



REPORT TO EXECUTIVE MAYOR

DATE

1. **ITEM NUMBER : C 64/04/14**

2. **SUBJECT**
LSUA1980

QUARTERLY FINANCIAL REPORT: MARCH 2014

ONDERWERP
KWARTAALLIKSE FINANSIële VERSLAG: MAART 2014

ISIHLOKO
INGXELO YEMALI YARHOQO NGEKOTA: MATSHI 2014

3. **STRATEGIC INTENT**

This report covers all 5 strategic focus areas.

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**

As prescribed by the Municipal Finance Management Act (MFMA), the quarterly financial report for the quarter ended 31 March 2014 is submitted for noting by Council.

☒ This report is for noting only.



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 March 2014.

7. RECOMMENDATIONS

The Quarterly Financial Report for the quarter ended 31 March 2014 is submitted for information and noting only.

AANBEVELING

Die kwartaallikse finansiële verslag vir die kwartaal geëindig 31 Maart 2014 word slegs ter inligting en kennisname voorgelê.

ISINDULULO

INgxelo yeMali yaRhoqo ngeKota yekota ephela ngowama-31 Matshi 2014 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"/>
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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 Quarterly financial report – 31 March 2014

FOR FURTHER DETAILS CONTACT:

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E-MAIL ADDRESS	johan.steyl@capetown.gov.za
DIRECTORATE	Finance
SIGNATURE : DIRECTOR AG	





EXECUTIVE DIRECTOR
Kevin Jacoby

Comment:

DATE 16.04.2014



LEGAL COMPLIANCE

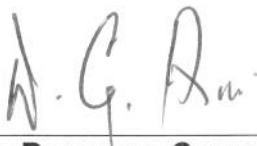
☐ REPORT COMPLIANT WITH THE PROVISIONS OF COUNCIL'S DELEGATIONS, POLICIES, BY-LAWS AND ALL LEGISLATION RELATING TO THE MATTER UNDER CONSIDERATION.

☐ NON-COMPLIANT

NAME Jean Roman
TEL (521) 400 2753
DATE 16.04.2014

Comment:

For noting.



EXECUTIVE DIRECTOR: COMPLIANCE & AUXILIARY SERVICES

Comment:

NAME _____
DATE 17/4/2014


MAYORAL COMMITTEE MEMBER

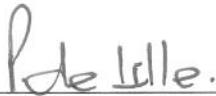
NAME

JD NEILSON

DATE

17/4/2014

Comment:


EXECUTIVE MAYOR

DATE

22.4.2014

☐ APPROVED☒ NOTED☐ REFUSED☐ REFERRED BACK

COMMENT:

**Annexure A: Quarterly Financial Report –
31 March 2014**

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PART 1 - IN-YEAR REPORT

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Executive Summary**Summary Statement of Financial Performance**

Description	2013/2014 Budget R Thousand	YTD Budget R Thousand	YTD Actual R Thousand	YTD % Spend	Actual as % of Current Budget
Operating Revenue	28 668 832	20 974 435	20 388 915	97.2%	71.1%
Operating Expenditure	25 967 723	18 460 251	18 246 941	98.8%	70.3%

The summary statement of financial performance indicates actual operating revenue realised of R20 389 million or 71.1% of the current budget and operating expenditure of R18 247 million or 70.3% of the current budget.

Detail of revenue and expenditure by municipal vote is shown in Table C3 on page 5. Detail of material variances and remedial action, where applicable, is shown on pages 6 to 10.

Detail of revenue by source and expenditure by type is shown in Table C4 on page 11. Detail of material variances and remedial action, where applicable, is shown on pages 12 to 15.

Summary Statement of Capital Budget Financial Performance

2013/2014 Budget R Thousand	YTD Budget R Thousand	YTD Actual R Thousand	YTD % Spend	Actual as % of Current Budget
5 606 388	2 635 991	2 350 052	89.15%	41.9%

The summary statement of capital budget performance indicates actual spending of R2 350 million or 41.9% of the current budget. This represents 45.29% (R1 220 million) on internally-funded projects and 38.79% (R1 130 million) on externally-funded projects.

Detail of capital expenditure is shown in Table C5 on page 16 and is categorised by municipal vote, standard classification and by funding source. Detail of material variances and remedial action, where applicable, is shown on pages 17 and 18.

Table C1: 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	2012/13	Budget Year 2013/14						
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Financial Performance								
Property rates	5 161 502	5 527 109	5 527 109	4 214 491	4 088 564	125 927	3.1%	5 527 109
Service charges	13 099 805	14 442 391	14 254 547	10 380 759	10 567 506	(186 747)	-1.8%	14 254 547
Investment revenue	368 324	284 618	282 078	300 313	216 228	84 086	38.9%	282 078
Transfers recognised - operational	1 985 809	2 595 904	2 603 947	1 638 984	2 030 449	(391 465)	-19.3%	2 603 947
Other own revenue	3 296 766	3 045 068	3 057 433	2 691 295	2 672 899	18 396	0.7%	3 057 433
Total Revenue (excluding capital transfers and contributions)	23 912 206	25 895 089	25 725 114	19 225 842	19 575 646	(349 804)	-1.8%	25 725 114
Employee costs	7 446 199	8 253 458	8 216 940	6 169 872	6 238 967	(69 095)	-1.1%	8 216 940
Remuneration of Councillors	111 673	123 721	123 721	90 039	92 791	(2 751)	-3.0%	123 721
Depreciation & asset impairment	1 627 385	1 934 741	1 957 724	1 402 500	1 453 368	(50 868)	-3.5%	1 957 724
Finance charges	720 766	863 894	863 894	577 641	577 705	(64)	-0.0%	863 894
Materials and bulk purchases	6 675 379	7 257 562	6 940 877	4 655 215	4 677 620	(22 405)	-0.5%	6 940 877
Transfers and grants	103 144	39 544	117 815	78 942	80 329	(1 387)	-1.7%	117 815
Other expenditure	7 235 181	7 671 163	7 746 752	5 272 732	5 339 471	(66 739)	-1.2%	7 746 752
Total Expenditure	23 919 727	26 144 082	25 967 723	18 246 941	18 460 251	(213 310)	-1.2%	25 967 723
Surplus/(Deficit)	(7 521)	(248 993)	(242 610)	978 901	1 115 395	(136 494)	-12.2%	(242 610)
Transfers recognised - capital	3 414 645	2 535 058	2 868 417	1 099 971	1 337 406	(237 434)	-17.8%	2 868 417
Contributions & Contributed assets	36 603	48 250	75 302	63 102	61 383	1 718	2.8%	75 302
Surplus/(Deficit) after capital transfers & contributions	3 443 726	2 334 315	2 701 109	2 141 974	2 514 184	(372 210)	-14.8%	2 701 109
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—
Surplus/ (Deficit) for the year	3 443 726	2 334 315	2 701 109	2 141 974	2 514 184	(372 210)	-14.8%	2 701 109
Capital expenditure & funds sources								
Capital expenditure	5 868 810	5 450 592	5 606 388	2 350 052	2 635 991	(285 938)	-10.8%	5 420 612
Capital transfers recognised	3 414 645	2 537 158	2 860 517	1 100 099	1 329 720	(229 621)	-17.3%	2 740 647
Public contributions & donations	35 076	46 150	52 025	29 802	33 852	(4 051)	-12.0%	46 851
Borrowing	1 753 425	2 149 497	2 036 433	940 920	928 011	12 909	1.4%	2 008 806
Internally generated funds	665 664	717 788	657 413	279 232	344 407	(65 175)	-18.9%	624 309
Total sources of capital funds	5 868 810	5 450 592	5 606 388	2 350 052	2 635 991	(285 938)	-10.8%	5 420 612
Financial position								
Total current assets	12 900 815	11 085 279	11 425 726	12 784 651				11 425 726
Total non current assets	29 033 827	33 525 815	33 418 774	29 788 744				33 418 774
Total current liabilities	7 988 696	8 556 364	8 166 244	6 787 059				8 166 244
Total non current liabilities	11 488 750	11 249 547	11 436 827	11 211 333				11 436 827
Community wealth/Equity	22 457 196	24 805 183	25 241 429	24 575 003				25 241 429
Cash flows								
Net cash from (used) operating	5 506 919	4 194 026	4 639 183	5 111 160	5 207 980	96 820	1.9%	4 639 183
Net cash from (used) investing	(5 820 775)	(5 109 063)	(5 536 736)	(3 635 638)	(3 701 790)	(66 151)	1.8%	(5 536 736)
Net cash from (used) financing	2 252 382	(345 066)	(598 143)	(271 886)	(280 111)	(8 226)	2.9%	(598 143)
Cash/cash equivalents at the month/year end	8 099 366	6 279 360	6 603 670	9 303 001	8 765 542	(537 460)	-6.1%	6 603 670

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

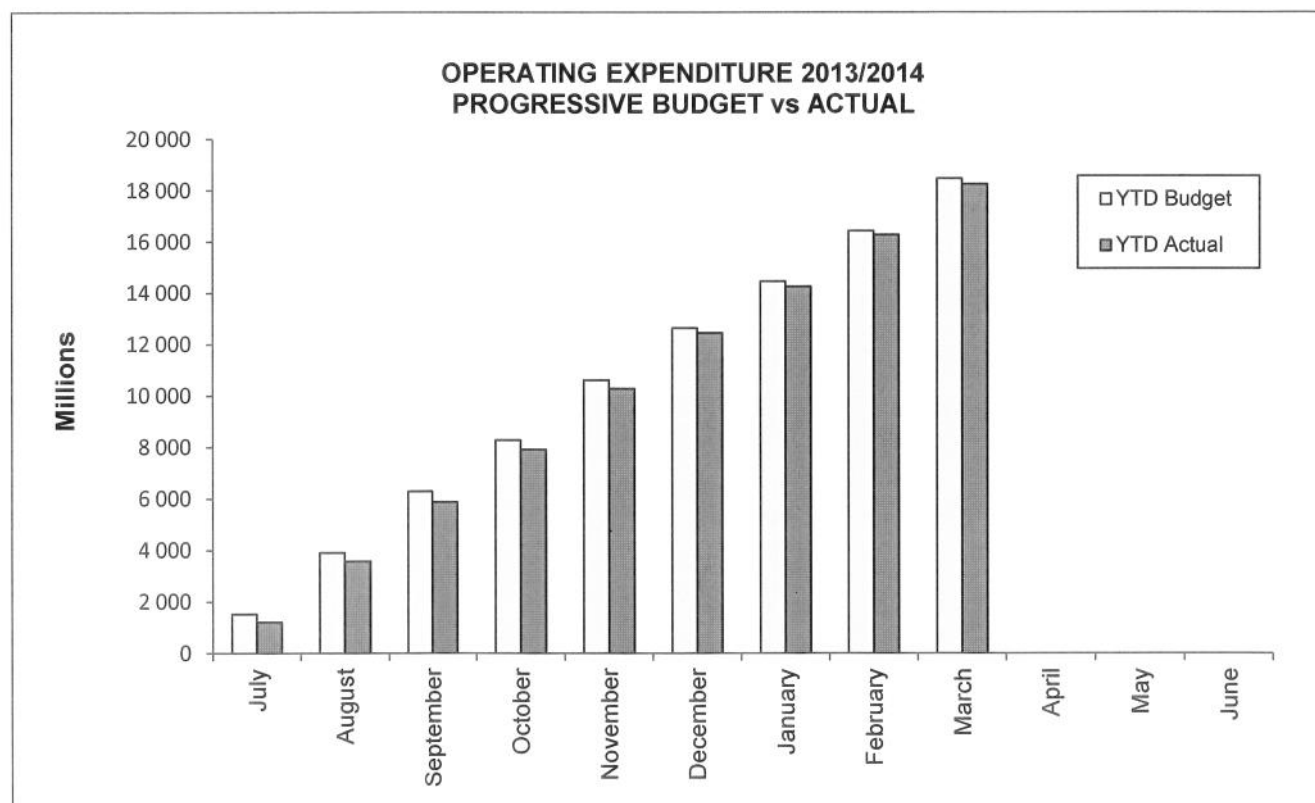
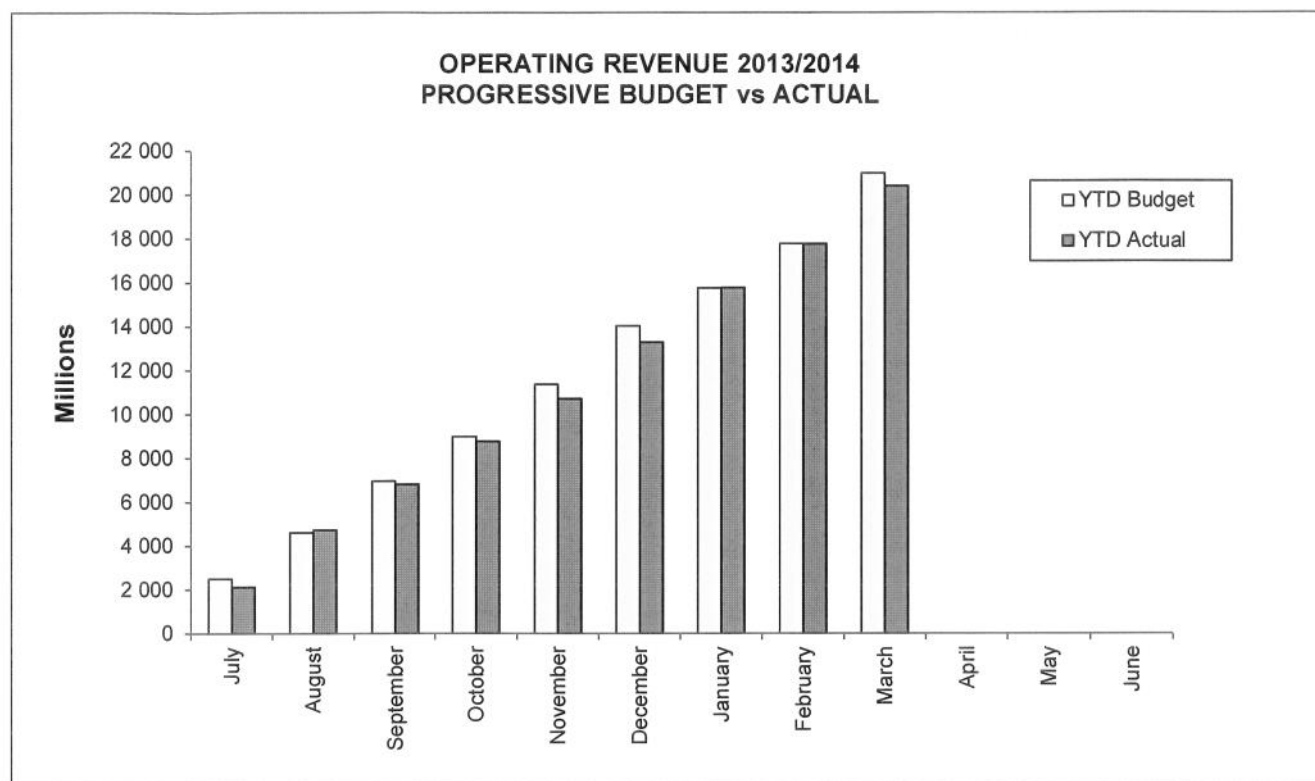


Table C3: Budget Statement – Financial Performance (revenue and expenditure by municipal vote)

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

Vote Description	2012/13	Budget Year 2013/14						
	Audited Outcome	Original Budget	Adjusted Budget	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Revenue by Vote								
Vote 1 - City Health	390 874	433 136	443 109	279 432	289 935	(10 503)	-3.6%	443 109
Vote 2 - City Manager	30	41	1 041	13	31	(18)	-56.8%	1 041
Vote 3 - Community Services	182 524	218 688	198 890	96 269	122 514	(26 244)	-21.4%	198 890
Vote 4 - Compliance and Auxiliary Services	40 231	36 822	35 614	10 240	17 653	(7 413)	-42.0%	35 614
Vote 5 - Corporate Services	60 045	37 936	43 700	18 843	12 256	6 587	53.7%	43 700
Vote 6 - Economic, Environment & Spatial Planning	104 240	100 661	129 961	74 674	79 933	(5 259)	-6.6%	129 961
Vote 7 - Finance	1 130 680	694 205	703 536	566 573	482 632	83 941	17.4%	703 536
Vote 8 - Human Settlements	1 081 268	1 287 635	1 433 541	765 231	863 348	(98 116)	-11.4%	1 433 541
Vote 9 - Rates & Other	7 923 871	8 605 150	8 605 150	7 005 568	7 166 606	(161 038)	-2.2%	8 605 150
Vote 10 - Safety & Security	185 764	261 949	257 475	188 229	187 499	730	0.4%	257 475
Vote 11 - Social and Early Childhood Development	1 027	401	401	105	301	(195)	-65.0%	401
Vote 12 - Tourism, Events and Marketing	26 770	87 930	90 521	19 588	78 930	(59 342)	-75.2%	90 521
Vote 13 - Transport for Cape Town	2 556 563	1 656 659	1 853 357	777 132	892 668	(115 535)	-12.9%	1 853 357
Vote 14 - Utility Services	13 679 568	15 057 184	14 872 536	10 587 017	10 780 130	(193 113)	-1.8%	14 872 536
Total Revenue by Vote	27 363 454	28 478 397	28 668 832	20 388 915	20 974 435	(585 520)	-2.8%	28 668 832
Expenditure by Vote								
Vote 1 - City Health	727 932	835 227	844 133	615 343	638 243	(22 900)	-3.6%	844 133
Vote 2 - City Manager	90 212	111 235	108 700	68 053	79 154	(11 102)	-14.0%	108 700
Vote 3 - Community Services	1 339 644	1 376 911	1 372 388	1 056 473	1 035 883	20 591	2.0%	1 372 388
Vote 4 - Compliance and Auxiliary Services	482 069	591 539	548 678	378 416	383 526	(5 110)	-1.3%	548 678
Vote 5 - Corporate Services	1 864 105	1 612 797	1 596 337	1 097 999	1 095 345	2 654	0.2%	1 596 337
Vote 6 - Economic, Environment & Spatial Planning	465 087	515 983	537 690	380 152	389 650	(9 498)	-2.4%	537 690
Vote 7 - Finance	1 623 529	1 860 619	1 853 859	1 341 694	1 348 280	(6 586)	-0.5%	1 853 859
Vote 8 - Human Settlements	771 861	1 124 016	1 119 218	695 018	703 815	(8 797)	-1.2%	1 119 218
Vote 9 - Rates & Other	744 135	837 495	814 287	608 096	607 837	259	0.0%	814 287
Vote 10 - Safety & Security	1 381 203	1 520 375	1 512 067	1 113 086	1 145 738	(32 652)	-2.8%	1 512 067
Vote 11 - Social and Early Childhood Development	73 392	77 095	100 814	65 149	70 199	(5 051)	-7.2%	100 814
Vote 12 - Tourism, Events and Marketing	419 741	530 824	571 001	404 848	401 708	3 140	0.8%	571 001
Vote 13 - Transport for Cape Town	1 565 311	1 896 136	1 996 348	1 379 422	1 347 675	31 747	2.4%	1 996 348
Vote 14 - Utility Services	12 371 505	13 253 830	12 992 203	9 043 191	9 213 199	(170 007)	-1.8%	12 992 203
Total Expenditure by Vote	23 919 727	26 144 082	25 967 723	18 246 941	18 460 251	(213 310)	-1.2%	25 967 723
Surplus/ (Deficit) for the year	3 443 726	2 334 315	2 701 109	2 141 974	2 514 184	(372 210)	-14.8%	2 701 109

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.

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

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
Revenue by Vote				
Vote 1 - City Health	(10 503)	-3.6%	The under-recovery is mainly on operating grant-funded projects, due to the late receipt of the Equitable Share payment.	Equitable share payment was processed in April 2014.
Vote 2 - City Manager	(18)	-56.8%	Immaterial variance.	-
Vote 3 - Community Services	(26 244)	-21.4%	The under-recovery is mainly on (1) Rental of Facilities where there was a decrease in the usage of facilities to date and (2) capital grant-funded projects where the actual expenditure (and revenue) is lower than the planned cash flows to date.	The utilisation of facilities is demand driven and difficult to predict. The capital grant-funded projects are progressing and are expected to be completed by year-end. The situation is monitored on monthly basis.
Vote 4 - Compliance and Auxiliary Services	(7 413)	-42.0%	The under-recovery is the result of an under-recovery on recoupment of private telephone calls from staff, as staff is making less private calls than planned. In addition, capital grant-fund projects reflect under-recovery due to outstanding invoices. The revenue is linked to expenditure incurred.	Outstanding invoices will be followed up with suppliers and contractors. The situation is monitored on monthly basis.
Vote 5 - Corporate Services	6 587	53.7%	The over-recovery reflects against (1) Profit on Sale of Assets, due to higher than anticipated auction proceeds and (2) Insurance Claims Proceeds, due to the receipt of unplanned proceeds.	Proceeds from Sale of Assets as well as from insurance claims cannot be planned for accurately. The situation is monitored on monthly basis.
Vote 6 - Economic, Environment & Spatial Planning	(5 259)	-6.6%	The under-recovery is mainly due to (1) lower than planned revenue received for Signage Fees and Application fees as a result of a general decline in applications to date and (2) underspending on an operating grant-funded project where progress is slower than anticipated and delivery of services is awaited.	The situation is monitored on monthly basis.
Vote 7 - Finance	83 941	17.4%	The over-recovery is mainly on Interest Earned on External Investments where the actual interest received is higher than planned, due to higher than expected cash and investment balances for the period. Better than expected returns were earned by fund managers and the interest rates increase at the end of January 2014 further contributed to this variance.	Interest on Investment is monitored by the Investment section on a monthly basis.
Vote 8 - Human Settlements	(98 116)	-11.4%	The under-recovery mainly relates to a number of operating- and capital grant-funded projects, which are in various stages of completion. Certain projects are progressing faster than initially envisaged whilst others are slightly delayed. There are numerous factors that impact on the progress of Housing Projects e.g. community dynamics, funding approvals, environmental issues and procurement delays associated with, inter alia, the tender processes.	The situation is monitored by the finance manager with the relevant project managers. Cash flow budgets are amended where possible.
Vote 9 - Rates & Other	(161 038)	-2.2%	The under-recovery is the combined result of over/under recovery on Property Rates, Income Forgone and operating grant funding. Property Rates billing is done on a daily basis and it is difficult to accurately align the monthly period budget with the actual billing per month. Property Rates income is further influenced by ongoing valuation adjustments / corrections / valuation objections. The under-recovery on Income Forgone is due to lower than planned actual rebates to date as applications are still being adjudicated and processed as they are received. In addition the Equitable Share payment was only processed in April 2014.	The situation is monitored on a monthly basis.

Table continues on next page.

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
Vote 10 - Safety & Security	730	0.4%	The over-recovery is a combination of (1) an under-recovery on Fines revenue, due to the withdrawal and/or reduction of fines by prosecutors, non-payment of fines and the capacity of the courts to deal with the volumes of cases and (2) an over-recovery on Miscellaneous Charges where revenue was incorrectly booked against Safety & Security.	A number of interventions i.e. appointment of additional officers, etc. were implemented to improve the situation on Fines Income. The incorrect booking of revenue is under investigation and will be corrected.
Vote 11 - Social and Early Childhood Development	(195)	-65.0%	The under-recovery is mainly on Rental of Facilities, due to lower than planned demand from communities for the use of facilities.	The usage of facilities is demand driven and difficult to accurately plan.
Vote 12 - Tourism, Events and Marketing	(59 342)	-75.2%	The under-recovery is mainly on operating grant-funded projects, due to the incorrect booking of costs to cost centres and not to the CHAN Grant Project.	Journals and reposting are currently being processed to rectify this.
Vote 13 - Transport for Cape Town	(115 535)	-12.9%	The under-recovery is a combination of (1) an under-recovery on capital grant-funded projects, due to the delays in compensation negotiations with existing public transport operators, the later than planned delivery of MyCiti busses as a result of the industrial action in 2013, slow SCM processes as a result of legal and audit concerns as well as the impacts of contractor liquidations and (2) over-recovery on Development Levies and IRT-related services (Busfares), due to higher than planned revenue received to date.	The situation is monitored by the finance manager.
Vote 14 - Utility Services	(193 113)	-1.8%	The under-recovery is the combined result of over/under-recovery within the following categories: (1) Electricity Sales (R38 million under), due to seasonal fluctuations in consumer demand, (2) Water and Sewerage Charges (R157 million under), due to water saving programmes, seasonal influences on consumer consumption, historical trends used in the calculation of anticipated consumption as well as billing corrections and financial adjustments and (3) Solid Waste Disposal Coupon Fees (R27 million under) as the result of fewer consumers disposing general and hazardous waste material at dumping sites and using private dumpsites.	The situation is monitored by the finance managers 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 1 - City Health	(22 900)	-3.6%	Under expenditure reflects on (1) Employee related costs, largely due to the turnaround time in filling vacancies (mainly grant-funded posts) and (2) Other Expenditure, due to delays in the submission of invoices from service providers and suppliers for test, sampling & monitoring costs as well as for pharmaceutical supplies.	The finance manager is in the process of following up on outstanding invoices and payments. The filling of vacancies is ongoing.
Vote 2 - City Manager	(11 102)	-14.0%	The variance is mainly due to under expenditure on (1) Employee related costs, due to the turnaround time in filling vacancies as well as the impact of internal filling of vacancies and (2) Other Expenditure, largely on Mayoral projects and public functions, which are approved and created on an ad-hoc basis as and when projects are identified.	The filling of vacancies is on-going. The trend on Other Expenditure will improve as projects are approved and implemented.
Vote 3 - Community Services	20 591	2.0%	The variance is a combination of over/under expenditure. The over expenditure is largely due to an inadequate budgetary provision on General Expenses as well as the escalation of security services costs and charges to address security requirements at facilities. Incorrect posting of R&M costs further contributed to the over expenditure on General Expenses. The under expenditure reflects on Contracted Services and is due to the lack of capacity to implement projects as well as the impact of the non-alignment of budget with the anticipated cash flows on R&M programmes.	A City-wide security strategy is being reviewed by a special task team headed by the ED: Safety & Security to address the security issue. An investigation into the incorrect settlement/posting of expenditure is underway and corrective action will be undertaken where necessary.
Vote 4 - Compliance and Auxiliary Services	(5 110)	-1.3%	The variance is largely due to under expenditure on (1) Employee related costs, due to the internal filling of vacant posts and the turnaround time in filling posts, (2) Councillor remuneration, largely due to temporary councillor vacancies and lower than anticipated claims submitted by councillors for reimbursive travel claims and (3) Other Expenditure, due to delays in appointment of consultants for the external quality assurance review, which is expected to be finalised in the upcoming months as well as forensic investigations and investigations into two cases for contravention of the code of conduct for councillors, which is currently underway.	The directorate is in the process of finalising its organisational structure and will expedite the filling of vacancies. The SCM process for the External Quality Assurance review is underway. Expenditure will be incurred when the disciplinary hearings and forensic investigations have been finalised and invoices are received for processing.
Vote 5 - Corporate Services	2 654	0.2%	The variance is a combination of over/under expenditure. Over expenditure reflects on (1) Other Expenditure: Fuel, due to the escalating international fuel prices as well as the volatile R/\$ exchange rate and Security Services & Charges, due to the high demand for security services as a result of risk assessments, (2) Depreciation, as a result of the misalignment of the period budget with the actual depreciation charges to date and (3) Contracted Services, largely due to R&M spend ahead of plan. Under-expenditure reflects on Employee related costs, largely due to the impact of the internal filling of vacant posts coupled with the turnaround time in filling vacancies.	Fuel: The fuel budget is being monitored by providing line departments with e-fuel and OBC reports but excessive fuel usage and abuse of vehicles needs to be addressed by line departments in an effort to curtail the cost. The impact of the R/\$ exchange rate and escalating international fuel price is out of the control of the City. Security Services: Expenditure as well as budgetary provisions are constantly reviewed and corrective action implemented where possible. However, reducing and curtailing expenditure is not an easy task, with fear of vandalism, safety of public and staff and possible loss of life and/or assets. Departments have implemented partial corrective actions but it is not likely that the situation will significantly improve this financial year. Based on current trends it is expected that fuel and security budgets will be over-spent by year-end. Employee related costs: The recruitment and selection processes are underway and many vacancies are currently in the process of being filled or have been filled already. Departments are expediting the recruitment process with the assistance of HR, however a significant number of vacant positions (64.7%) are filled from internal candidates within the directorate, which result in consequential vacancies.

Table continues on next page.

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
Expenditure by Vote				
Vote 6 - Economic, Environment & Spatial Planning	(9 498)	-2.4%	The variance is largely due to under expenditure on (1) Employee related costs due to the internal filling of vacant posts and the turnaround time in filling posts and (2) Contracted Services, due to delays experienced with (a) the signing of MOA relating to the transfer payments for Learn to Earn, (b) the pending final tranche to Wesgro and (c) the delays with the data capturing project, due to contractors not delivering services as planned.	The process of filling vacancies is on-going and the finalisation of the MOA and transfer payments is underway.
Vote 7 - Finance	(6 586)	-0.5%	The variance is largely against Other Expenditure, due to (a) lower than anticipated YTD expenditure on bank charges resulting from the late processing of bank charges invoices and (b) City Improvement District (CID), due to the non-payment of two CID transfers resulting from outstanding legislative documentation.	The finance manager will follow up on outstanding invoices and expenditure will be monitored.
Vote 8 - Human Settlements	(8 797)	-1.2%	The variance is largely due to under expenditure on (1) Employee related costs, due to the internal filling of vacant posts and the turnaround time in the filling of vacancies and (2) Contracted Services, mainly due to the impact of the reactive component of R&M and the rate of progress on various grant-funded housing development projects, which are difficult to estimate accurately per monthly cycle as many factors influence the rate of house construction by communities.	The situation will be monitored by the finance manager and corrective action will be undertaken where necessary. Original monthly projections was based on historic patterns and cash flows will be adjusted where possible.
Vote 9 - Rates & Other	259	0.0%	immaterial variance.	-
Vote 10 - Safety & Security	(32 652)	-2.8%	The variance is largely on (1) Employee related costs (mainly non-permanent staff), due to the turnaround time in filling various contract posts for the Public Transport Interchange and IRT-related projects and (2) Other Expenditure, due to lower than planned collection costs, which are based on actual fine income received, being paid to the collecting agency.	The finance manager will monitor the situation and corrective action will be undertaken where necessary.
Vote 11 - Social and Early Childhood Development	(5 051)	-7.2%	The variance is largely due to slower than anticipated spending on the Street People Programme as well as on various other 2013/14 directorate business plan projects, which are currently underway.	Programmes for ECD, Street People, Youth projects, Poverty Alleviation, Vulnerable Groups and Substance Abuse are underway. Orders were placed with service providers.
Vote 12 - Tourism, Events and Marketing	3 140	0.8%	Other Expenditure reflects over expenditure, largely due to the incorrect posting and misalignment of the budgetary provision with actual expenditure for the CHAN 2014 tournament hosted by the City during January/ February 2014. The preparations for the tournament commenced late 2013 already but the CHAN 2014 grant was only paid to the City in January 2014.	The processing of corrective journals and reposting of costs to the correct expenditure component(s) is underway. The finance manager will monitor the situation and corrective action will be taken, where necessary
Vote 13 - Transport for Cape Town	31 747	2.4%	The variance is a combination of over/under expenditure. Over expenditure reflects against (1) Contracted Services, due to R&M expenditure being ahead of schedule for certain major roads resurfacing projects (including some 2012/13 projects) and the impact of accelerated spend on R&M programmes on local road resurfacing for 2013/14, (2) the once off payment for the new MyCiti operator contract and (3) the increased expenditure resulting from the roll-out of additional routes. Under expenditure reflects against Other Expenditure, due to the longer time required to verify complex invoices resulting in delays in capturing IRT invoices.	The accelerated R&M expenditure is expected to slow down later in the financial year. The situation is monitored by the Director: Financial Management and remedial actions will be undertaken to ensure that expenditure is within the approved budget.

Table continues on next page.

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
Vote 14 - Utility Services	(170 007)	-1.8%	<p>The variance is a combination of over/under expenditure. The under expenditure reflects against (1) Employee related costs, due to the internal filling of vacant posts and the turnaround time in the filling of vacancies, (2) Bulk purchases, due to delays in receipt of bulk water accounts from the Department of Water Affairs, (3) Contracted Services, mainly due to the misalignment of the period budget for the Easter and Winter Readiness programmes (Solid Waste Management) and delays experienced with the finalisation of the Cape Flats tender for the sludge removals (Water & Sanitation), (4) Materials, largely as a result of delays in submission of invoices and reduced R&M expenditure resulting from of the implementation of a new asset management strategy within Cape Town Electricity and (5) Other Expenditure, which consists of various demand-driven items that are difficult to plan accurately per monthly cycle.</p> <p>Over expenditure reflects against Electricity Bulk Purchases, largely due to seasonal fluctuations and consumer demand.</p>	<p>The recruitment and selection processes are ongoing. The expenditure trend for Bulk Water will improve as invoices are received. The situation is monitored by the respective finance manager and corrective action will be undertaken where necessary.</p>

Table C4: 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	2012/13	Budget Year 2013/14						
	Audited Outcome	Original Budget	Adjusted Budget	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Revenue By Source								
Property rates	5 076 445	5 427 388	5 427 388	4 157 288	4 013 774	143 514	3.6%	5 427 388
Property rates - penalties & collection charges	85 057	99 720	99 720	57 203	74 790	(17 588)	-23.5%	99 720
Service charges - electricity revenue	8 852 928	9 668 405	9 483 473	6 971 974	7 009 789	(37 816)	-0.5%	9 483 473
Service charges - water revenue	2 053 577	2 343 850	2 333 850	1 628 778	1 729 013	(100 235)	-5.8%	2 333 850
Service charges - sanitation revenue	1 091 897	1 243 019	1 243 019	873 104	932 264	(59 161)	-6.3%	1 243 019
Service charges - refuse revenue	869 210	947 126	950 808	690 363	713 103	(22 740)	-3.2%	950 808
Service charges - other	232 192	239 991	243 397	216 541	183 337	33 204	18.1%	243 397
Rental of facilities and equipment	306 605	336 471	336 823	241 075	247 034	(5 959)	-2.4%	336 823
Interest earned - external investments	368 324	284 618	282 078	300 313	216 228	84 086	38.9%	282 078
Interest earned - outstanding debtors	183 192	118 805	121 617	87 949	90 760	(2 811)	-3.1%	121 617
Dividends received	—	—	—	—	—	—	—	—
Fines	100 524	183 257	168 710	103 238	121 976	(18 738)	-15.4%	168 710
Licences and permits	41 843	35 601	39 281	33 716	31 447	2 268	7.2%	39 281
Agency services	132 469	121 993	134 993	109 035	106 245	2 790	2.6%	134 993
Transfers recognised - operational	1 985 809	2 595 904	2 603 947	1 638 984	2 030 449	(391 465)	-19.3%	2 603 947
Other revenue	2 445 384	2 179 942	2 187 009	2 102 349	2 071 275	31 074	1.5%	2 187 009
Gains on disposal of PPE	86 747	69 000	69 000	13 933	4 161	9 772	234.8%	69 000
Total Revenue (excluding capital transfers and contributions)	23 912 206	25 895 089	25 725 114	19 225 842	19 575 646	(349 804)	-1.8%	25 725 114
Expenditure By Type								
Employee related costs	7 446 199	8 253 458	8 216 940	6 169 872	6 238 967	(69 095)	-1.1%	8 216 940
Remuneration of councillors	111 673	123 721	123 721	90 039	92 791	(2 751)	-3.0%	123 721
Debt impairment	926 812	866 192	881 192	663 445	660 894	2 551	0.4%	881 192
Depreciation & asset impairment	1 627 385	1 934 741	1 957 724	1 402 500	1 453 368	(50 868)	-3.5%	1 957 724
Finance charges	720 766	863 894	863 894	577 641	577 705	(64)	0.0%	863 894
Bulk purchases	6 391 186	6 898 881	6 607 911	4 433 097	4 437 516	(4 419)	-0.1%	6 607 911
Other materials	284 193	358 681	332 966	222 118	240 104	(17 986)	-7.5%	332 966
Contracted services	2 825 946	3 192 182	3 355 650	2 088 188	2 188 328	(100 140)	-4.6%	3 355 650
Transfers and grants	103 144	39 544	117 815	78 942	80 329	(1 387)	-1.7%	117 815
Other expenditure	3 480 981	3 612 788	3 509 910	2 520 344	2 490 249	30 095	1.2%	3 509 910
Loss on disposal of PPE	1 443	—	—	755	—	755	—	—
Total Expenditure	23 919 727	26 144 082	25 967 723	18 246 941	18 460 251	(213 310)	-1.2%	25 967 723
Surplus/(Deficit)	(7 521)	(248 993)	(242 610)	978 901	1 115 395	(136 494)	-12.2%	(242 610)
Transfers recognised - capital	3 414 645	2 535 058	2 868 417	1 099 971	1 337 406	(237 434)	-17.8%	2 868 417
Contributions recognised - capital	34 076	48 250	44 125	29 929	30 214	(285)	-0.9%	44 125
Contributed assets	2 527	—	31 177	33 172	31 169	2 003	6.4%	31 177
Surplus/(Deficit) after capital transfers & contributions	3 443 726	2 334 315	2 701 109	2 141 974	2 514 184			2 701 109
Taxation	—	—	—	—	—			—
Surplus/(Deficit) after taxation	3 443 726	2 334 315	2 701 109	2 141 974	2 514 184			2 701 109
Attributable to minorities	—	—	—	—	—			—
Surplus/(Deficit) attributable to municipality	3 443 726	2 334 315	2 701 109	2 141 974	2 514 184			2 701 109
Share of surplus/ (deficit) of associate	—	—	—	—	—			—
Surplus/ (Deficit) for the year	3 443 726	2 334 315	2 701 109	2 141 974	2 514 184			2 701 109

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	143 514	3.6%	The over-recovery is the combined result of over/under recovery on Property Rates and Income Forgone. Property Rates billing is done on a daily basis and it is difficult to accurately align the monthly period budget with the actual billing per month. The revenue is further influenced by ongoing valuation adjustments / corrections / valuation objections. The under-recovery on Income Forgone is due to lower than planned actual rebates to date as applications are still being adjudicated and processed as they are received.	Actual results for the year is expected to be in line with the budget and no remedial action is required. The situation is monitored on a monthly basis.
Property rates - penalties & collection charges	(17 588)	-23.5%	The under-recovery to date is due to lower than planned penalties imposed on outstanding Rates debtors. The current situation was also impacted by a Council decision to stop raising interest on old arrears of indigent customers.	The situation is monitored on a monthly basis.
Service charges - electricity revenue	(37 816)	-0.5%	The under-recovery is on Electricity Sales (Credit Meters) and is mainly due to seasonal fluctuations in consumer demand/consumption.	The situation is monitored on a monthly basis.
Service charges - water revenue	(100 235)	-5.8%	The under-recovery is on Water Sales and is mainly due to water saving programmes, seasonal influences on consumption and awareness programmes. Although water conservation is promoted and delivers positive results in less water being consumed, it has a negative impact on water sales.	The variance is expected to fluctuate in ensuing months, due to seasonal influences and continued water saving programmes. It is expected that fluctuations will even out towards year-end.
Service charges - sanitation revenue	(59 161)	-6.3%	The under-recovery is on Sewerage Charges and is mainly due to water saving programmes, seasonal influences on consumption, and awareness programmes. Although water conservation is promoted and delivers positive results in less water being consumed (and associated sewerage charges), it has a negative impact on water sales and sewer charges.	The variance is expected to fluctuate in ensuing months, due to seasonal influences and continued water saving programmes. It is expected that fluctuations will even out towards year-end.
Service charges - refuse revenue	(22 740)	-3.2%	The under-recovery is mainly on Disposal Coupon Fees and Special Waste Fees and is the result of fewer consumers disposing general and hazardous waste material at dumping sites. Potential consumers prefer to use private dump sites as they are allowed to do business on an account and do not need to purchase dumping coupons beforehand.	Dumping of refuse/waste is demand driven.
Service charges - other	33 204	18.1%	The over-recovery is a combination of under/over recovery on various revenue elements in this category. The main contributors to the over-recovery are (1) Building Levies (EESP), due to more plans being processed than anticipated, (2) Bus fares-IRT (TCT), due to higher than planned usage of services and (3) Miscellaneous Charges (Safety & Security), due to a higher number of vehicle and cell phone impoundments as well as the processing of incorrect journals for payments from Provincial Government. The main contributors to the under-recovery are (1) Treatment Effluent Sales (Water), due to lower than anticipated consumer demand, (2) Industrial Effluent Charges (Water), due to lower than anticipated flow volumes and a higher level of compliance by consumers and (3) Signage Fees (EESP), due to a decrease on signage applications received.	Due to seasonal influences and consumer demand Treatment Effluent Sales (Water) and Industrial Effluent Charges (Water) is expected to continue fluctuating in the ensuing months. Miscellaneous Charges (Safety & Security): Incorrect journals will be rectified in April 2014. Situation is monitored on a monthly basis.
Rental of facilities and equipment	(5 959)	-2.4%	The under-recovery is mainly within (1) TEAM, due to a lower than planned rate of utilisation of facilities for events, (2) Community Development, where the utilisation of facilities was lower than expected and (3) Housing, where rental subsidies are less than planned due to properties being transferred to homeowners.	Rental of facilities is demand driven and therefore difficult to predict the future.

Table continues on next page.

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
Revenue By Source				
Interest earned - external investments	84 086	38.9%	The over-recovery is mainly due to a higher than expected cash and investment balance for the period when compared to the planned revenue. In addition, better returns than expected were earned due to the interest rates increase at the end of January 2014.	Interest on Investments is monitored by the Investment Section on a monthly basis.
Interest earned - outstanding debtors	(2 811)	-3.1%	The under-recovery is due to lower than planned interest raised on outstanding debtor balances in March. In addition, interest charges raised in previous periods were reversed, due to ongoing debtor account corrections and adjustments.	The situation is monitored on a monthly basis.
Dividends received	—	—	n/a	n/a
Fines	(18 738)	-15.4%	The under-recovery is mainly on Traffic Fines, due to the withdrawal and/or reduction of fines by prosecutors, the non payment of fines and the lack of capacity of the courts to deal with the volumes of cases.	A number of interventions (i.e. appointment of additional officers, road blocks, etc.) were implemented to improve this situation.
Licences and permits	2 268	7.2%	The over-recovery is mainly within Safety & Security as a result of an increase in the enforcement of the Informal Trading Bylaw as well as the increase in the number of appointments for driver's licences, PRDPs, roadworthy certificates and disability disks.	This is demand driven and therefore difficult to plan accurately per monthly cycle.
Agency services	2 790	2.6%	The over recovery is the result of higher than planned vehicle licence transactions processed on behalf of Provincial Government.	This is demand driven and therefore difficult to plan accurately per monthly cycle.
Transfers recognised - operational	(391 465)	-19.3%	The under-recovery is the combined result of over/under recovery within the following directorates: (1) TEAM (R55 million under), due to the incorrect allocation of costs to cost centres and not to the AFCON(CHAN) grant project, (2) Human Settlements (R23 million under), where certain projects are progressing faster and others slower than anticipated. Various factors impact on progress e.g. community dynamics, funding approvals, environmental issues, procurement processes, etc., (3) Health (R9 million under) and Rates (R295 million under), due to the Equitable Share payment only being processed in April 2014.	TEAM: Correct cost allocation is currently underway.
Other revenue	31 074	1.5%	The main contributors to this over-recovery: are (1) CID-Levies within Finance, (2) Miscellaneous Income within Water & Sanitation, Solid Waste Management, Safety & Security, Finance Services and Corporate Services, (3) Sale of Salvaged Items within Cape Town Electricity and TCT, (4) Recoveries-Staff within Safety & Security, where revenue was booked incorrectly and (5) Development levies within TCT, Cape Town Electricity and Water & Sanitation.	Corrective actions for the incorrect booking of revenue within Safety & Security will be undertaken. All these sources of revenue are of an adhoc nature and difficult to plan accurately.
Gains on disposal of PPE	9 772	234.8%	The over-recovery is mainly within Corporate Services and Solid Waste Management, where the period budget is not aligned with the actual trend of revenue received from the sale of PPE. The proceeds from auctions and sale of vehicles was more than anticipated to date.	Situation is monitored and no corrective action to be undertaken.

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	(69 095)	-1.1%	The variance is mainly due to (1) the turnaround time in the filling of vacancies (mainly grant-funded, non-permanent or seasonal staff) as well as the internal filling of vacancies within the City (2) Other Allowances relating to various adhoc allowances within this category that are dependent on when functions are performed and submission of claims.	The filling of vacancies is on-going and seasonal staff is appointed as required. Savings realised to date have been set aside and ring-fenced within investment accounts to cover unfunded cash commitments as approved by Council.
Remuneration of councillors	(2 751)	-3.0%	Councillor remuneration reflects under expenditure, largely due to temporary councillor vacancies and lower than anticipated claims submitted for reimbursive travel claims by councillors.	The situation is monitored by the respective finance manager.
Debt impairment	2 551	0.4%	Immaterial variance.	-
Depreciation & asset impairment	(50 868)	-3.5%	This variance is affected by the capitalisation rate of assets, based on the completion and progress of capital projects and is mainly within Transport for Cape Town (largely IRT).	The situation is monitored by the respective finance manager.
Finance charges	(64)	0.0%	Immaterial variance.	-
Bulk purchases	(4 419)	-0.1%	The variance is a combination of under expenditure on water purchases, largely due to delays in the submission of invoices and over expenditure on electricity purchases, mainly as a result of seasonal fluctuations and consumer demand.	The situation is monitored by the respective finance manager and corrective action will be taken where required.
Other materials	(17 986)	-7.5%	The variance is largely due to delays in submission of invoices and lower than estimated R&M expenditure resulting from the implementation of a new asset management strategy in Cape Town Electricity.	The situation is monitored by the respective finance manager.
Contracted services	(100 140)	-4.6%	The variance is a combination of over/under expenditure. Under expenditure reflects mainly in (1) Utility Services, due to the misalignment of the period budget for the Easter and Winter readiness programmes, late submission of invoices from service providers and delays on re-advertising of the Cape Flats tender for the operations and maintenance of the sludge facilities, (2) Community Services, due to the misalignment of the period budget with the anticipated cash flows on R&M programmes, lack of capacity to implement projects and the incorrect posting of R&M costs to General Expenses and (3) Human Settlements, due to the impact of the re-active component of R&M and the rate of progress on various grant-funded housing development projects, which are difficult to estimate accurately per monthly cycle as many factors influence the rate of house construction by communities. Over expenditure reflects in (1) Transport for Cape Town, largely due to the accelerated spend on R&M coupled with the impact of the once-off payment for the new 12 year MyCiti contract and roll out of additional routes and (2) Water & Sanitation, due to higher than anticipated R&M for emergency and scheduled works.	The expenditure trend is expected to improve as the year progresses. The situation will be monitored by the respective finance managers and corrective action will be taken where required. Corrective action to repost the R&M costs within Community Services is underway.

Table continues on next page.

Description	YTD Variance R Thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
Transfers and grants	(1 387)	-1.7%	The variance is largely within the Health directorate, mainly due to delays in payments resulting from outstanding documentation from NPOs as well as various grant applications, which are in the process of being approved.	Payments will be processed once applications are approved and all documentation submitted.
Other expenditure	30 095	1.2%	The variance is largely due to over expenditure on (1) Fuel resulting from the escalating international fuel prices and volatile R/\$ exchange rate, (2) Security Services & Charges, due to environmental factors and demand on services as a result of risk assessments, (3) R&M plants (Community Services) as a result of the incorrect posting of R&M costs to General Expenses instead of Contracted Services and (4) Indigent Relief (Human Settlements), largely due to higher than anticipated indigent applications received to date resulting from the implemented debt management controls in respect of housing arrears.	The reposting of R&M costs to Contracted Services from General Expenses is underway. The Fuel budget is being monitored by providing line departments with e-fuel and OBC reports to monitor excessive fuel usage and abuse of vehicles within their departments, however, the exchange rate and escalating international fuel prices is out of the control of the City. The expenditure trend for Security Services is constantly reviewed but reducing and curtailing expenditure is not that easy, with fear of vandalism, safety of public and staff as well as possible loss of assets. The process of corrective journals to repost R&M costs is underway and the alignment of period budgets will be undertaken.
Loss on disposal of PPE	755	-	Immaterial variance.	-

Table C5: 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	2012/13	Budget Year 2013/14						
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Multi-Year expenditure appropriation								
Vote 1 - City Health	22 778	23 716	30 096	11 551	15 611	(4 059)	-26.0%	30 096
Vote 2 - City Manager	1 169	13 892	14 095	8 470	8 876	(406)	-4.6%	14 095
Vote 3 - Community Services	178 223	222 027	209 126	76 238	109 475	(33 237)	-30.4%	205 308
Vote 4 - Compliance and Auxiliary Services	30 157	37 865	31 343	11 840	18 194	(6 354)	-34.9%	26 338
Vote 5 - Corporate Services	232 756	258 892	294 109	148 529	148 173	356	0.2%	293 909
Vote 6 - Economic, Environment & Spatial Planning	41 429	58 459	64 469	18 914	24 991	(6 077)	-24.3%	64 414
Vote 7 - Finance	21 613	11 784	44 204	6 076	15 415	(9 339)	-60.6%	22 661
Vote 8 - Human Settlements	565 694	626 894	772 040	384 984	471 694	(86 710)	-18.4%	699 499
Vote 9 - Rates & Other	-	-	-	-	-	-	-	-
Vote 10 - Safety & Security	55 708	67 927	64 080	24 989	33 622	(8 633)	-25.7%	64 078
Vote 11 - Social and Early Childhood Development	6 791	5 460	7 838	1 094	1 178	(84)	-7.2%	7 638
Vote 12 - Tourism, Events and Marketing	179 084	28 661	26 530	10 017	12 708	(2 691)	-21.2%	26 524
Vote 13 - Transport for Cape Town	2 493 517	1 415 743	1 612 231	600 609	728 851	(128 242)	-17.6%	1 611 151
Vote 14 - Utility Services	2 039 890	2 679 272	2 436 227	1 046 741	1 047 202	(461)	0.0%	2 354 901
Total Capital Expenditure	5 868 810	5 450 592	5 606 388	2 350 052	2 635 991	(285 938)	-10.8%	5 420 612
Capital Expenditure - Standard Classification								
Governance and administration	276 777	294 502	356 979	165 288	176 671	(11 383)	-6.4%	335 230
Executive and council	4 266	9 250	2 306	1 544	1 758	(214)	-12.2%	2 305
Budget and treasury office	10 471	5 349	7 252	3 419	4 882	(1 463)	-30.0%	7 234
Corporate services	262 041	279 903	347 421	160 325	170 031	(9 706)	-5.7%	325 691
Community and public safety	1 049 984	1 024 512	1 157 040	532 804	669 527	(136 723)	-20.4%	1 080 462
Community and social services	37 716	82 045	65 969	17 642	29 829	(12 187)	-40.9%	61 980
Sport and recreation	321 193	169 422	174 037	68 497	91 463	(22 966)	-25.1%	174 003
Public safety	103 000	122 934	115 398	50 283	61 031	(10 748)	-17.6%	115 384
Housing	565 694	626 894	772 040	384 984	471 694	(86 710)	-18.4%	699 499
Health	22 382	23 216	29 596	11 398	15 511	(4 112)	-26.5%	29 596
Economic and environmental services	2 528 595	1 499 604	1 694 064	627 404	764 548	(137 144)	-17.9%	1 687 930
Planning and development	31 631	65 452	58 834	27 772	31 740	(3 968)	-12.5%	53 781
Road transport	2 482 101	1 411 768	1 601 290	596 461	725 000	(128 539)	-17.7%	1 600 210
Environmental protection	14 864	22 384	33 940	3 172	7 808	(4 637)	-59.4%	33 939
Trading services	2 013 453	2 631 974	2 398 305	1 024 556	1 025 244	(688)	-0.1%	2 316 990
Electricity	1 194 512	1 404 107	1 313 311	580 395	574 206	6 189	1.1%	1 276 804
Water	303 326	479 365	480 451	239 958	237 327	2 630	1.1%	483 160
Waste water management	304 581	480 715	463 386	147 329	152 448	(5 119)	-3.4%	415 876
Waste management	208 174	264 938	139 505	56 411	60 398	(3 987)	-6.6%	139 500
Other	2 860	2 849	1 652	462	864	(402)	-46.5%	1 651
Total Capital Expenditure - Standard Classification	5 868 810	5 450 592	5 606 388	2 350 052	2 635 991	(285 938)	-10.8%	5 420 612
Funded by:								
National Government	3 056 018	2 191 297	2 501 455	924 486	1 110 564	(186 078)	-16.8%	2 439 978
Provincial Government	354 954	343 761	357 962	175 430	218 795	(43 365)	-19.8%	299 569
District Municipality	-	-	-	-	-	-	-	-
Other transfers and grants	3 673	2 100	1 100	183	362	(179)	-49.4%	1 100
Transfers recognised - capital	3 414 645	2 537 158	2 860 517	1 100 099	1 329 720	(229 621)	-17.3%	2 740 647
Public contributions & donations	35 076	46 150	52 025	29 802	33 852	(4 051)	-12.0%	46 851
Borrowing	1 753 425	2 149 497	2 036 433	940 920	928 011	12 909	1.4%	2 008 806
Internally generated funds	665 664	717 788	657 413	279 232	344 407	(65 175)	-18.9%	624 309
Total Capital Funding	5 868 810	5 450 592	5 606 388	2 350 052	2 635 991	(285 938)	-10.8%	5 420 612

The table below 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 1 - City Health	(4 059)	-26.0%	1. New Environmental Health Office and St Vincent Clinic projects are still behind schedule, due to work on site being stopped by the community. 2. Delft South Clinic project tender has been cancelled.	1. Constant follow-up with project managers and consultants. Contractors to supply a revised program of work and the department will monitor the progress to ensure adherence to the revised timelines. March payment certificates to be processed in April 2014. 2. Report to approve the appointment of the second highest scored vendor was submitted to SCMBAC.
Vote 2 - City Manager	(406)	-4.6%	Immaterial variance.	-
Vote 3 - Community Services	(33 237)	-30.4%	1. Library and Information Services (a) New Regional Library Kuyasa Khayelitsha: construction delayed, due to community involvement. (b) Books - Carnegie III: Quotations for books for New Regional Library Kuyasa Khayelitsha are currently being sourced. 2. Sport and Recreation: Blue Waters Resort Upgrade: Delays experienced, due to additional work being added to the scope of work. 3. City Parks: Maitland Cemetery Upgrade Roads & Infrs: 50% deposit for Cremators, which was reserved, is no longer required. Supplier now requires bank guarantee.	1. Library and Information Services: Matter resolved and project is currently being implemented. 2. Sport and Recreation: All the building works will be completed end of April 2014. The project will be completed at the end of May 2014, due to the landscaping redesign. 3. City Parks: Maitland Crematorium Cremators: Liaising with supplier to determine what is required for the bank guarantee.
Vote 4 - Compliance and Auxiliary Services	(6 354)	-34.9%	1. Harare Business Hub - awaiting outstanding invoice for phase 1. 2. Lentegour Public Space & Civic Office Upgrade project is complete; two payments-are delayed, due to invoices that have not been received from the service providers. 3. MURP - Conceptual Design: The business plan applications were all declined; the technical committee advised that the Urban Settlement Development Grant (USDG) is not the appropriate source of funding for the implementation of the MURP programme and that it would be more appropriate to utilise funding from the new Integrated City Development Grant (ICDG). 4. Upgrade of Training Centres: project nearly completed. Awaiting invoices to be submitted.	1. Liaising with contractor to submit invoices timeously. 2. Following up with contractor to submit invoices for payment in April 2014. Currently sourcing quotations for the acquisition of furniture for the balance of the funding. 3. MURP - Alternative projects for implementation are being explored. 4. Liaising with contractor to submit invoices timeously.
Vote 5 - Corporate Services	356	0.2%	Immaterial variance.	-
Vote 6 - Economic, Environment & Spatial Planning	(6 077)	-24.3%	1. Acquisition of Land: The land acquisition project has been delayed, due to administrative issues that had to be resolved resulting in amendments to the Deed of Sale by the Property Management department. 2. Informal Market upgrades project is delayed, due to poor workmanship. 3. Philippi Market upgrade project: Awaiting the Utilities Services to attend to sewerage and drainage issues.	1. Acquisition -of land expected to be finalised in May 2014. Other projects are being monitored to ensure that issues are resolved.
Vote 7 - Finance	(9 339)	-60.6%	1. E Procurement project was delayed but all the technical difficulties have been resolved, which will now result in the budget being spent by June 2014. 2. Immovable Asset Management system: delays resolved; project manager appointment is imminent. Project initiation document signed by all required parties. Functional specifications for IPARA system and associated Geo-database in final draft. 3. CTICC expansion: Delay due to legal challenges in respect of the appointment of consultants to undertake the necessary design work. This has negatively impacted on the departments ability to spend the allocated funds.	1. SCM to follow up and speed up the processes to complete this project. 2. Property Management department to ensure that project manager is appointed timeously and project completed by June 2014. 3. Property Management department to speed up the current processes and ensure that the unspent funds are rolled over to the 2014/15 financial year.

Table continues on next page.

Description	YTD Variance R thousands	Variance %	Reasons for material deviations	Remedial or corrective steps/remarks
Vote 8 - Human Settlements	(86 710)	-18.4%	1. Community Residential Upgrade Projects: the incidence of gang violence has become abnormally high resulting in several site shutdowns marring consistent progress. 2. Pelican Park and Fisantekraal Garden Cities Phase 1 projects: Contractor invoices are outstanding.	-
Vote 9 - Rates & Other	-	-	-	-
Vote 10 - Safety & Security	(8 633)	-25.7%	1. Integrated Contact Centre: delay in appointment of the project manager has resulted in the late commencement of the project. 2. Upgrade Sandvlei Community Centre project delayed due to the late supply of equipment by the contractor. Contractor currently busy with the electrical work and fittings of the air conditioner boxes. Project estimated to be completed end April 2014.	1. Implementation of project began on 6 February 2014. Invoices expected in April/ May 2014. 2. Department meet regularly to track progress and resolve implementation challenges.
Vote 11 - Social and Early Childhood Development	(84)	-7.2%	Strandfontein ECD Centre: Awaiting invoice to be submitted.	Invoice expected in May 2014.
Vote 12 - Tourism, Events and Marketing	(2 691)	-21.2%	1. 2014 AFCON-CHAN: Equipment was delivered but invoices were not processed by end of March. 2. Cape Town Stadium: Tender for carpeting approved on 17 March 2014; currently in appeal period. Functionality of furniture tender completed. 3. Install big TVs: Athlone Stadium: Delivery of big screen TVs delayed, due to the finalisation of installation points. 4. Purchasing of generator for flood lights: Scoping for procurement of generator floodlights to be finalised.	1. Invoices to be processed in April 2014. 2. Awaiting outcome of appeal period for carpeting tender and BEC outcome for furniture tender. 3. Installation points finalised. TVs to be delivered by end April 2014 and installation to be completed by June 2014. 4. Scoping of project to be finalised at the end of April 2014.
Vote 13 - Transport for Cape Town	(128 242)	-17.6%	The main reasons for the lower than expected expenditure to date are the delays in compensation negotiations with existing public transport operators; the later than planned delivery of MyCiti busses as a result of the industrial action in 2013 and the impacts of numerous contractor liquidations.	The industrial action in the construction sector during September 2013 as well as the numerous contractor liquidations currently being experienced are likely to continue impacting negatively on capital spend going forward.
Vote 14 - Utility Services	(461)	0.0%	Immaterial variance.	-

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

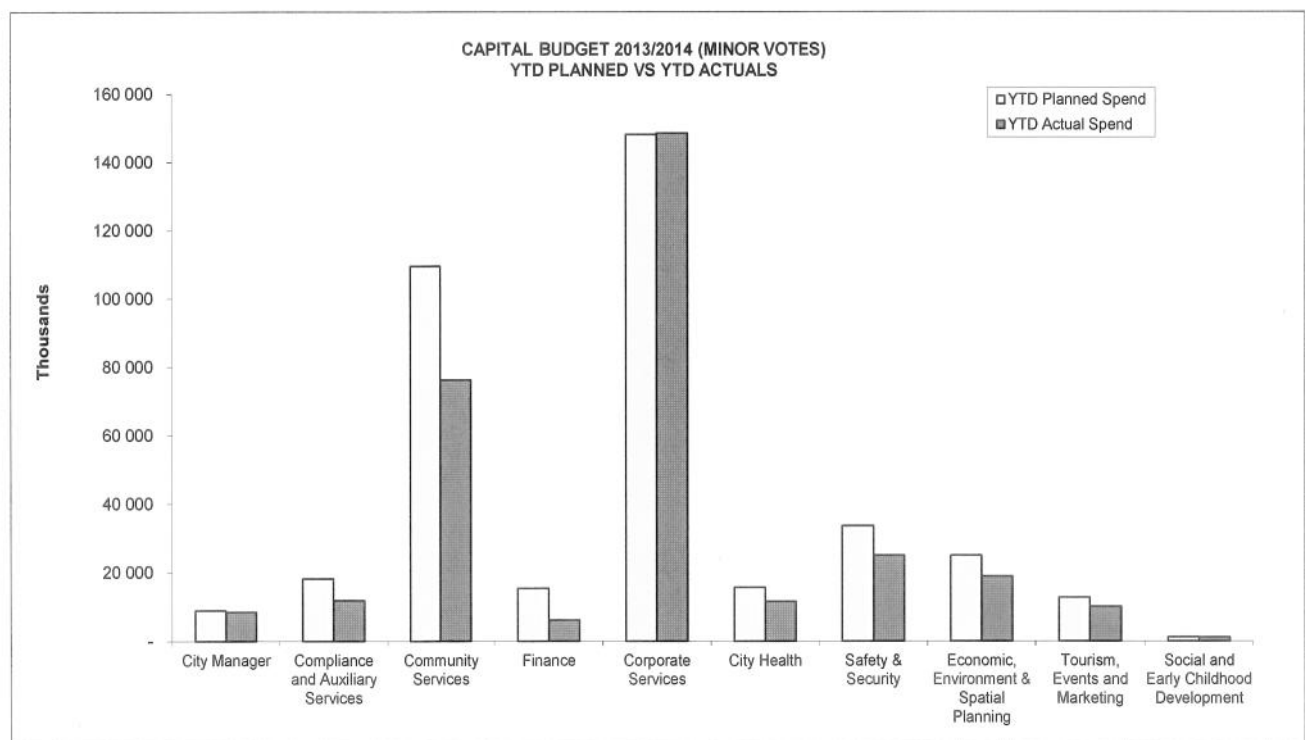
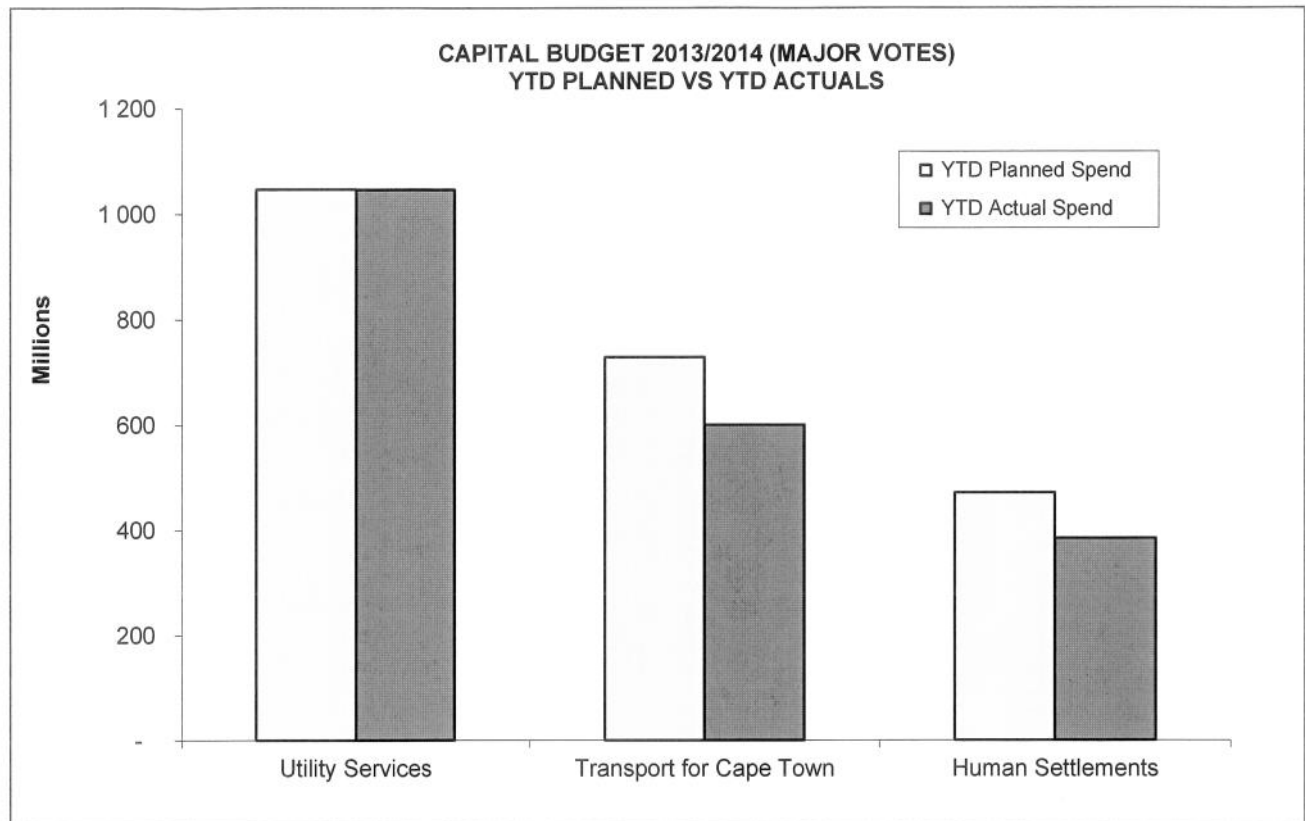


Table C6: Budget Statement – Financial Position

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

Description	2012/13	Budget Year 2013/14			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
ASSETS					
Current assets					
Cash	4 730 197	–	–	121 133	–
Call investment deposits	3 430 794	6 200 954	6 526 246	9 343 539	6 526 246
Consumer debtors	4 172 233	4 217 354	4 291 038	2 908 030	4 291 038
Other debtors	290 496	370 198	319 546	117 422	319 546
Current portion of long-term receivables	20 546	17 832	19 519	20 546	19 519
Inventory	256 550	278 941	269 378	273 981	269 378
Total current assets	12 900 815	11 085 279	11 425 726	12 784 651	11 425 726
Non current assets					
Long-term receivables	101 665	89 644	96 582	82 456	96 582
Investments	173 426	1 203 274	1 203 274	–	1 203 274
Investment property	–	–	–	–	–
Investments in Associate	–	–	–	–	–
Property, plant and equipment	28 758 736	32 232 897	32 118 918	29 706 288	32 118 918
Agricultural	–	–	–	–	–
Biological assets	–	–	–	–	–
Intangible assets	–	–	–	–	–
Other non-current assets	–	–	–	–	–
Total non current assets	29 033 827	33 525 815	33 418 774	29 788 744	33 418 774
TOTAL ASSETS	41 934 642	44 611 094	44 844 500	42 573 395	44 844 500
LIABILITIES					
Current liabilities					
Bank overdraft	–	–	–	–	–
Borrowing	418 166	478 860	387 991	418 166	387 991
Consumer deposits	308 217	332 682	339 039	370 020	339 039
Trade and other payables	5 445 079	6 592 362	5 494 773	4 145 374	5 494 773
Provisions	1 817 235	1 152 460	1 944 441	1 853 499	1 944 441
Total current liabilities	7 988 696	8 556 364	8 166 244	6 787 059	8 166 244
Non current liabilities					
Borrowing	6 936 237	6 493 327	6 646 477	6 658 820	6 646 477
Provisions	4 552 513	4 756 220	4 790 350	4 552 513	4 790 350
Total non current liabilities	11 488 750	11 249 547	11 436 827	11 211 333	11 436 827
TOTAL LIABILITIES	19 477 446	19 805 911	19 603 071	17 998 392	19 603 071
NET ASSETS	22 457 196	24 805 183	25 241 429	24 575 003	25 241 429
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)	20 159 377	22 790 759	23 100 680	22 469 611	23 100 680
Reserves	2 297 819	2 014 424	2 140 749	2 105 393	2 140 749
TOTAL COMMUNITY WEALTH/EQUITY	22 457 196	24 805 183	25 241 429	24 575 003	25 241 429

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)	The surplus of an entity that has accumulated since the beginning of the entity's existence.
Reserves	Funds set aside from accumulated surpluses for statutory as well as specific requirements.

Table C7: Budget Statement – Cash Flow

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

Description	2012/13	Budget Year 2013/14						
	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	18 963 843	21 960 571	21 767 278	18 206 145	17 720 785	485 360	2.7%	21 767 278
Government - operating	1 979 795	2 595 904	2 603 047	2 283 131	2 380 345	(97 214)	-4.1%	2 603 047
Government - capital	3 414 645	2 583 308	2 889 752	2 526 292	2 597 729	(71 437)	-2.7%	2 889 752
Interest	592 319	403 422	282 078	332 518	288 905	43 613	15.1%	282 078
Payments								
Suppliers and employees	(18 694 328)	(22 599 729)	(22 153 411)	(17 654 696)	(17 204 846)	449 851	-2.6%	(22 153 411)
Finance charges	(646 211)	(749 449)	(749 563)	(576 368)	(574 939)	1 428	-0.2%	(749 563)
Transfers and Grants	(103 144)	–	–	(5 862)	–	5 862	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	5 506 919	4 194 026	4 639 183	5 111 160	5 207 980	96 820	1.9%	4 639 183
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	93 472	69 000	–	–	–	–	–	–
Decrease (increase) in non-current debtors	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables	(3 125)	–	–	–	–	–	–	–
Decrease (increase) in non-current investments	(42 313)	–	–	–	–	–	–	–
Payments								
Capital assets	(5 868 809)	(5 178 063)	(5 536 736)	(3 635 638)	(3 701 790)	(66 151)	1.8%	(5 536 736)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(5 820 775)	(5 109 063)	(5 536 736)	(3 635 638)	(3 701 790)	(66 151)	1.8%	(5 536 736)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	–	–	–	–	–	–	–	–
Borrowing long term/refinancing	2 384 420	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits	33 273	–	–	–	–	–	–	–
Payments								
Repayment of borrowing	(165 311)	(345 066)	(598 143)	(271 886)	(280 111)	(8 226)	2.9%	(598 143)
NET CASH FROM/(USED) FINANCING ACTIVITIES	2 252 382	(345 066)	(598 143)	(271 886)	(280 111)	(8 226)	2.9%	(598 143)
NET INCREASE/ (DECREASE) IN CASH HELD	1 938 526	(1 260 103)	(1 495 696)	1 203 635	1 226 079			(1 495 696)
Cash/cash equivalents at beginning:	6 160 840	7 539 463	8 099 366	8 099 366	8 099 366			8 099 366
Cash/cash equivalents at month/year end:	8 099 366	6 279 360	6 603 670	9 303 001	9 325 445			6 603 670

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

Description R thousands	YTD variance R Thousands	YTD variance %	Reasons for material deviations	Remedial or corrective steps/remarks
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	485 360	2.7%	Immaterial Variance.	-
Government - operating	(97 214)	-4.1%	Immaterial Variance.	-
Government - capital	(71 437)	-2.7%	Immaterial Variance.	-
Interest	43 613	15.1%	Investment interest income is greater than expected, due to a higher than expected cash and investment balance as well as an increase in the interest rates toward the end of January 2014.	Corrective actions is not required at this time.
Dividends	-	-		
Payments				
Suppliers and employees	449 851	-2.6%	Immaterial Variance.	-
Finance charges	1 428	0%	Immaterial Variance.	-
Transfers and Grants	5 862	-	Immaterial Variance.	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	96 820	1.9%		
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-
Payments				
Capital assets	(66 151)	1.8%	Immaterial Variance.	-
NET CASH FROM/(USED) INVESTING ACTIVITIES	(66 151)	1.8%		
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	-	-	-	-
Borrowing long term/refinancing	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-
Payments				
Repayment of borrowing	(8 226)	2.9%	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	(8 226)	2.9%		

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

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

Description	Budget Year 2013/14												2013/14 Medium Term Revenue & Expenditure Framework			
	July Outcome	August Outcome	Sept Outcome	October Outcome	Nov Outcome	Dec Outcome	January Outcome	Feb Outcome	March Outcome	April Budget	May Budget	June Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
R thousands																
Cash Receipts By Source																
Property rates	481 392	430 670	531 497	520 115	476 994	481 600	401 196	488 081	566 714	410 348	396 356	165 906	5 350 870	5 701 034	6 100 711	
Property rates - penalties & collection charges	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Service charges - electricity revenue	762 160	814 302	800 149	837 699	800 257	777 967	750 964	690 009	755 712	792 066	888 844	769 284	9 439 413	10 574 268	11 554 799	
Service charges - water revenue	113 846	137 088	136 565	170 975	141 126	145 527	178 487	219 175	176 681	165 611	167 109	273 243	2 025 433	2 218 337	2 476 742	
Service charges - sanitation revenue	78 384	78 924	88 168	111 899	85 788	92 501	96 089	104 946	110 298	93 007	96 117	74 719	1 110 840	1 215 050	1 355 548	
Service charges - refuse	72 220	50 216	50 409	59 433	50 081	49 125	80 674	71 737	45 977	73 755	69 120	234 003	906 749	962 784	1 055 565	
Service charges - other	22 828	18 108	11 681	15 946	19 499	14 469	23 308	17 536	20 874	23 500	19 500	36 147	243 397	253 736	268 453	
Rental of facilities and equipment	16 765	18 509	18 853	21 300	17 644	14 040	14 204	19 308	16 045	8 231	9 000	(13 314)	160 584	139 251	141 740	
Interest earned - external investments	40 286	38 838	39 485	34 795	34 860	34 241	34 605	34 102	41 306	24 440	22 741	(97 620)	282 078	292 445	303 664	
Interest earned - outstanding debtors	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Dividends received	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Fines	9 704	9 757	7 973	10 448	13 112	13 051	12 090	12 196	12 026	13 769	17 819	36 765	168 710	193 432	204 558	
Licences and permits	60 948	16 487	9 359	24 225	17 914	20 141	16 214	18 703	19 277	2 591	3 382	(34 967)	174 274	166 419	176 072	
Agency services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Transfer receipts - operating	533 841	48 144	129 322	78 691	704 831	12 188	221 615	141 156	413 344	53 193	28 671	238 052	2 603 047	2 549 102	3 037 349	
Other revenue	187 925	815 485	340 893	237 483	184 609	614 615	53 931	174 981	807 862	23 653	27 460	(1 281 888)	2 187 009	2 297 942	2 431 222	
Cash Receipts by Source	2 380 301	2 476 526	2 164 356	2 123 009	2 546 714	2 269 466	1 883 377	1 991 930	2 986 115	1 684 164	1 746 119	400 328	24 652 404	26 563 802	29 106 424	
Other Cash Flows by Source																
Transfer receipts - capital	800 762	—	—	—	877 494	—	250 000	348 037	250 000	—	—	363 460	2 889 752	2 779 096	2 499 798	
Contributions & Contributed assets	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Proceeds on disposal of PPE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Short term loans	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Borrowing long term/refinancing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Increase in consumer deposits	—	—	—	—	—	—	—	—	—	—	—	—	—	2 050 000	1 800 000	
Receipt of non-current debtors	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Receipt of non-current receivables	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Change in non-current investments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Total Cash Receipts by Source	3 181 062	2 476 526	2 164 356	2 123 009	3 424 208	2 269 466	2 133 377	2 339 967	3 236 115	1 684 164	1 746 119	763 788	27 542 157	31 392 898	33 406 221	

Table continues on next page.

Description	Budget Year 2013/14												2013/14 Medium Term Revenue & Expenditure Framework		
	July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousands															
Cash Payments by Type															
Employee related costs	581 759	625 089	614 676	607 081	929 320	627 889	651 518	644 745	632 608	663 159	661 268	777 556	8 016 669	8 728 060	9 481 455
Remuneration of councillors	8 981	8 982	8 982	8 982	8 982	8 982	9 288	9 288	9 519	10 261	10 262	21 214	123 721	131 887	140 855
Interest paid	13 743	–	193 813	–	–	179 044	–	2	189 765	–	–	173 195	749 563	828 921	1 061 629
Bulk purchases - Electricity	748 733	818 921	812 338	472 752	83 632	436 363	370 977	441 170	425 209	439 855	447 410	766 970	6 264 330	7 151 868	7 762 007
Bulk purchases - Water & Sewer	25 957	15 078	31 651	15 006	3 220	48 303	19 691	31 334	31 658	31 887	34 343	55 453	343 581	393 631	449 988
Other materials	–	–	–	7 466	1 615	–	–	–	–	–	–	(9 081)	–	–	–
Contracted services	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Grants and subsidies paid - other municipalities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Grants and subsidies paid - other	–	5 862	–	–	–	–	–	–	–	–	–	(5 862)	–	–	–
General expenses	1 493 077	774 464	818 309	751 271	178 405	702 070	650 295	715 781	733 283	482 579	440 932	(335 356)	7 405 110	7 607 868	8 351 390
Cash Payments by Type	2 872 249	2 248 396	2 479 770	1 862 557	1 205 174	2 002 650	1 701 768	1 842 320	2 022 041	1 627 742	1 594 216	1 444 089	22 902 973	24 842 235	27 247 323
Other Cash Flows/Payments by Type															
Capital assets	479 793	197 866	113 617	213 735	1 456 469	536 685	75 470	189 800	372 203	468 603	471 256	961 238	5 536 736	5 619 064	5 559 504
Repayment of borrowing	29 947	–	89 481	–	–	64 403	–	–	88 055	–	–	73 180	345 066	309 853	285 598
Other Cash Flows/Payments	–	–	–	–	–	–	–	–	–	–	–	253 077	253 077	275 860	291 556
Total Cash Payments by Type	3 381 989	2 446 262	2 682 868	2 076 292	2 661 643	2 603 739	1 777 239	2 032 120	2 482 299	2 096 346	2 065 471	2 731 585	29 037 852	31 047 012	33 383 981
NET INCREASE/(DECREASE) IN CASH HELD	(200 927)	30 265	(518 512)	46 717	762 565	(334 273)	356 138	307 847	753 816	(412 182)	(319 352)	(1 967 797)	(1 495 696)	345 886	22 240
Cash/cash equivalents at the month/year beginning:	8 099 366	7 898 439	7 928 704	7 410 191	7 456 909	8 219 473	7 885 200	8 241 339	8 549 185	9 303 001	8 890 819	8 571 467	8 099 366	6 603 670	6 949 557
Cash/cash equivalents at the month/year end:	7 898 439	7 928 704	7 410 191	7 456 909	8 219 473	7 885 200	8 241 339	8 549 185	9 303 001	8 890 819	8 571 467	6 603 670	6 603 670	6 949 557	6 971 797

* 'Other materials' and 'Contracted services' are included in the 'General Expenses' line item.

PART 2 - SUPPORTING DOCUMENTATION

Debtors' analysis

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

Table SC3: Budget Statement - Aged Debtors

Description	Budget Year 2013/14										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
	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	Total over 90 days		
R thousands												
Debtors Age Analysis By Income Source												
Trade and Other Receivables from Exchange Transactions - Water	322 812	77 823	45 122	60 215	43 878	47 546	263 746	1 257 438	2 118 581	1 672 824	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	577 100	30 596	19 184	6 070	9 110	6 847	30 981	60 688	740 576	113 696	–	–
Receivables from Non-exchange Transactions - Property Rates	422 793	68 608	33 001	52 770	7 697	6 901	162 996	639 514	1 394 278	869 877	–	–
Receivables from Exchange Transactions - Waste Water Management	155 599	40 398	21 867	30 985	18 447	23 207	119 283	598 660	1 008 446	790 582	–	–
Receivables from Exchange Transactions - Waste Management	66 794	14 776	10 683	13 396	8 685	10 752	46 361	204 160	375 607	283 355	–	–
Receivables from Exchange Transactions - Property Rental Debtors	44 740	9 181	8 630	9 767	9 097	441 165	–	–	522 580	460 029	–	–
Interest on Arrear Debtor Accounts	41 284	22 755	18 428	17 656	14 678	17 414	92 611	503 019	727 846	645 378	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–	–	–	–	–	–	–	–	–	–
Other	(78 934)	(25 924)	(7 103)	(31 028)	(34 618)	(23 109)	(36 140)	(115 727)	(352 584)	(240 622)	–	–
Total By Income Source	1 552 187	238 213	149 811	159 832	76 973	530 723	679 839	3 147 752	6 535 330	4 595 119	–	–
2012/13 - totals only												
Debtors Age Analysis By Customer Group												
Organs of State	55 188	3 194	4 024	(23 623)	(42 943)	(32 261)	3 848	42 025	9 451	(52 955)	–	–
Commercial	717 947	64 494	29 265	39 972	15 296	23 458	111 898	365 400	1 367 732	556 025	–	–
Households	831 329	192 673	117 148	159 081	106 298	556 592	587 138	2 748 114	5 298 373	4 157 224	–	–
Other	(52 277)	(22 149)	(625)	(15 598)	(1 678)	(17 066)	(23 045)	(7 787)	(140 225)	(65 175)	–	–
Total By Customer Group	1 552 187	238 213	149 811	159 832	76 973	530 723	679 839	3 147 752	6 535 330	4 595 119	–	–

Additional debtor's information

Monthly collection rate			YTD collection rate
Period	Current year	Previous year	
12 Month	97.22%	96.50%	96.38%
6 month	98.42%	94.38%	97.44%
3 month	96.25%	93.81%	96.74%
Monthly	103.31%	97.14%	97.19%

12 month collection ratio per source			
Source	Current year	Previous year	YTD collection rate
Electricity	99.80%	99.41%	99.45%
Water	86.10%	94.68%	87.40%
Sewerage	88.69%	92.29%	87.39%
Refuse	92.69%	96.62%	93.19%
Rates	100.13%	99.30%	99.95%
Other	98.81%	101.33%	99.35%

2013/14 Billing vs Receipts		
Month	Billing R	Receipts R
July	1 739 291 454.99	1 714 732 901.35
Aug	2 044 598 211.80	1 812 832 339.21
Sept	2 043 265 177.86	1 959 477 714.04
Oct	1 850 842 512.48	2 193 301 229.87
Nov	1 865 171 790.63	1 806 443 167.91
Dec	1 961 193 914.74	1 720 874 082.01
Jan	2 070 699 531.39	1 955 457 294.77
Feb	2 073 947 510.97	1 893 577 992.66
March	1 988 733 307.64	2 054 622 352.29

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Creditors' analysis

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

Table SC4: Budget Statement - Aged Creditors

Description	Budget Year 2013/14									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	
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	-	-	-	-	-	-	-	-	-	-
Bulk Water	-	-	-	-	-	-	-	-	-	-
PAYE deductions	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	-	-	-	-	-	-	-	-	-	-
Loan repayments	-	-	-	-	-	-	-	-	-	-
Trade Creditors	170 970	56	17	20	2	0	2	38	171 105	128 672
Auditor General	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total By Customer Type	170 970	56	17	20	2	0	2	38	171 105	128 672

Outstanding commitments against Cash and Cash Equivalents

Item R' thousands	Previous Month	Current Month
Closing Cash Balance	8 549 185	9 303 002
Unspent Conditional Grants	2 514 739	2 648 107
Housing Development	364 527	357 907
MTAB	44 612	44 561
Trust Funds	1 398	1 405
Committed rollovers	570 000	677 000
Sinking Funds	-	1 500 000
Insurance reserves	492 674	499 065
CRR	1 130 323	1 084 182
TOTAL	5 118 273	6 812 227
TOTAL cash resources not committed	3 430 912	2 490 775

Transfers and grant expenditure per allocation or grant

Table SC7: Budget Statement – Transfers and grants expenditure

Description	2012/13	Budget Year 2013/14						
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Operating expenditure of Transfers and Grants								
National Government:	241 703	1 743 572	1 722 026	222 200	274 239	(52 039)	-19.0%	1 722 026
Restructuring	1 702	3 379	3 379	–	–	–	–	3 379
Finance Management grant	1 075	1 250	530	183	398	(216)	-54.1%	530
Equitable share	8 439	1 248 993	1 245 785	166	1 569	(1 403)	-89.4%	1 245 785
Urban Settlements Development Grant	65 208	113 705	76 174	35 317	38 479	(3 161)	-8.2%	76 174
Public Transport Network Operations Grant	128 874	272 521	272 521	154 224	171 939	(17 715)	-10.3%	272 521
Energy Efficiency and Demand Side Management Grant	1 343	1 980	1 980	–	–	–	–	1 980
Dept. of Environ Affairs and Tourism	230	200	5 258	2 209	3 255	(1 046)	-32.1%	5 258
Housing Accreditation	123	200	200	43	130	(87)	-66.8%	200
Expanded Public Works Programme	29 433	31 980	40 947	24 929	26 995	(2 066)	-7.7%	40 947
Integrated City Development Grant	–	10 364	10 364	313	1 388	(1 075)	-77.4%	10 364
2014 African Nations Championship Host City Operating Grant	–	59 000	59 000	4 931	30 000	(25 069)	-83.6%	59 000
Public Transport Infrastructure & Systems Grant	–	–	4 452	(116)	–	(116)	–	4 452
LGSETA: Post Graduate Internship Programme	–	–	536	–	86	(86)	-100.0%	536
Natural Resource Management	5 276	–	–	–	–	–	–	–
Infrastructure Skills Development Grant	–	–	900	–	–	–	–	900
Provincial Government:	501 570	844 953	858 207	402 760	423 435	(20 675)	-4.9%	858 207
Cultural Affairs and Sport - Provincial library Services	22 470	24 409	22 009	18 461	16 985	1 476	8.7%	22 009
Human Settlements - Human Settlement Development Grant	267 244	436 831	440 663	222 464	242 193	(19 729)	-8.1%	440 663
Human Settlements - Municipal Accreditation Assistance	3 255	10 000	10 000	2 879	7 490	(4 611)	-61.6%	10 000
Human Settlement - Settlement Assistance	529	1 000	1 000	–	–	–	–	1 000
Health - TB	9 934	11 207	11 207	9 688	7 287	2 401	32.9%	11 207
Health - Global Fund	3 791	34 753	36 323	25 663	21 001	4 662	22.2%	36 323
Health - ARV	24 623	77 627	88 729	64 723	56 430	8 293	14.7%	88 729
Health - Nutrition	4 140	4 400	4 400	4 320	3 300	1 020	30.9%	4 400
Health - Vaccines	65 163	79 995	74 264	45 679	56 820	(11 141)	-19.6%	74 264
Comprehensive Health	70 983	147 132	147 132	–	–	–	–	147 132
Transport and Public Works - Provision for persons with special needs	18 702	10 000	11 896	8 875	5 948	2 927	49.2%	11 896
Municipal Land Transport Fund	10 736	5 600	5 600	–	4 200	(4 200)	-100.0%	5 600
Transport Safety and Compliance - Rail Safety	–	2 000	2 000	–	1 500	(1 500)	-100.0%	2 000
Community Development Workers	–	–	984	8	280	(272)	-97.3%	984
Environmental Affairs and Development Planning - Baboon Management Programme	–	–	2 000	–	–	–	–	2 000
Other grant providers:	6 014	7 379	23 715	5 801	13 071	(7 270)	-55.6%	23 715
Tourism	552	2 000	2 000	–	1 503	(1 503)	-100.0%	2 000
Carnegie	524	1 258	1 664	816	993	(177)	-17.8%	1 664
CMTF	–	170	9 140	1 030	3 457	(2 428)	-70.2%	9 140
Other	–	15	–	–	–	–	–	–
Mamre Trust	–	150	–	–	–	–	–	–
CID	2 271	2 905	3 006	2 229	2 249	(20)	-0.9%	3 006
Century City Property Owners Association	409	196	196	163	147	16	11.1%	196
NGK Ceranuc Company	686	686	686	686	686	–	–	686
Traffic Free Flow (Pty) Ltd	649	–	1 746	354	1 131	(777)	-68.7%	1 746
Finnish Government	406	–	201	112	201	(88)	-44.0%	201
City for Climate Protection	176	–	144	104	40	64	161.1%	144
ICLEI Carbon Taxes	6	–	111	50	50	–	–	111
Mamre Fencing	–	–	63	–	–	–	–	63
South African National Biodiversity Institute	334	–	3 047	255	1 219	(963)	-79.0%	3 047
Afrikaanse Taal en Kultuur Vereniging	–	–	5	–	5	(5)	–	5
Stellenbosch University	–	–	1 283	–	1 283	(1 283)	-100.0%	1 283
Sustainable Energy Africa	–	–	424	–	106	(106)	–	424
Total operating expenditure of Transfers and Grants	749 287	2 595 904	2 603 947	630 761	710 744	(79 983)	-11.3%	2 603 947

Table continues on next page.

Description	2012/13	Budget Year 2013/14						
	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:	3 056 018	2 191 297	2 501 455	924 486	1 110 564	(186 078)	-16.8%	2 439 978
Department of Water Affairs & Forestry: Water Affairs & Forestry Grant	(44)	–	–	–	–	–	–	–
Mineral Energy: Energy Efficiency and Demand Side Management Grant	5 287	9 020	14 020	9	–	9	–	14 020
Minerals and Energy: Integrated National Electrification Programme (Municipal) Grant	–	24 500	24 500	1 997	1 997	(0)	0.0%	14 500
National Government - Other: Previous years' Dora allocations	609	200	100	9	62	(53)	-85.7%	100
National Treasury: Expanded Public Works Programme	–	100	412	315	244	70	0.0%	412
National Treasury: Infrastructure Skills Development Grant	–	–	100	–	–	–	–	100
National Treasury: Local Government Financial Management Grant	–	–	869	79	82	(3)	-3.2%	866
National Treasury: Local Government Restructuring Grant	200	–	–	–	–	–	–	–
National Treasury: Neighbourhood Development Partnership Grant	48 361	30 000	42 435	12 613	22 699	(10 086)	-44.4%	42 435
National Treasury: Other	9 392	17 443	16 052	7 362	10 519	(3 157)	-30.0%	16 052
National Treasury: Urban Settlements Development Grant	911 363	1 079 792	1 183 598	451 480	514 889	(63 410)	-12.3%	1 132 124
Sport & Recreation SA: 2010 Fifa World Cup Stadiums Development Grant	2 517	–	4 141	1 648	2 276	(629)	-27.6%	4 141
Sport Recreation: 2014 African Nation Championship Host City Operating Grant	–	4 000	4 000	3 001	4 000	(999)	-25.0%	4 000
Transport: Public Transport Infrastructure & Systems Grant	2 078 333	–	184 987	11 665	30 471	(18 807)	0.0%	184 987
Transport: Public Transport Infrastructure Grant	–	946 241	946 241	434 310	481 014	(46 703)	-9.7%	946 241
Transport: Public Transport Network Operations Grant	–	80 000	80 000	0	42 310	(42 310)	0.0%	80 000
Provincial Government:	358 628	343 761	357 962	175 430	218 795	(43 365)	-19.8%	299 569
Cultural Affairs and Sport: Development of Sport and Recreation Facilities	–	874	874	281	137	143	104.4%	874
Cultural Affairs and Sport: Library Services (Conditional Grant)	2 654	1 350	2 787	1 238	1 151	88	7.6%	2 787
Economic Development and Tourism: False Bay Ecology	11	–	1 093	40	–	40	–	1 093
Health: Global Fund	–	–	–	–	–	–	–	–
Housing: Integrated Housing and Human Settlement Development Grant	321 652	319 388	315 556	168 682	208 436	(39 753)	-19.1%	259 663
Housing: Previous' years allocations	–	5 000	5 000	–	–	–	–	2 500
Other: Other1	–	740	740	–	300	(300)	-100.0%	740
Provincial Government: Fibre Optic Broadband Roll Out	488	10 000	5 000	3 232	3 649	(417)	-11.4%	5 000
Transport: Municipal Land Transport Fund	–	5 000	5 000	–	–	–	–	5 000
Transport and Public Works: Cape Metropolitan Transport Fund	31 841	1 409	20 589	793	3 800	(3 007)	-79.1%	20 589
Transport and Public Works: Implementation of Impoundment Facilities	–	–	1 322	1 164	1 322	(159)	-12.0%	1 322
Health: Luvuyo Clinic Extension	1 375	–	–	–	–	–	–	–
ABET adult Education	9	–	–	–	–	–	–	–
Transport Vehicle Impound Facility	60	–	–	–	–	–	–	–
Transport and Public Works - Provision for persons with special needs	261	–	–	–	–	–	–	–
Transport and Public Works: Other	277	–	–	–	–	–	–	–
Other grant providers:	35 074	48 250	53 125	29 985	34 214	(4 229)	-12.4%	47 951
Other grant providers:	35 074	48 250	53 125	29 985	34 214	(4 229)	-12.4%	47 951
Total capital expenditure of Transfers and Grants	3 449 720	2 583 308	2 912 542	1 129 901	1 363 573	(233 672)	-17.1%	2 787 497
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	4 199 007	5 179 212	5 516 489	1 760 662	2 074 317	(313 655)	-15.1%	5 391 445

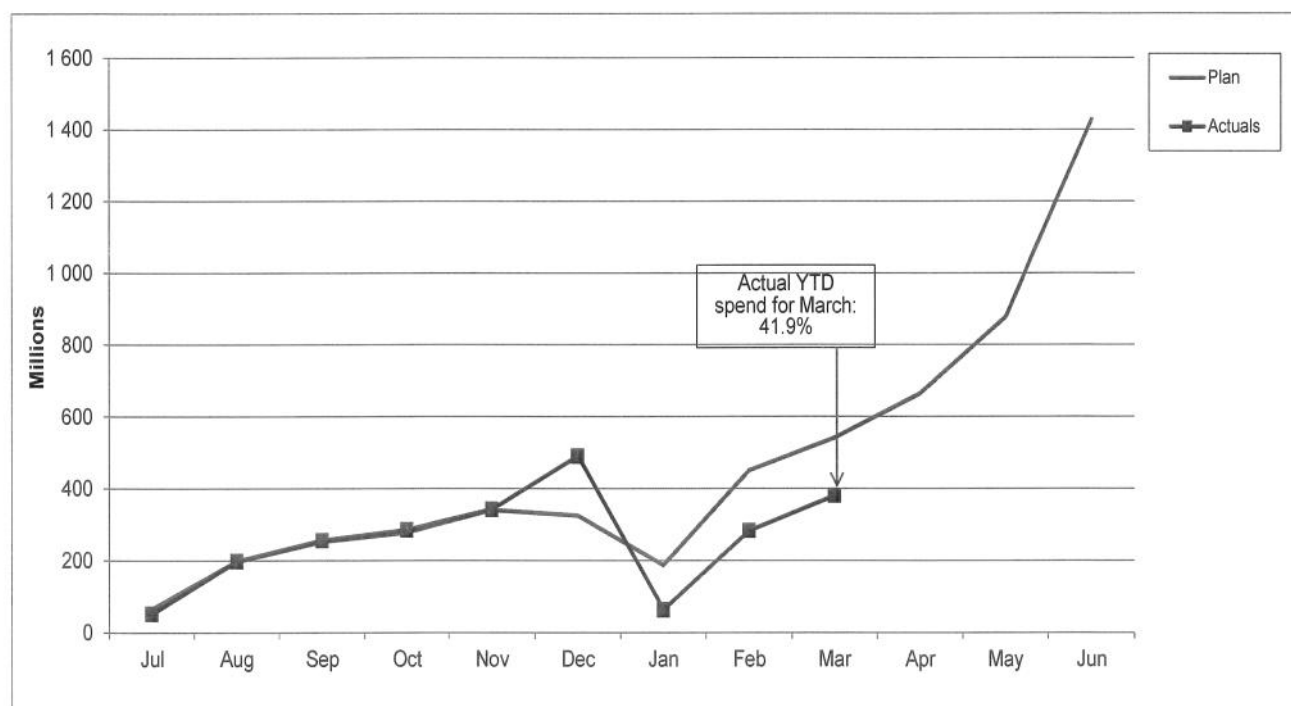
Capital programme performance

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

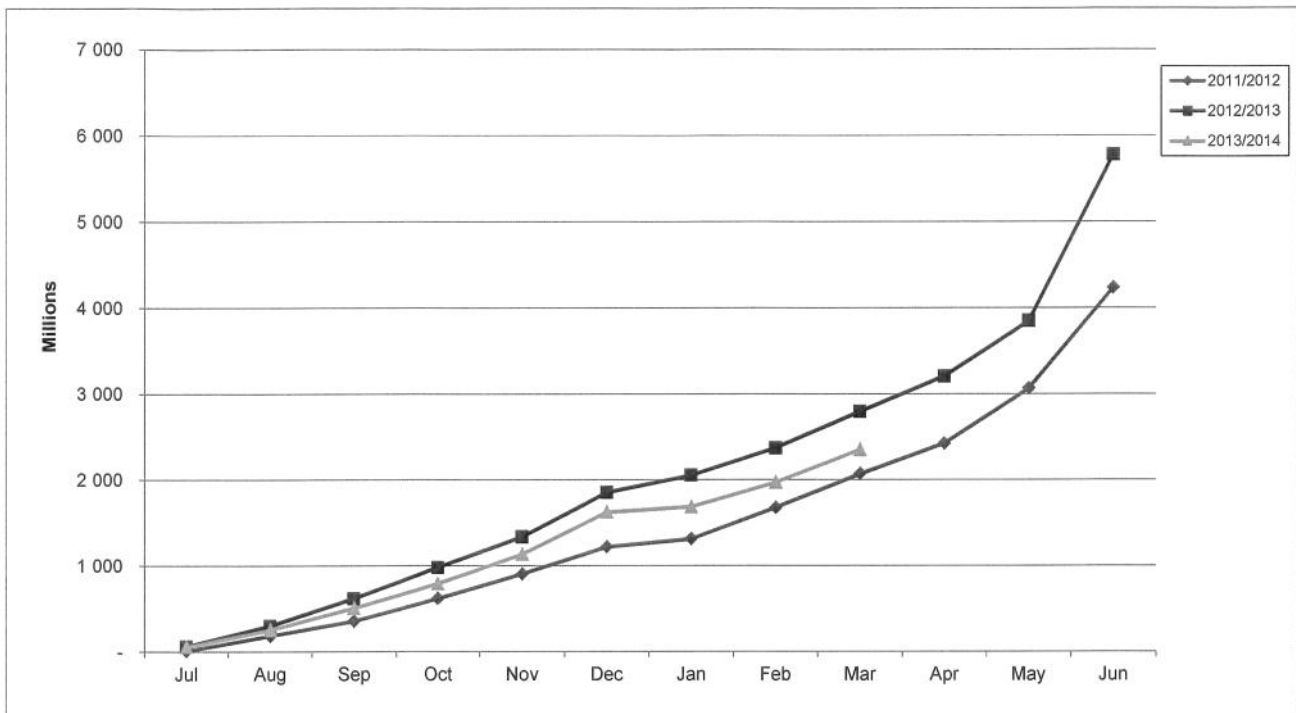
Table SC12: Budget Statement – Capital Expenditure Trend

Month	2012/13	Budget Year 2013/14						
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands								
Monthly expenditure performance trend								
July	59 899	208 022	65 405	52 401	65 405	13 004	19.9%	1%
August	240 509	241 543	197 095	250 426	262 499	12 074	4.6%	5%
September	320 570	297 142	252 178	506 160	514 677	8 517	1.7%	9%
October	357 748	359 376	277 669	790 995	792 346	1 351	0.2%	15%
November	358 937	390 649	340 669	1 132 973	1 133 015	42	0.0%	21%
December	515 925	342 956	324 504	1 623 283	1 457 519	(165 764)	-11.4%	30%
January	201 712	240 772	187 270	1 686 621	1 644 789	(41 832)	-2.5%	31%
February	314 661	408 388	450 275	1 969 573	2 095 064	125 491	6.0%	36%
March	425 819	595 841	540 926	2 350 052	2 635 991	285 938	10.8%	43%
April	409 290	578 404	664 386		3 300 376	–		
May	645 137	712 504	878 253		4 178 629	–		
June	2 018 603	1 074 994	1 427 759		5 606 388	–		
Total Capital expenditure	5 868 810	5 450 592	5 606 388					

The progressive expenditure to date measured against the 2013/14 budget is graphically illustrated below.



The capital expenditure trend for the City in respect of the 2011/12, 2012/13 and 2013/14 financial years is graphically illustrated below.



Corporate performance – material variance explanations

The information below reflects the indicator(s) with material variances for quarter 3 of 2013/14.

Description of Indicator	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
1.K Percentage of treated potable water not billed	-1.50%	Total water demand has declined significantly over the past year, due to the successful implementation of water demand management strategies as well weather patterns experienced over this period. As percentage non-revenue water is calculated by dividing non-revenue water by total water treated, the lower than expected total water treated figures resulted in higher than expected percentage non-revenue water.	This is partly a result of successful water demand management. Future non-revenue water figures will be closely monitored. No remedial action required. Responsible person: Peter Flower Due date: Not applicable

MUNICIPAL MANAGER'S QUALITY CERTIFICATION

I, **ACHMAT EBRAHIM**, the municipal manager of **CITY OF CAPE TOWN**, hereby certify that the quarterly report on the implementation of the budget and financial state affairs of the municipality for the period ended **31 March 2014** has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Print name

Municipal Manager of **CPT** (City of Cape Town)

Signature



Date

