	-54%	1. Awaiting invoices for three projects; no further payments will be processed until accounts are finalised. 2. Other projects: payment certificates received in December 2012.	1. Follow up with consultants regarding finalisation of accounts. 2. Payment certificate to be processed in January 2013. Budget and cash flow to be amended in mid-year review and adjustments budget in January 2013.
Vote 06 - Human Settlements	(30,105)	-12%	Housing projects at various stages of planning and construction. Major Community Residential Units (CRU) Upgrade projects currently running slightly behind planned cash flows, which account for a large proportion of the variance. Heavy winter rainfall and community interference impacted negatively on expenditure on key projects.	Budget and cash flow to be amended in mid-year review and adjustments budget in January 2013.
Vote 07 - City Manager	(5)	-18%	Equipment requirements in final phase of assessment.	Orders will be placed in February 2013. Cash flow to be amended in mid-year review and adjustments budget in January 2013.
Vote 08 - Deputy City Manager	1,438	18%	1. Awaiting SCMBAC approval of report to increase the contract sum and contract period for Harare Square Business Hub to incorporate additional floor space and broadband infrastructure. Current phase of the contract nearing completion. 2. Delays are still being experienced with delivery of IT equipment. 3. Delay in procurement of computer software, due to new range of hardware being available.	Delivery of equipment being followed up with suppliers on a weekly basis. Orders will be placed in January 2013. Budget and cash flow to be amended in mid-year review and adjustments budget in January 2013.
Vote 10 - Safety & Security	(13,372)	-47%	1. Orders for equipment were placed, awaiting delivery. 2. Delays in the tender process for vehicles. Orders will be placed after the expiration of 21 day statutory appeal period, expected end January 2013. 3. Project specifications on most projects were finalised and requests for quotations have been advertised, awaiting outcome.	Budget and cash flow to be amended in mid-year review and adjustments budget in January 2013.
Vote 11 - Social and Early Childhood Development	(2,588)	-71%	1. Contractor for the Leonsdale Early Childhood Development (ECD) Centre was liquidated before the finalisation of this project. Expected completion later than anticipated. 2. The finalisation of the new filing system for the directorate is taking longer than anticipated. Expected delivery date to be early in 2013. 3. Resumption of tender phase for the Golden Gate ECD Centre project has delayed project implementation by six months. Supply Chain Management tender process to continue.	1. The Leonsdale ECD Contract will be terminated and the project will be completed by phased approach utilising request for quotation, which is currently underway. 2. The speedy finalisation of the new filing system order will ensure that the expected delivery early 2013 can be met. 3. Allocated funds for the Golden Gate ECD Centre project to be re-phased to 2013/14 financial year. Budget and cash flow to be amended in mid-year review and adjustments budget in January 2013.
Vote 12 - Transport, Roads and Stormwater	258,140	45%	1. Expenditure on contracts already started in the 2011/12 financial year has been greater than expected in the first six months of the 2012/13 financial year with earlier invoicing than planned for against cash flow predictions. 2. Project managers have been more conservative in their cash flow predictions recognizing the inherent delays between actual work done, invoicing and payment. 3. It should be noted that the increased expenditure is related largely to external funding sources where funds are already secured.	No remedial action deemed necessary and it is likely that the situation will change since new tender awards will be longer delayed with the new drawn out due diligence process requirements. Budget and cash flow to be amended in mid-year review and adjustments budget in January 2013.
Vote 13 - Utility Services	22,820	4%	Immaterial Variance	n/a
Vote 14 - Tourism, Events and Marketing	8,109	13%	The Reconfiguration of Common project progressing faster than anticipated.	Budget and cash flow to be amended in mid-year review and adjustments budget in January 2013.

The graphs below illustrate the capital budget versus actual expenditure per vote.

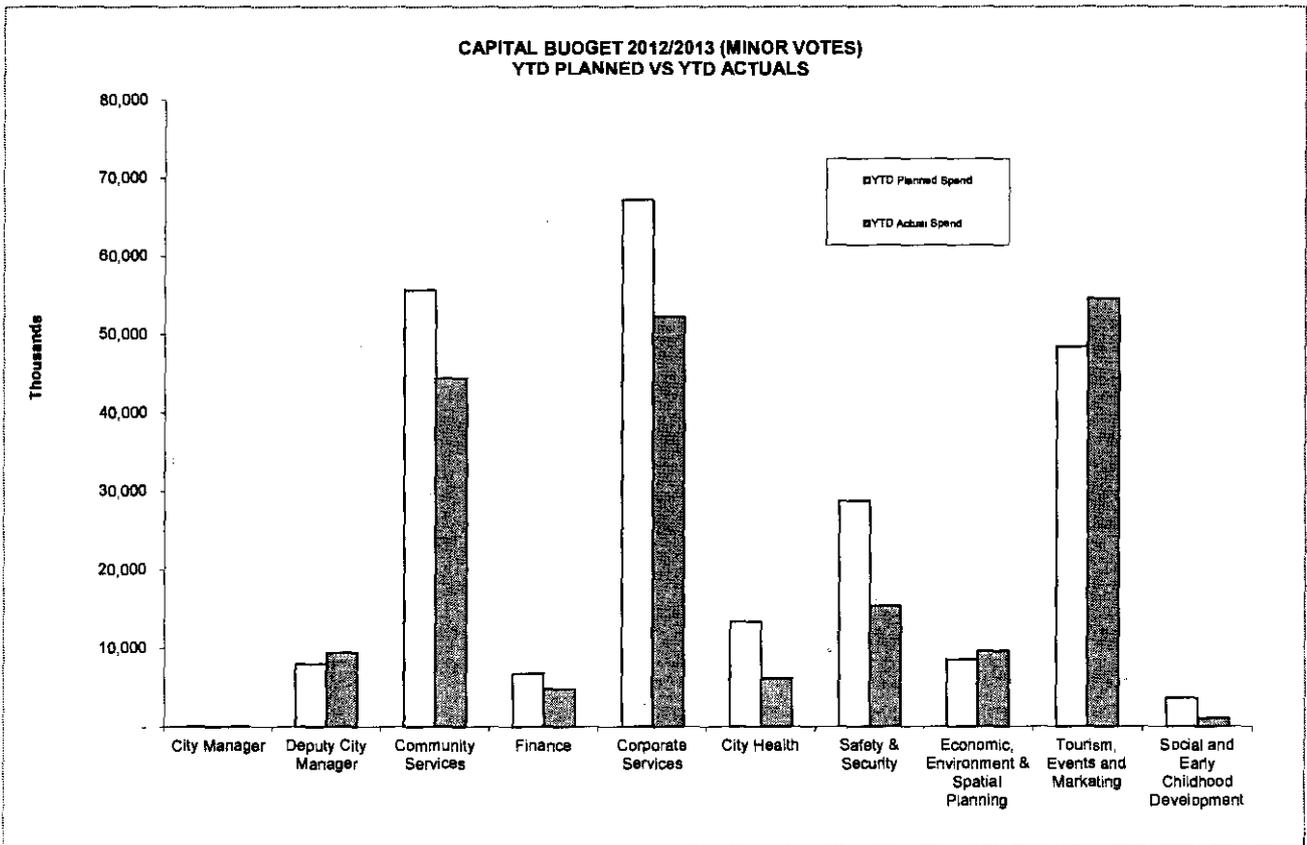
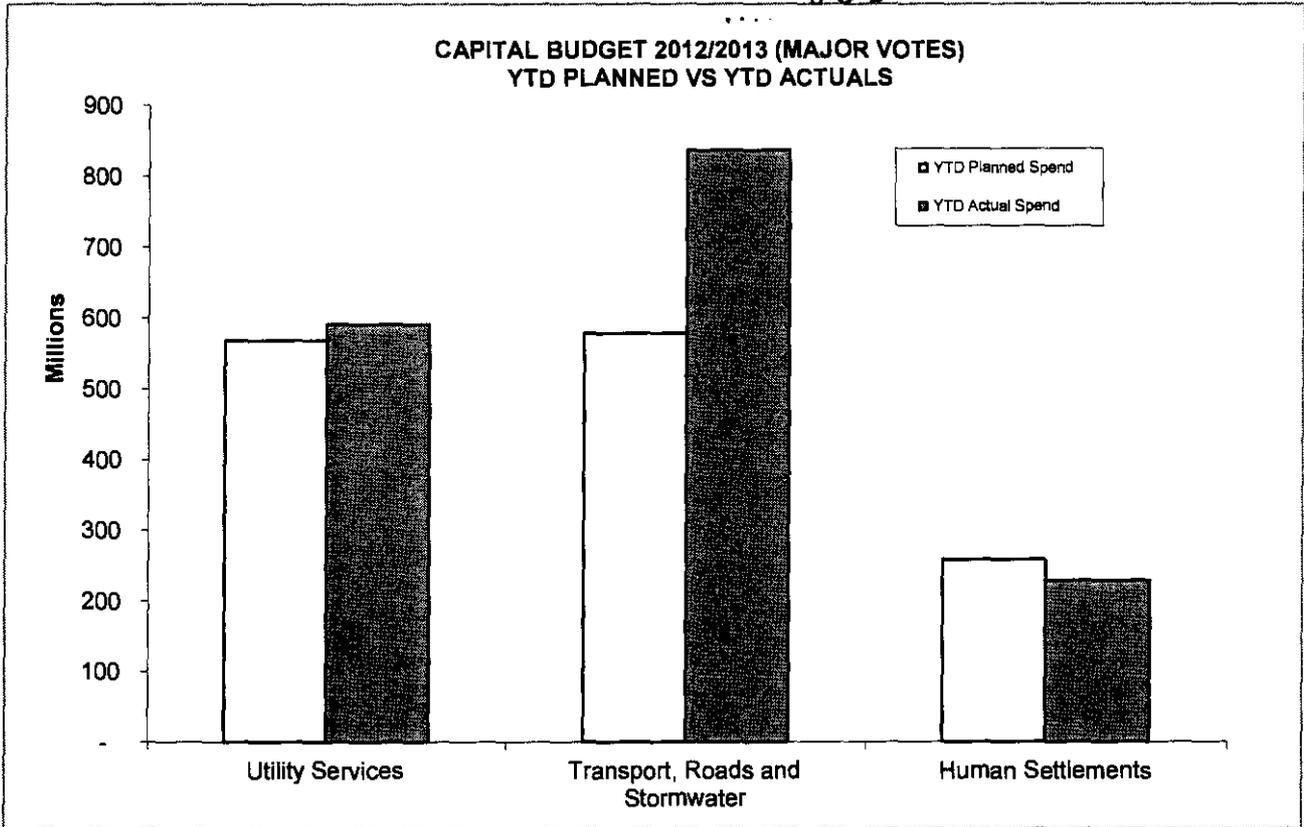


Table C6: Monthly Budget Statement - Financial Position

The table below reflects the performance to date in relation to the financial position of the City.

Description	2011/12	Budget Year 2012/13			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
ASSETS					
Current assets					
Cash	3,327,833	-	-	162,452	-
Call investment deposits	2,883,387	4,523,511	6,713,732	5,709,269	6,713,732
Consumer debtors	3,979,256	4,078,849	4,886,070	3,022,146	4,886,070
Other debtors	305,949	234,483	234,483	263,397	234,483
Current portion of long-term receivables	19,758	17,322	17,322	19,758	17,322
Inventory	253,008	259,362	259,362	284,422	259,362
Total current assets	10,769,190	9,113,527	12,110,969	9,461,444	12,110,969
Non current assets					
Long-term receivables	99,328	104,262	104,262	87,582	104,262
Investments	150,260	949,989	950,998	-	950,998
Investment property	-	-	-	793,575	-
Property, plant and equipment	24,522,952	28,836,813	29,115,930	24,812,538	29,115,930
Agricultural	-	-	-	-	-
Biological assets	-	-	-	-	-
Intangible assets	-	-	-	-	-
Other non-current assets	-	-	-	-	-
Total non current assets	24,772,540	29,891,084	30,171,190	25,693,695	30,171,190
TOTAL ASSETS	35,541,730	39,004,591	42,282,159	35,155,139	42,282,159
LIABILITIES					
Current liabilities					
Bank overdraft	-	-	-	-	-
Borrowing	294,186	370,393	485,783	294,186	485,783
Consumer deposits	274,944	282,525	282,525	297,608	282,525
Trade and other payables	5,506,661	4,360,119	7,911,029	3,040,549	7,911,029
Provisions	1,025,777	862,478	846,357	974,040	846,357
Total current liabilities	7,101,568	5,875,515	9,625,694	4,606,383	9,525,694
Non current liabilities					
Borrowing	5,176,421	6,975,308	6,803,311	5,046,371	6,803,311
Provisions	4,076,201	4,369,622	3,954,519	4,185,681	3,954,519
Total non current liabilities	9,252,622	11,344,930	10,757,830	9,232,052	10,757,830
TOTAL LIABILITIES	16,354,190	17,220,445	20,283,524	13,838,435	20,283,524
NET ASSETS	19,187,541	21,784,146	21,998,635	21,316,704	21,998,635
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)	16,895,822	19,872,204	20,082,107	19,144,134	20,082,107
Reserves	2,291,718	1,911,942	1,916,528	2,172,570	1,916,528
TOTAL COMMUNITY WEALTH/EQUITY	19,187,540	21,784,146	21,998,635	21,316,704	21,998,635

The definitions for the categories in the financial position table are shown below.

Definitions of financial position categories

Description	Definition
Cash	Cash includes cash on hand, cash with banks, notice deposits and deposits with a maturity of three months or less, readily convertible to cash without significant change in value.
Call investment deposits	Call investment deposits include short-term bank and other deposits with a maturity of more than three months but less than twelve months.
Consumer debtors	A customer of an entity who has not yet paid for municipal goods and services rendered.
Other debtors	A customer or an entity who has not yet paid for sundry services rendered and/or fines imposed.
Current portion of long-term receivables	That portion of Long-term receivables that will become due in the next operating year.
Inventory	Inventory consists of goods purchased and held for resale and goods produced by the City. Inventory also includes raw materials and supplies to be used in works and processes.
Long-term receivables	Receivables that become due only in the financial years after the next one.
Investments	Investments include bank and other deposits with a maturity of more than twelve months.
Investment property	Is land and buildings held to earn rentals or for capital appreciation or both, as opposed to being used for production or for the supply of goods or services or for administrative purposes, or intended for sale in the normal course of operations.
Investments in Associate	It is an investment in an entity in which the investor has significant influence but is neither a controlled entity nor a joint venture of the City.
Property, plant and equipment	Are tangible assets that are held for use in the production or supply of goods or services, for rentals to others or for administrative purposes, and are expected to have a useful life of more than one reporting period.
Agricultural	The management of an agricultural activity for the biological transformation and harvest of biological assets for sale or conversion into agricultural produce or into additional biological assets.
Biological assets	Consists of assets undergoing the biological transformation in terms of the processes of growth, degeneration, production and procreation that cause qualitative or quantitative changes in a biological asset.
Intangible assets	Identifiable non-monetary asset without physical substance or form, held for use in the production or supply of goods or services, for rental to others or for administrative purposes.
Bank overdraft	Bank overdraft includes that amount overdrawn on the bank account and represents a short-term debt facility repayable to the Bank. The city has not negotiated any overdraft facilities.
Borrowing	Borrowing is that portion of loans taken up by the Council which are due and payable within the next twelve months.
Consumer deposits	Amounts held by the City as security over the provision of services on credit and repayable on termination of accounts.
Trade and other payables	Liabilities owed to suppliers for purchases of goods or services already rendered to the municipality.
Provisions	A present obligation arising from past events, the settlement of which is expected to result in an outflow of resources and will be taking place in the next 12 months.
Borrowing	Borrowing is that portion of loans taken up by the Council which are due and payable longer than the twelve months (i.e. exclude that amount of total loans included under current liabilities).
Provisions	A present obligation arising from past events, the settlement of which is expected to result in an outflow of resources and will be taking place not in the next 12 months.
Accumulated Surplus/(Deficit) Reserves	The surplus of an entity that has accumulated since the beginning of the entity's existence. Funds set aside from accumulated surpluses for statutory as well as specific requirements.

Table C7: Monthly Budget Statement - Cash Flow

037

The City's cash flow position and cash/cash equivalent outcome is shown in the table below.

Description	2011/12	Budget Year 2012/13						
	Audited Outcome	Original Budget	Adjusted Budget	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	18,601,603	18,664,743	19,364,311	12,007,385	10,092,163	1,915,222	19%	19,364,311
Government - operating	1,626,991	2,325,525	2,077,413	774,836	991,579	(106,742)	-12%	2,077,413
Government - capital	2,130,844	3,334,829	3,624,151	1,071,011	1,035,347	35,664	3%	3,624,151
Interest	563,973	491,236	481,033	161,688	124,252	37,436	30%	481,033
Payments								
Suppliers and employees	(17,019,721)	(20,311,090)	(19,932,773)	(12,414,400)	(11,496,990)	917,510	-6%	(19,932,773)
Finance charges	(961,761)	(768,508)	(768,508)	(311,736)	(302,083)	9,643	-3%	(768,508)
Transfers and Grants	-	-	-	(28,850)	-	28,850	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	6,241,826	4,726,736	4,845,627	1,269,934	334,367	925,577	277%	4,845,627
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	45,983	69,000	69,000	-	-	-	-	69,000
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	15,633	6,399	6,399	-	-	-	-	6,399
Decrease (increase) in non-current investments	(1,822)	(249,462)	(304,138)	-	-	-	-	(304,138)
Payments								
Capital assets	(4,233,162)	(5,630,280)	(5,987,784)	(1,601,467)	(1,815,102)	(213,615)	12%	(5,987,784)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(4,173,469)	(5,993,343)	(5,216,523)	(1,601,467)	(1,816,102)	(213,616)	12%	(5,216,523)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	2,000,000	2,000,000	-	2,000,000	(2,000,000)	-100%	2,000,000
Increase (decrease) in consumer deposits	41,452	25,684	25,684	-	-	-	-	25,684
Payments								
Repayment of borrowing	(188,354)	(99,955)	(156,582)	(131,467)	(115,650)	15,817	-14%	(156,582)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(166,902)	1,925,729	1,869,122	(131,467)	1,884,350	2,916,617	107%	1,869,122
NET INCREASE/ (DECREASE) IN CASH HELD	911,469	849,121	498,226	(473,920)	483,606			498,226
Cash/cash equivalents at beginning:	5,249,381	3,674,390	6,180,840	6,160,840	6,160,840			6,160,840
Cash/cash equivalents at month/year end:	6,160,840	4,523,511	6,659,066	5,687,820	6,664,445			6,659,066

The table below reflects the variances for cash flow position and cash/cash equivalent outcome as well as reasons for material deviations.

Description	YTD Variance R thousands	YTD Variance %	Reasons for material deviations
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other	1,915,222	19%	More revenue collected than expected.
Government - operating	(106,742)	-12%	Operating grants not received as budgeted.
Interest	37,436	30%	Interest income higher than expected resulting from favourable returns by the fund managers.
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Capital assets	(213,615)	12%	Cashflows from the capital programme less than planned.
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Borrowing long term/refinancing	(2,000,000)	-100%	Delay in the drawdown of the AFD (AGENCE FRANCAISE DE DEVELOPMENT) loan.
Payments			
Repayment of borrowing	15,817	-14%	Increased repayment due to changes in repayment schedules.

The monthly cash flow details can be found in the table below.

Table SC9: Monthly Budget Statement - Actual and revised targets for cash receipts and cash flows

Description	Budget Year 2012/13												2012/13 Medium Term Revenue & Expenditure Framework			
	July Outcome	August Outcome	Sept Outcome	October Outcome	Nov Outcome	Dec Outcome	January Budget	Feb Budget	March Budget	April Budget	May Budget	June Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	
R thousands																
Cash Receipts By Source																
Property rates	452,841	480,012	484,129	449,458	446,319	375,873	396,197	447,078	401,653	398,701	407,889	4,918	4,744,839	5,120,337	5,484,328	
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	715,924	778,129	776,141	879,506	776,891	729,578	684,229	783,798	794,589	748,605	800,625	453,843	8,921,854	11,026,804	13,496,830	
Service charges - water revenue	142,450	184,138	185,467	146,850	140,193	157,281	135,316	154,633	157,079	147,935	149,273	58,901	1,759,498	2,001,961	2,273,572	
Service charges - sanitation revenue	63,782	83,624	64,897	66,297	60,133	82,311	83,328	64,430	80,534	80,855	83,352	104,925	978,468	1,130,988	1,281,190	
Service charges - refuse	58,574	57,168	59,085	44,896	41,196	56,924	58,257	56,857	55,685	56,741	53,552	41,107	635,824	721,798	787,778	
Service charges - other	13,751	19,504	19,217	16,823	8,899	15,245	19,429	18,302	17,464	19,031	20,567	47,003	233,035	236,461	309,675	
Rental of facilities and equipment	13,404	15,973	20,532	18,789	13,209	4,293	4,403	3,915	4,413	4,188	4,440	(32,737)	74,801	54,908	52,312	
Interest earned - external investments	31,542	27,258	26,861	24,863	24,738	26,429	19,898	19,292	21,408	19,292	19,292	(16,231)	244,439	284,689	339,382	
Interest earned - outstanding debtors	-	-	-	-	-	-	18,557	18,788	18,610	19,048	20,663	140,730	236,594	250,058	284,061	
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	10,399	10,241	7,839	7,876	8,861	6,952	13,612	14,285	13,677	13,520	13,224	44,330	184,817	169,929	179,445	
Licences and permits	19,346	10,516	10,027	16,073	4,901	31,125	3,133	3,007	2,687	3,119	3,595	(74,406)	33,121	34,976	36,934	
Agency services	146,285	177,601	199,015	165,692	146,567	110,492	9,090	9,203	9,214	9,329	10,122	(896,638)	115,993	122,489	129,348	
Transfer receipts - operating	392,369	19,397	17,989	5,835	282,987	56,250	153,880	163,761	164,105	193,975	194,792	412,163	2,077,413	2,228,425	2,287,976	
Other revenue	44,786	593,792	1,942	34,997	396,013	588,956	12,088	12,088	585,828	12,088	12,088	(300,713)	1,973,955	2,102,194	2,222,418	
Cash Receipts by Source	2,123,452	2,457,663	1,892,930	1,899,554	2,348,928	2,221,489	1,609,209	1,789,435	2,347,346	1,726,105	1,793,454	(14,805)	22,194,661	25,486,015	29,145,265	
Other Cash Flows by Source																
Transfer receipts - capital	588,553	29,095	11,999	6,752	424,461	8,130	126,850	270,245	299,641	325,051	321,811	1,203,744	3,620,353	2,640,874	2,447,027	
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	56,920	56,920	60,396	53,500	
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	69,000	69,000	72,864	78,944	
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	2,000,000	-	-	-	-	2,000,000	1,890,000	1,840,000	
Increase in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receipt of non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receipt of non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	2,712,005	2,486,648	1,904,929	1,908,306	2,773,409	2,229,619	1,736,059	4,069,680	2,646,987	2,051,156	2,115,266	1,314,869	27,940,924	30,150,149	33,562,726	

Table continues on next page

Description	Budget Year 2012/13												2012/13 Medium Term Revenue & Expenditure Framework			
	July Outcome	August Outcome	Sept Outcome	October Outcome	Nov Outcomes	Dec Outcome	January Budget	Feb Budget	March Budget	April Budget	May Budget	June Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	
R thousands																
Cash Payments by Type																
Employee related costs	514,568	517,685	601,351	529,239	838,164	522,659	582,694	590,165	590,649	598,249	849,043	882,840	7,417,884	6,084,577	8,900,351	
Remuneration of councillors	6,809	6,563	6,489	6,525	6,529	6,525	9,200	9,200	9,200	9,200	9,200	25,144	122,384	130,217	138,611	
Interest paid	-	-	123,910	9	-	167,818	225,064	-	152,091	-	-	79,617	768,508	938,956	1,119,503	
Bulk purchases - Electricity	735,526	802,221	782,196	454,587	439,020	416,041	347,555	356,538	346,869	369,428	399,911	824,726	6,106,800	7,728,348	9,697,063	
Bulk purchases - Water & Sewer	40,008	22,968	24,848	35,152	26,268	25,276	27,889	27,889	27,689	27,889	27,689	18,711	334,673	391,911	470,535	
Other materials	-	6,307	-	-	6,930	-	33,045	33,045	33,045	33,045	33,045	182,730	341,192	427,849	461,031	
Contracted services	249,115	176,654	176,791	143,719	149,986	148,341	202,173	204,695	204,932	207,499	225,116	593,516	2,684,741	2,665,325	3,077,300	
Grants and subsidies paid - other municipalities	-	9	2,006	-	28,837	-	-	-	-	-	-	(28,851)	-	-	-	
Grants and subsidies paid - other	-	-	-	-	-	-	-	-	-	-	-	53,356	53,358	101,085	106,748	
General expenses	951,800	616,617	411,492	891,334	644,020	656,119	194,110	325,840	291,164	222,534	225,480	(2,085,535)	3,146,775	3,343,184	3,312,673	
Cash Payments by Type	2,499,423	2,153,204	2,133,862	1,862,545	2,141,756	1,864,977	1,621,930	1,549,372	1,656,039	1,497,844	1,569,684	328,258	20,976,115	24,089,452	27,264,013	
Other Cash Flows/Payments by Type																
Capital assets	411,151	168,166	320,570	176,637	194,129	332,614	225,891	473,775	525,311	589,856	564,176	2,027,284	5,967,784	4,750,489	4,474,284	
Repayment of borrowing	47,187	-	6,574	-	-	75,705	-	-	10,000	-	-	93,861	235,328	319,438	284,225	
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	60,618	-	-	162,855	243,471	253,077	275,680	
Total Cash Payments by Type	2,957,761	2,319,390	2,462,226	2,039,362	2,335,865	2,373,296	1,647,821	2,623,147	2,251,966	2,867,782	2,133,862	2,630,258	27,442,698	29,332,456	32,316,362	
NET INCREASE/(DECREASE) IN CASH HELD	(245,756)	167,258	(557,297)	(131,878)	437,524	(143,677)	(109,762)	2,036,533	395,021	(16,548)	(18,597)	(1,315,399)	496,228	617,693	1,244,344	
Cash/cash equivalents at the month/year beginning:	6,180,841	5,915,085	8,082,343	5,525,048	5,393,970	5,831,494	5,687,617	5,576,055	7,814,566	6,009,809	7,993,063	7,974,466	6,160,841	6,859,067	7,476,760	
Cash/cash equivalents at the month/year end:	5,915,085	8,082,343	5,525,046	5,393,970	5,631,494	5,667,617	5,576,055	7,614,588	8,009,609	7,993,063	7,974,466	6,659,067	6,659,067	7,476,760	6,721,104	

PART 2 - SUPPORTING DOCUMENTATION

SECTION 1 - DEBTORS' ANALYSIS

The debtor analysis provides an age analysis by revenue source and customer category.

1.1 SC3 Monthly budget statement Aged Debtors

Description	Budget Year 2012/13										>90 days
	6-30 Days	31-60 Days	61-90 Days	91-126 Days	121-150 Days	151-180 Days	181 Days-1 Yr	Over 1Yr	Total	Bad Debts	
R thousands											
Debtors Age Analysis By Revenue Source											
Rates	406,037	58,176	38,276	68,389	47,294	41,030	214,988	760,376	1,634,566	-	1,132,077
Electricity	545,748	30,653	26,659	15,724	15,255	15,636	55,634	87,711	793,019	-	189,960
Water	274,625	69,212	64,683	82,218	52,225	50,338	309,786	1,426,100	2,328,188	-	1,920,668
Sewerage / Sanitation	141,964	33,551	30,397	38,522	25,111	24,825	151,082	627,917	1,073,258	-	867,357
Refuse Removal	58,740	15,007	12,052	12,937	10,002	9,619	52,369	231,689	402,417	-	316,617
Housing (Rental Revenue)	45,198	9,354	9,420	(291)	8,849	408,035	-	-	480,575	-	416,603
Other	(73,919)	(28,985)	(89,575)	(52,682)	(8,004)	(3,963)	(15,017)	(73,204)	(346,350)	-	(153,870)
Total By Revenue Source	1,388,382	186,866	91,912	164,926	148,732	545,521	768,843	3,060,489	6,366,663	-	4,686,413
2011/12 - totals only	1,328,472	177,620	67,315	156,587	142,245	516,245	730,461	2,807,465	6,048,349	-	4,454,943
Debtors Age Analysis By Customer Category											
Government	48,433	(23,751)	(91,340)	(36,287)	(1,562)	4,768	19,484	37,568	(44,689)	-	-
Business	869,606	63,439	48,080	41,678	32,720	31,676	125,235	319,770	1,332,204	-	-
Households	721,883	163,148	145,312	166,276	117,308	510,195	622,482	2,695,471	5,142,065	-	-
Other	(39,531)	(15,869)	(10,139)	(8,839)	1,266	(1,107)	1,641	7,679	(62,897)	-	-
Total By Customer Category	1,388,382	186,866	91,912	164,926	148,732	545,521	768,842	3,060,486	6,366,663	-	-

1.2 Additional debtor's information

Monthly collection rate			
Period	Current year	Previous year	YTD collection rate
12 Month	95,53%	96,16%	96,18%
6 month	96,00%	97,49%	97,41%
3 month	94,97%	98,28%	97,30%
Monthly	88,09%	93,43%	96,00%

2012/13 Billing vs Receipts		
Month	Billing R	Receipts R
August	1,913,073,157	1,844,306,183
September	1,927,940,192	1,920,922,384
October	1,827,276,132	1,916,379,147
November	1,860,411,580	1,715,491,187
December	1,881,768,489	1,657,685,975

12 month collection ratio per source			
Source	Current year	Previous year	YTD collection rate
Electricity	99,10%	99,74%	99,29%
Water	93,52%	91,61%	94,63%
Sewerage	92,05%	86,99%	92,93%
Refuse	97,07%	94,77%	95,94%
Rates	99,52%	99,02%	99,76%
Other	99,27%	99,95%	99,27%

SECTION 2 - CREDITORS' ANALYSIS

The creditors' analysis contains an aged analysis by customer type.

2.1 SC4 Monthly budget Statement Aged Creditors

Description R thousands	Budget Year 2012/13									Prior year totals (same period)
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
Creditors Age Analysis By Customer Type										
Bulk Electricity	-	-	-	-	-	-	-	-	-	-
Bulk Water	-	-	-	-	-	-	-	-	-	-
PAYE deductions	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	-	-	-	-	-	-	-	-	-	-
Loan repayments	-	-	-	-	-	-	-	-	-	-
Trade Creditors	172,379	1,366	945	200	411	323	539	1,261	177,425	127,696
Auditor General	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total By Customer Type	172,379	1,366	945	200	411	323	539	1,261	177,425	127,696

SECTION 3 - ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

Transfers and grant expenditure per allocation or grant is provided in the table below.

3.1 SC7 - Monthly Budget Statement - transfers and grants expenditure

Description	2011/12	Budget Year 2012/13						
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
EXPENDITURE								
Operating expenditure of Transfers and Grants								
	133,238	1,678,172	1,420,186	188,697	149,931	(48,334)	-32,9%	1,420,187
National Government:								
Restructuring	2,244	3,884	5,303	1,196	1,249	(53)	-4,2%	5,303
Finance Management grant	1,187	1,250	1,443	772	780	(8)	-1,0%	1,443
Public Transport infrastructure & Systems Grant	87,809	506,832	227,626	59,968	85,214	(35,246)	-37,0%	227,626
Dept. of Environ Affairs and Tourism	193	7,283	7,353	685	2,756	(2,071)	-75,1%	7,353
Equitable share	7,952	1,093,004	1,083,004	3,422	3,594	(172)	-4,8%	1,093,004
Housing Accreditation	771	400	400	82	170	(88)	-51,8%	400
Urban Settlements Development Grant	23,244	46,314	56,574	18,613	16,594	1,929	11,6%	56,574
Expanded Public Works Programme	-	20,205	29,484	15,858	29,494	(13,625)	-46,2%	29,484
National Treasury: Neighbourhood Development Partnership Grant	1,199	-	-	-	-	-	-	-
Department of Water Affairs & Forestry: Water Affairs & Forestry Grant	7,407	-	-	-	-	-	-	-
Minerals and Energy: Electricity Demand Side Management (Eskom) Grant	995	-	-	-	-	-	-	-
LGSETA	237	-	-	-	-	-	-	-
Provincial Government:	374,602	628,672	632,121	203,618	223,608	(20,291)	-8,1%	632,123
Cultural Affairs and Sport - Provincial library Services	18,334	23,470	23,470	13,078	12,130	948	7,8%	23,470
Human Settlements - Human Settlement Development Grant	179,585	244,125	245,225	87,687	102,793	(5,096)	-5,0%	245,225
Human Settlements - Municipal Accreditation Assistance	-	7,100	7,100	1,573	3,462	(1,888)	-54,6%	7,100
Human Settlement - Settlement Assistance	-	1,000	1,000	-	-	-	-	1,000
Health - TB	9,492	9,934	9,834	3,970	4,967	(997)	-20,1%	9,834
Health - Global Fund	17,820	43,015	43,273	9,317	21,637	(12,320)	-58,8%	43,273
Health - ARV	65,450	71,492	71,492	36,687	35,746	951	2,7%	71,492
Health - Nutrition	4,019	4,140	4,140	2,141	2,070	71	3,4%	4,140
Health - Vaccines	71,478	71,617	71,617	33,681	35,808	(2,127)	-5,9%	71,617
Comprehensive Health	-	138,779	138,779	-	-	-	-	138,779
Transport and Public Works - Provision for persons with special needs	-	10,000	10,376	5,354	5,189	176	3,4%	10,376
Comprehensive Integrated Transport Plan	9,657	4,000	5,841	-	-	-	-	5,841
Heritage Audit	-	-	4	-	-	-	-	4
Mamre Fencing	278	-	63	-	-	-	-	63
Table Mountain Biosphere	129	-	7	-	7	(7)	-100,5%	7
Community Development Workers	160	-	-	-	-	-	-	-
Local Government: Multi-Purpose Centres	322	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-	-
Other grant providers:	23,041	17,861	26,186	8,960	13,044	(3,884)	-30,6%	26,186
Tourism	1,980	4,000	4,000	-	-	-	-	4,000
Carnegie	2,486	1,442	1,423	392	489	(87)	-19,8%	1,423
CMTF	11,989	11,754	13,141	5,669	9,566	(3,897)	-40,7%	13,141
Other	11	30	30	8	-	8	-	30
Mamra Trust	-	150	150	-	150	(150)	-100,0%	150
Solar Energy	-	-	146	-	-	-	-	146
Cities for Climate Protection	9	-	321	-	-	-	-	321
ICLEI: Carbon Taxes	35	-	117	-	-	-	-	117
CID	2,300	-	2,205	1,244	1,244	-	-	2,205
Century City Property Owners Association	285	-	408	92	82	-	-	408
Outsurance	630	-	1,024	516	512	4	0,8%	1,024
Rietvlei Conservation Fund	-	305	305	-	305	(305)	-100,0%	305
NGK Ceramic Company	1,068	-	686	686	686	-	-	686
South African National Biodiversity Institute	2,248	-	541	300	-	300	-	541
Finland Government	-	-	607	153	-	153	-	607
Total operating expenditure of Transfers and Grants	631,081	2,326,626	2,677,412	313,176	388,783	(73,608)	-19,0%	2,677,416

Table continues on next page

Description	2011/12	Budget Year 2012/13						
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Capital expenditure of Transfers and Grants								
National Government:	2 546 004	2 921 635	3 174 888	987 538	717 180	270 376	37.7%	3 157 859
Department of Water Affairs & Forestry: Water Affairs & Forestry Grant	-	-	-	(44)	-	(44)	-	-
Minerals and Energy: Electricity Demand Side Management (Eskom) Grant	35 088	-	-	-	-	-	-	-
Minerals and Energy: Integrated National Electrification Programme (Municipal) Grant	4 386	-	-	-	-	-	-	-
National Government - Other: Previous years' Dora allocations	-	1 200	1 200	44	300	(256)	-85.3%	962
National Treasury: Local Government Finance Management Grant	-	-	-	-	-	-	-	-
National Treasury: Local Government Restructuring Grant	-	-	-	(0)	-	-	-	-
National Treasury: Neighbourhood Development Partnership Grant	74 200	52 547	52 547	23 497	18 514	4 983	26.9%	61 841
National Treasury: Other	-	26 860	27 524	3 094	9 543	(5 449)	-57.6%	11 230
National Treasury: Urban Settlements Development Grant	824 030	888 905	816 406	301 704	242 802	59 102	24.4%	960 860
Sport & Recreation SA: 2010 Fifa World Cup Stadiums Development Grant	-	-	6 393	1 343	1 500	(157)	-10.5%	6 617
Transport: Public Transport Infrastructure & Systems Grant	1 606 300	1 852 123	2 170 219	857 899	444 702	213 197	47.9%	2 116 249
Provincial Government:	1 500	355 487	382 841	152 505	176 887	(24 382)	-13.6%	388 388
Cultural Affairs and Sport: Library Services (Conditional Grant)	-	1 671	2 671	1 670	1 671	-	-	2 691
Economic Development and Tourism: False Bay Ecology	1 000	1 000	1 000	-	-	-	-	176
Health: Global Fund	-	1 375	1 375	811	1 375	-	-	1 375
Housing: Integrated Housing and Human Settlement Development Grant	-	323 085	354 918	126 249	162 841	19 295	11.9%	353 715
Housing: Previous years' Gazetted allocations	-	-	-	-	-	-	-	-
Local Government: Multi-Purpose Centres	500	-	-	-	-	-	-	-
Provincial Government: Previous years' Gazetted allocations	-	-	-	-	-	-	-	-
Transport and Public Works: Cape Metropolitan Transport Fund	-	26 355	31 494	23 617	10 529	638	-	30 048
Transport and Public Works: Other	-	-	1 383	57	471	-	-	1 383
Other grant providers:	86 323	57 707	56 820	18 488	19 312	(844)	-4.37%	46 588
Other: Other	38 323	57 707	56 820	19 468	19 312	(844)	-4.4%	46 588
Total capital expenditure of Transfers and Grants	2 688 827	3 334 629	3 624 149	1 158 500	918 859	245 150	26.8%	3 598 835
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	8 118 808	8 680 354	9 701 581	1 471 884	1 800 142	171 541	18.2%	5 871 256

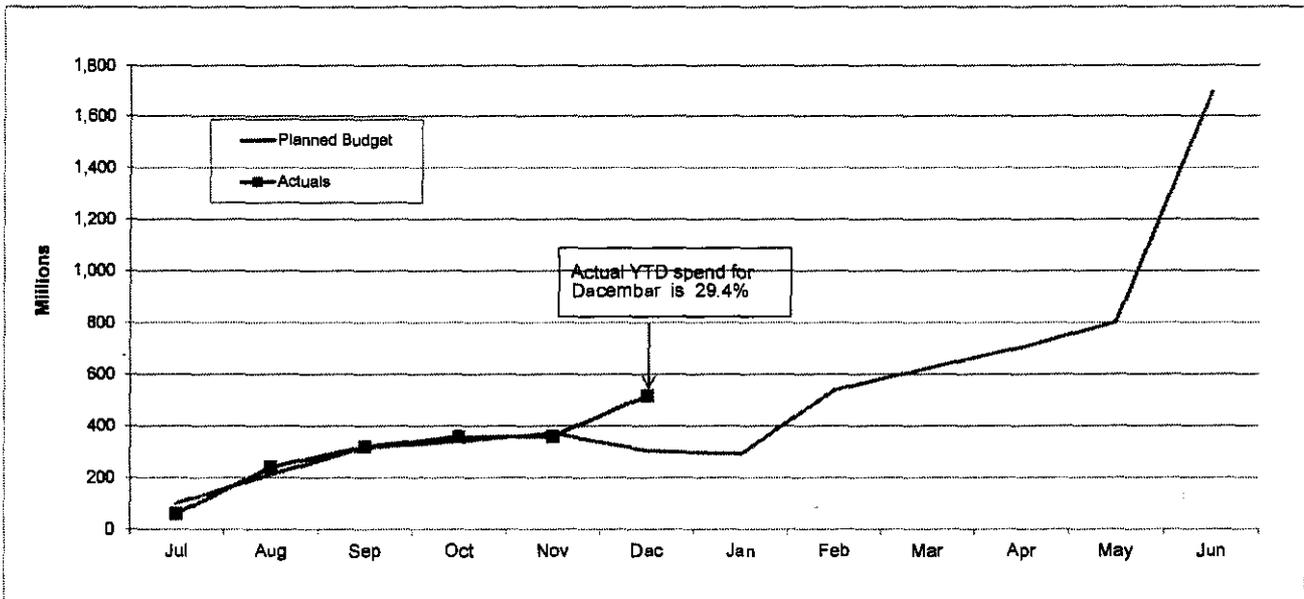
SECTION 4 - CAPITAL PROGRAMME PERFORMANCE

The capital programme performance tables provide details of capital expenditure by month; and summaries of capital expenditure by asset class and sub-class.

4.1 SC12 Monthly Budget Statement - capital expenditure trend

Month	2011/12	Budget Year 2012/13					
	Audited Outcome	Adjusted Budget	YTD actual	YTD budget	YTD variance	YTD variance	% spend of Original Budget
R thousands							
Monthly expenditure performance trend							
July	6,439	100,906	59,899	100,908	41,009	40,6%	1,0%
August	176,361	212,346	240,509	212,346	(26,163)	-13,3%	4,1%
September	172,066	315,698	320,570	315,698	(4,672)	-1,5%	5,4%
October	262,372	341,423	357,746	341,423	(16,325)	-4,6%	6,0%
November	285,793	371,921	358,937	371,921	12,984	3,5%	6,1%
December	315,797	303,161	515,925	303,161	(212,764)	-70,2%	6,7%
January	94,432	291,460		291,460			
February	363,162	539,496		539,496			
March	392,520	622,413		622,413			
April	354,397	704,124		704,124			
May	641,042	601,564		801,564			
June	1,168,626	1,698,414		1,696,414			
Total Capital expenditure	4,233,247	6,302,930					

The progressive expenditure to date measured against the 2012/13 budget is graphically illustrated below.



1. The item before Mayco relates to the monthly Section 71 reports.
2. That is Section 71 in terms of the Municipal Finance Management Act (MFMA).
3. In terms of public accountability and transparency, it is one of the most important legislative monitoring tools that we have.
4. On a monthly basis, it breaks down our expenditure according to numerous categories, including each directorate's spend according to capital and operating year to date budgets and year to date actual spending.
5. This is in addition to monitoring the municipality's revenue patterns.
6. But in terms of expenditure, there are worrying patterns that are emerging month after month in terms of problems and remedial actions proposed.
7. For instance, in human settlements, there is consistent under-spending on capital projects because project targets don't meet project roll-out.
8. In health there is consistent under-spending in operating expenditure because projects have not been properly mapped to cost centres.
9. In Tourism, Events and Marketing, there is a consistent mismatched expenditure because total directorate project planning has not met the number of events approved.
10. And Safety and Security consistently fails to meet expenditure/revenue targets for fines collected, which is

worrying for the planned budget proposal to generate more revenue from fines.

11. In all, the same remedial actions for these and other directorates, are proposed for most variations in targets: they say that the situation will be monitored by finance managers or adjustments will be made in the adjustments budget.
12. These are not proper remedial actions for things that should be addressed on a monthly basis.
13. Where there are problems, we need to see issues immediately addressed or explanations given why not.
14. Mayco members need to take oversight responsibility for their directorates in this regard and I call on them to perform their duties.
15. I also call on the senior officials in the Executive Management Team to ensure that remedial actions are applied.
16. We must do everything we can to ensure that this is a well-run city.

In terms of Sect mFMA.

Capital: 6,3 b to 6,2 = R&I, m

Operating:

where project